MVV ENERGIE
ENERGISING MY FUTURE

Annual Report 2014/15

MAKING IT HAPPEN!

MVV Energie

MAJOR EVENTS IN 2014/15 FINANCIAL YEAR

Founded in **NOVEMBER 2014**, Beegy GmbH offers one-stop solutions for smart, decentralised energy management to industrial, retail, housing, commercial and private customers. Beegy is a cross-sector joint venture between MVV Energie, Baywa r.e., Glen Dimplex and GreenCom Networks. The joint service offering ranges from planning through to the energy-optimised deployment of sustainably operating plants.

Having taken over Windwärts Energie GmbH as of 1 October 2014, in **DECEMBER 2014** we acquired a 50.1 % stake in Juwi AG. In September 2015, we raised our shareholding to 63.1 % in the context of a capital increase. These two companies have significantly strengthened our expertise in windfarm project development and extended our competencies in windfarm operations management.

When it comes to supplying energy, MVV Energie is a proven partner in the Rhine/Neckar metropolitan region. In **DECEMBER 2014**, the City of Mannheim extended the concession agreements for the electricity, gas and water grids and the licensing agreement for the district heating grid for a further 20 years. During the 2014/15 financial year, three major gas concessions in the surrounding region were also extended: Edingen-Neckarhausen, Ilvesheim and Ladenburg will also be relying on MVV Energie for the next 20 years. Stadtwerke Schwetzingen has extended its existing contracts with MVV Energie through to the end of 2023 in the case of district heating supplies and the end of 2019 for district heating supply operations management.

Around six years after construction work began, the state-of-the-art, high-efficiency Block 9 at the large power plant in Mannheim (Grosskraftwerk Mannheim – GKM) successfully completed trials and took up scheduled power operations in **MAY 2015**. Since then, it has generated electricity and district heating for Mannheim and the region. The two older Blocks 3 and 4 were taken from the grid at the same time.

Operations were launched at our third biomethane plant at the end of **JUNE 2015**. MVV Energie built this plant in Stassfurt (Saxony-Anhalt) together with the renewable energies company Baywa r.e. Each of the three almost identical plants, all of which located in the Magdeburg region, can produce around 63 million kWh of biomethane a year and feed this into the natural gas grid.

Our two largest investment projects in recent years – the energy from waste plant with combined heat and power (CHP) generation in Plymouth and the biomass power plant with CHP capability at Ridham Dock – launched commercial operations in the **LATE SUMMER OF 2015**. To market the electricity volumes from the two plants, our energy trading company MVV Trading GmbH has extended its trading base and now also operates on the British N2EX exchange.

KEY FIGURES

Key figures of the MVV Energie Group			
Euro million	**2014/15**	2013/14	% change
Sales and earnings			
Sales excluding energy taxes[1]	3422	3717	–8
Adjusted EBITDA[1, 2]	336	330	+2
Adjusted EBIT[1, 2]	175	170	+3
Adjusted EBT[1, 2]	132	127	+4
Adjusted annual net income[1, 2]	92	93	–1
Adjusted annual net income after minority interests[1, 2]	75	86	–13
Adjusted earnings per share[1, 2] (Euro)	1.14	1.30	–12
Cash flow			
Cash flow from operating activities[1]	254	407	–38
Cash flow from operating activities per share[1] (Euro)	3.86	6.18	–38
Capital structure			
Adjusted total assets (at 30 September)[1, 3]	4073	3915	+4
Adjusted equity (at 30 September)[1, 3]	1376	1396	–1
Adjusted equity ratio (at 30 September)[1, 3]	33.8 %	35.7 %	–5
Net financial debt[1]	1341	1063	+26
Value indicators			
ROCE[1]	6.6 %	6.7 %	–1
WACC	6.4 %	7.4 %	–14
Value spread[1]	0.2 %	–0.7 %	—
Capital employed[1]	2660	2527	+5
Investments			
Total investments[1]	470	310	+52
of which growth investments[1]	336	207	+62
of which investments in existing business[1]	134	103	+30
Employees			
Number of employees (at 30 September)[1]	5308	5166	+3
Full-time equivalents (at 30 September)[1]	4828	4688	+3

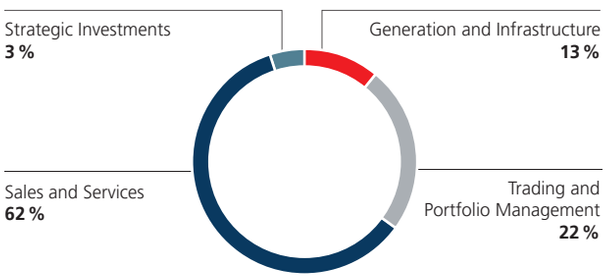
1 previous year's figures adjusted. Further details can be found in the chapter ▶ *Business Performance on Page 84*

2 excluding non-operating measurement items for financial derivatives, excluding structural adjustment for part-time early retirement and including interest income in connection with finance leases

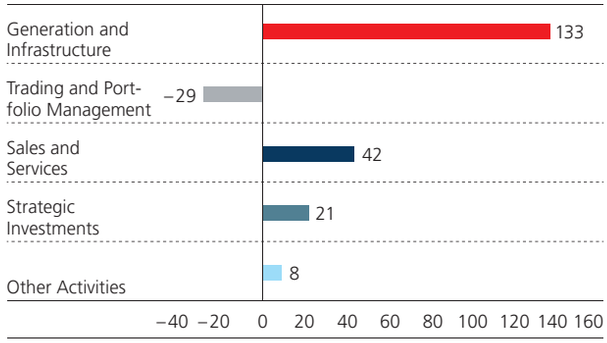
3 excluding non-operating measurement items for financial derivatives

MVV ENERGIE AT A GLANCE

Sales excluding energy taxes of the MVV Energie Group by reporting segment: 2014/15 financial year



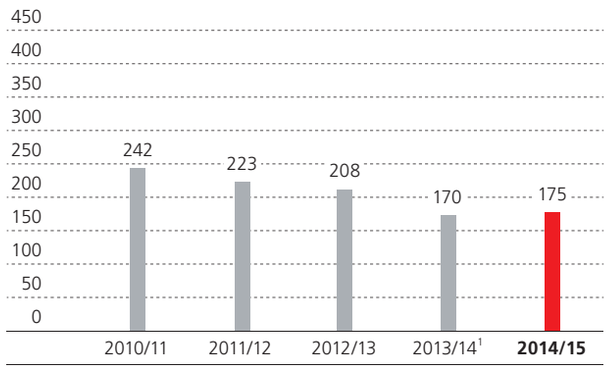
Adjusted EBIT of the MVV Energie Group by reporting segment in Euro million: 2014/15 financial year



Sales excluding energy taxes in Euro billion

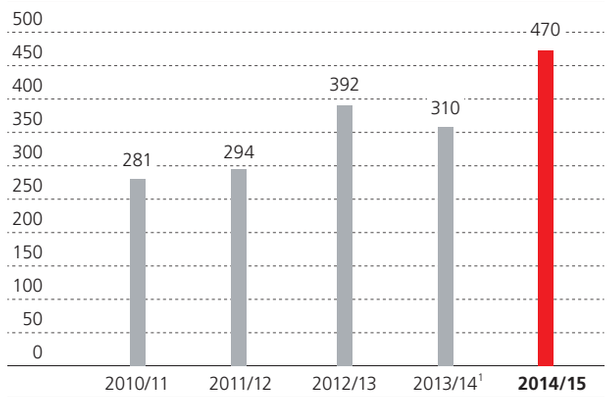
1 previous year's figure adjusted

Adjusted EBIT in Euro million



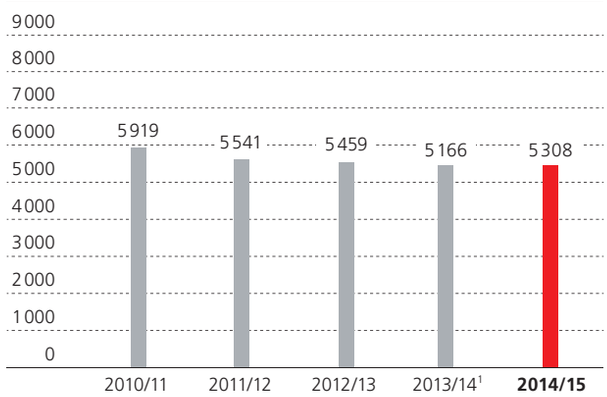
1 previous year's figure adjusted

Investments in Euro million



1 previous year's figure adjusted

Employees (headcount)



1 previous year's figure adjusted

MVV ENERGIE IN FOCUS

The MVV Energie Group is one of Germany's leading energy companies. With around 5 300 employees, our Group generated sales of Euro 3.4 billion in the 2014/15 financial year.

We cover the entire energy industry value chain – from energy generation, trading and distribution via proprietary grids to sales and energy-related services.

Others talk about the energy turnaround. We are making it happen. Our corporate strategy specifically builds on expanding renewable energies, strengthening energy efficiency and further extending combined heat and power (CHP) generation and environmentally-friendly district heating. These activities are supplemented by the forward-looking modernisation and maintenance of our grids and plants. At the same time, we are developing innovative products and new business models and thus aligning ourselves, also in terms of our sales activities, towards the energy system of the future.

Customers are the focus of all our activities. "Energising My Future" is our motto and that is how we wish our customers to see us. With our products and services, we aim to satisfy our customers' individual needs and expectations. We benefit here from our employees' mature competence and expertise. This way, we guarantee a reliable, affordable and environmentally-friendly supply of energy to all our industrial, commercial and private household customers. At the same time, we will continue to offer our employees secure and attractive jobs in future as well.

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MVV ENERGIE
ENERGISING ▶ MY FUTURE

MAKING IT HAPPEN!

Supplement to
2014/15 Annual Report

MVV Energie

Futurologist Dr. Eike Wenzel,

Institut für Trend- und Zukunftsforschung GmbH

THE ENERGY SYSTEM OF THE FUTURE IS DECENTRALISED, DIGITAL AND CUSTOMER-FOCUSED.

The transformation in the energy system will not take place overnight. Its timeframe will be measured in generations. On the one hand, we have the existing energy world, where energy is generated conventionally, and which we will not be able to do without in the foreseeable future if we wish to ensure a reliable supply. On the other hand, we have the energy world of the future with its rapidly growing share of decentralised renewable energy generation. To press ahead with the transition quickly, securely and in ways that make both economic and ecological sense, there is only one solution – we have to smartly and consistently link renewable and conventional energies. We spoke with the futurologist Dr. Eike Wenzel about the challenges involved for the energy industry and the role played by digitisation.

INTERVIEW

What trends do you see in today's energy industry?

Energy Turnaround 1.0 is being succeeded by Energy Turnaround 2.0. Now it is all about bringing the renewable energy world to customers in ways that are effective and in line with the times. The megatrend here is digitisation – and that is completely changing business models.

What challenges does the energy world of the future present to energy industry companies?

The new energy world will focus more closely on customers' individual needs – and that in both private and corporate customer segments. Grid expansion also has to be optimised further. After all, it would be fatal to focus on energy autarchy alone when it comes to developing new concepts.

How can energy companies react appropriately to these changes?

Their success depends on whether they can consistently implement this shift towards individualisation. This means they have to completely rethink their energy industry business models. Digitisation has already turned markets worth billions, such as media, tourism, retail and banking, on their heads, and will not simply pass by the energy industry. For energy suppliers, digitisation means radical transformation and is a process that is unstoppable and irreversible. Like with any other megatrend, the best approach here is to embrace the change. After all, the sooner we address megatrends head-on, the more likely we are to retain our ability to act, even in critical situations. »

OTHERS TALK ABOUT THE ENERGY TURNAROUND. WE ARE MAKING IT HAPPEN!

According to Dr. Eike Wenzel, a futurologist, Energy Turnaround 2.0 is progressing at a breath-taking pace and is turning the energy market on its head. Put simply, anyone not open to this transformation may soon be out of the picture. But what is the right course for companies in the energy industry to take? The hunt for new solutions often involves uncertainties. It is difficult to assess when which innovation will actually succeed. Having said that, one thing is now abundantly clear – in the business model of the future it really is all about the customer. It will be a question of offering the right products to "prosumers" – customers that have evolved from consumers into producers of energy as well. These products must also include services that fit in with their lifestyles. The catch is this: how can we find out what customers wish for the future? To answer this, you have to listen to customers directly. We attach key priority to market research. This way, we hear as much as possible about customers' interests, needs and satisfaction – and find out what instruments we need to attract and retain customers. So where is MVV Energie in this process at present? Dr. Holger Krawinkel, Head of the Customer Experience und Innovation Department at MVV Energie, offers some answers.

INTERVIEW

Competition for customers has intensified in the energy sector as well. Energy suppliers not wishing to be left behind have to have good ideas. What steps has MVV Energie taken to address this?

MVV Energie established its Customer Experience and Innovation department in 2014. For us, it is all about how customers see us and what they expect of us. This way, we can tailor our services and offerings to our customers' interests and needs.

What's new about that? Why are customers more closely in focus than before?

We have always taken our customers' needs seriously, but the energy market has greatly changed. Today, it is no longer enough just to offer customers – whether private, commercial or industrial customers – a reliable supply of electricity, heating energy, gas and water. Today's customers expect high-quality services, innovative products that are state-of-the-art in terms of their technology, and individual advice. All these factors will determine our future success.

How do you find out what customers want?

There is only one way – by listening! To do this, we hold a close dialogue with our customers. We also talk to other employees at the company who have direct contact to customers. After all, they are often the ones who know best where customers see potential for improvements. We evaluate the findings of these talks, think further and dig deeper. This way, we gain a precise picture of what the customer benefits of our products and services actually are. One simple example is our new invoice, which our customers were involved in designing. The aim was to make the invoice easier to understand, more transparent and better structured. And we succeeded – since then the number of bill enquiries has reduced.

You are closely involved in market research on innovations. What topics are you focusing on there?

The results of a study showed us that customers have a need to be self-sufficient and independent. Owners of renewable energies electricity generation systems in particular will need suitable storage products in future. From this, we conclude that demand for products such as battery storage will increase in future. However, the study also reveals that there is still a great need for information here. We intend to specify these findings in further studies to find out what precise needs our customers have. The same applies to the topic of electromobility. Here too, we want to know what interests customers have and what their requirements are when it comes to using electric vehicles. This way, we will be able to react appropriately to customers' wishes.

Dr. Holger Krawinkel

"WE ARE FOCUSING EVEN MORE CLOSELY ON OUR CUSTOMERS."

Bettina Mohr, Artist

THE ELECTRICITY BANK WORKS LIKE A CURRENT ACCOUNT. BUT ELECTRICITY, NOT CASH, IS DEPOSITED AND WITHDRAWN.

In Mannheim-Rheinau, MVV Energie is showing what the renewable, decentralised energy world of the future might look like. In the Electricity Bank research project, operators of photovoltaics systems and combined heat and power (CHP) plants can "deposit" the surplus electricity they produce in a communally used battery storage facility until it is needed. Since December 2014, four local businesses and 14 private households have been taking part in the project. The artist Bettina Mohr is also on board.

INTERVIEW

Solar electricity generation volumes can fluctuate very widely depending on how long the sun shines. The Electricity Bank aims to make up for this drawback. What is your experience?

In the interests of sustainability, it makes sense to me for more energy to be generated from renewable energies on a decentralised basis. The distances involved are short and less energy is lost through distribution. We can either use the "home-made" solar electricity directly ourselves or store it in the Electricity Bank and withdraw it whenever we need it. Technical devices also help us to keep better tabs on our own consumption.

What other benefits do you see from using a district storage facility?

The large storage facility has the advantage that it is significantly cheaper than multiple small-scale storage facilities in individual homes. Not only that, by jointly using the facility we generate synergy effects and thus boost the sense of community.

The Electricity Bank is a project offered by MVV Energie. Are you satisfied with the support you have received?

Yes, MVV Energie has proven to be a reliable partner. Problems can always arise when new technologies are put to the test. MVV Energie is then on location immediately and remedies the situation. I hope MVV Energie can draw on the experience gained during this project phase to optimise and then continue the model.

ELECTRICITY BANK

Decentralised balancing of generation and consumption – that tricky task will have to be mastered in the future energy system. The Electricity Bank in the Mannheim district of Rheinau – a large battery facility jointly used by the neighbourhood – is being tested as a sustainable solution. The container-sized XXL storage facility has a capacity of 100 kilowatt hours.

Rainer Mohr, Mayor of Rothselberg

JUWI AND MVV ENERGIE: PARTNERS AND PIONEERS IN THE ENERGY TURNAROUND.

Juwi AG built a windfarm with a total of eight wind turbines by Rothselberg near Kaiserslautern in the Palatinate region. In topographical terms, the Galgenberg hill close to the village and its 700 inhabitants offers ideal conditions. The highest wind turbine is located at 416 meters, an altitude with very good wind conditions. The windfarm benefits not only from good geography, but also from the successful and trusting cooperation between Juwi's project management and the local council. Rainer Mohr, the mayor of Rothselberg is glad to confirm this.

INTERVIEW

Acceptance for the windfarm in the local population is high. Why is that?

Because of the transparency. The population was informed about the project at an early stage by the local council and Juwi. Many local citizens participate in the windfarm due to their land ownership. And we made sure that the population as a whole benefits from the windfarm by distributing the revenues fairly.

How does the local council benefit from the windfarm?

Like almost everywhere in the West Palatinate region, we too have low trade tax revenues. We only have small tradesmen's firms and industry is thin on the ground in these parts. In times of empty coffers, local councils have to put off many projects. For Rothselberg, the revenues from the wind farm, which are secure for at least 20 years, are a great blessing.

What else has Juwi done specifically for the local community?

To make up for this encroachment of the local countryside, Juwi has performed offset activities together with the forestry authorities in Kusel and local authorities. That did not just involve planting a tree here or a hedge there. Juwi took account of and implemented all of the proposals made by the community without exception. For example, a derelict piece of land was converted into a biotope, where several storks have even since settled. The windfarm does not intrude here. In my opinion, it fits in very harmoniously with the countryside. It is also reassuring to know that we are producing CO_2-free green electricity and that our small community can thus make its own contribution to the energy turnaround.

JUWI AG

MVV Energie holds a 63.1 % stake in Juwi AG based in Wörrstadt in Rhineland-Palatinate. Juwi operates internationally and is the market leader in developing and operations management at wind and solar power projects. As project developer, Juwi implements all aspects of windfarms – from the idea through to the launch of operations, and that at more than 600 wind turbines at over 100 locations nationwide. What's more, Juwi also "repowers" existing turbines, i.e. replaces them with higher capacity plants.

Oliver Storz, Head of Biomethane Project Development

BIOMETHANE: DECENTRALISED GENERATION, FLEXIBLE USE, CAN BE FED DIRECTLY INTO THE NATURAL GAS GRID.

In the energy system of the future, energy will be generated above all from renewable sources. At MVV Energie, we acted early to invest in this development. Alongside onshore wind power and biomass, biomethane has become a firm fixture in our renewables portfolio. Why? Thanks to its flexibility and great efficiency, biomethane has one of the best eco-balances of all energy sources. It therefore makes absolute sense for us to invest in this fuel. In the Magdeburger Börde region we now have a bioenergy cluster with state-of-the-art technology. Oliver Storz, the manager responsible for biomethane project development at MVV Energie, has answered questions about our involvement in biomethane.

MVV Energie operates biomethane plants in the Magdeburger Börde region

INTERVIEW

What benefits does biomethane have compared with other renewable energy forms?

Biomethane is one of the most versatile and reliable of all renewable energy sources. It can be produced around the clock regardless of weather conditions and used both to generate electricity and heating energy and as a fuel. In the heating energy market in particular and used in conjunction with highly efficient combined heat and power (CHP) generation, green biomethane represents an inexpensive alternative to fossil fuels.

Why have bioenergy plants have been pooled in a cluster and why there in particular?

The proximity of the plants to each other offers several advantages. We generate synergies by flexibly deploying equipment and operating teams and can optimally tailor the logistics involved in substrate deliveries to our requirements. Services can also be tendered in cost-efficient packages. One key reason for the choice of location also related to the superb soil quality in the region. This way, we can cultivate the necessary substrates with minimum surface use. Not only that, the fermentation residues are highly desirable as a source of nutrients for the surrounding agricultural businesses. Our concept is a paradigm of a functional closed substance cycle. X

Housing expert Hubert Fielenbach, GBG Wohnungsbaugesellschaft Mannheim mbH

WITH MVV ENERGIE, ENVIRONMENTALLY-FRIENDLY HEATING ENERGY REALLY IS ON YOUR DOORSTEP AND YOU KEEP YOUR ENERGY COSTS IN CHECK.

Incidental rental expenses are rising ever more and already count as a "second rent". That explains why they have become such an important factor in the housing market. By developing long-term strategies and working with a competent partner in the energy sector, housing companies can nevertheless keep this cost factor under control. How that can work is demonstrated by GBG, a Mannheim housing company that has long worked together with MVV Energie. Hubert Fielenbach, Head of Facility Technology at GBG, reports on this proven partnership.

INTERVIEW

When modernising existing buildings, GBG is switching from gas to district heating. Why?

We can find a good example in Hochstätt district. Together with MVV Energie, we have converted the heating and hot water systems of 24 buildings from gas to district heating. The investment of Euro 7 million was clearly worth it – people's quality of living has improved significantly. Just as importantly, the costs of maintenance and repairs have fallen, overall operating costs for room heating and drinking water heating have reduced by around 35 % on average and the environment is spared 430 tonnes of CO_2 a year. Put simply, we have significantly boosted the commercial viability of the flats.

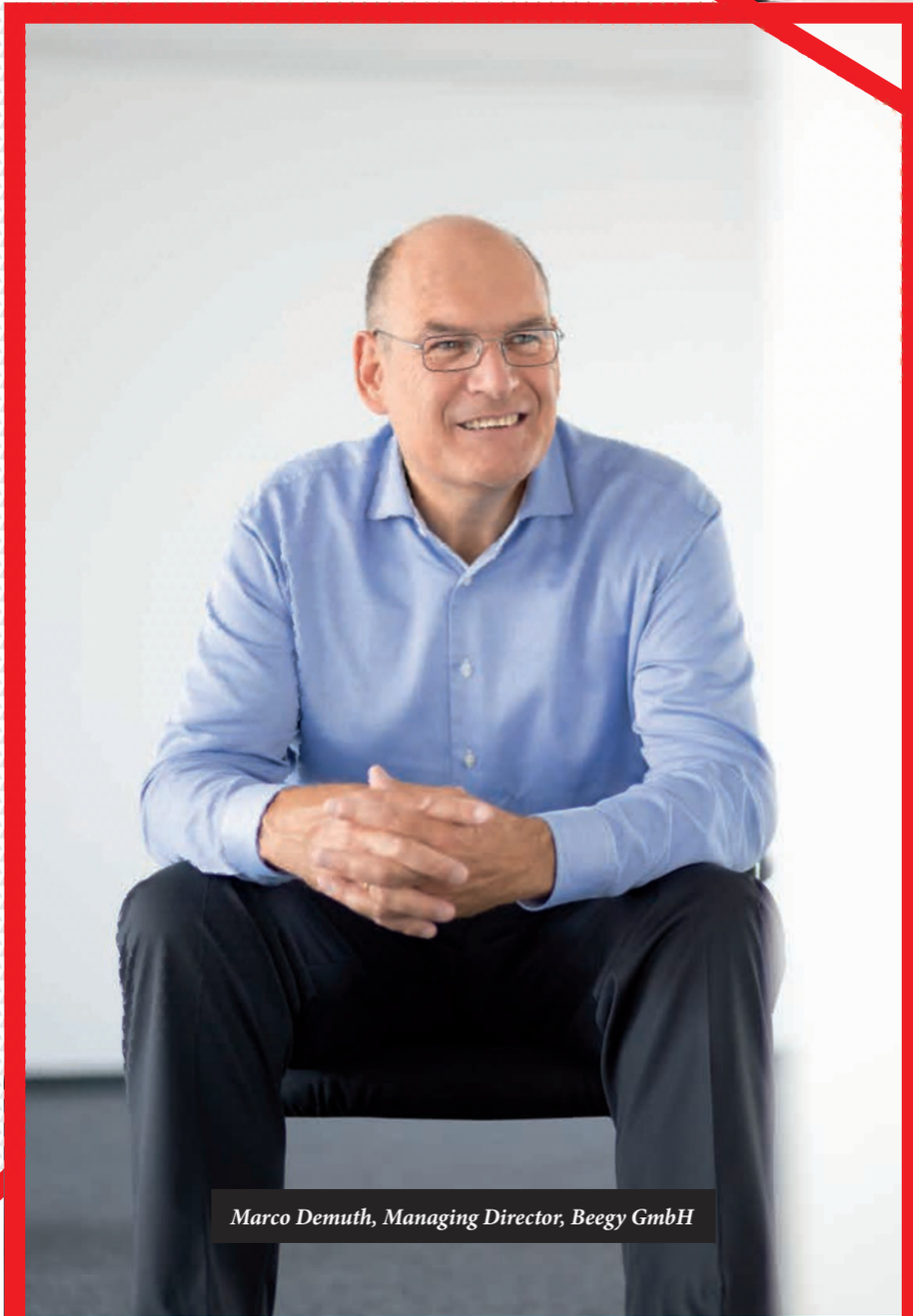
New housing estates with buildings that are highly efficient in energy terms have completely different heating supply needs. How has GBG solved this task?

With MVV Energie, we compiled a concept for a modern low-temperature local heating network in the Centro Verde estate. Here, a central district heating transfer station supplies a whole residential area with around 225 owner-occupied homes and flats. The benefits are lower energy costs thanks to a maximum flow temperature of 65° Celsius and lower grid losses as a result. Maintenance and repair costs are also low. Bills are issued separately for each flat. For tenants, that means greater transparency – they only pay for what they actually use. X

GBGMANNHEIM

KEEPING HOUSING AFFORDABLE

GBG is the largest municipal housing company in Baden-Württemberg. With around 19 300 apartments, it offers homes to more than 45 000 people in numerous districts of Mannheim. More than 90 % of GBG's apartments charge rent below the Mannheim rent index – absolutely in keeping with GBG's social mandate of offering suitably priced living space. Whether modernising existing buildings or building new housing, GBG relies on convenient, environmentally-friendly district heating from MVV Energie.



Marco Demuth, Managing Director, Beegy GmbH

WITH BEEGY WE SELL NOT JUST KILOWATTS, BUT SMART ENERGY SERVICES.

The energy supply of the future will pool decentralised components, such as photovoltaics, combined heat and power generation and electric heating systems, smartly in a virtual power plant. To this end, energy companies are developing new business models with partners from the service and IT sectors. Under the "Beegy" brand – derived from Better Energy – MVV Energie has founded a joint venture for decentralised energy management. Its services are aimed at the real estate sector, chains, municipal utility companies and private households. We spoke to Marco Demuth, alongside Dr. Christian Feisst one of Beegy's two Managing Directors.

INTERVIEW

Beegy is in the market as a full-service provider. What do you aim to do better than others?

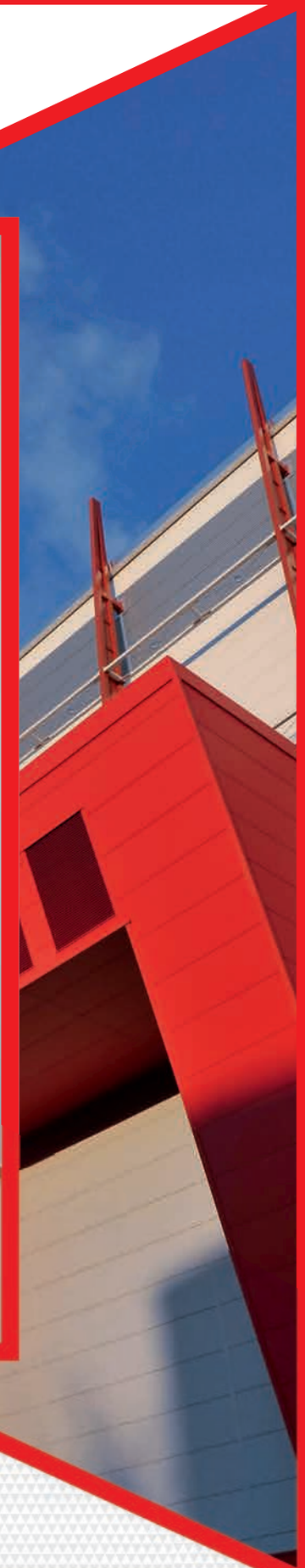
Anyone generating their own renewable energy naturally wants to put it to optimal use. That's where we come in. As a competent partner, we offer end-to-end decentralised energy management solutions and thus help customers to strengthen their self-sufficiency in terms of their energy supply and equip them for further developments in the energy system of the future. Our service portfolio ranges from advising customers on planning and installation through to operating customer plants – irrespective of whether it is a photovoltaics system on the roof of a house, a heating pump in the garden, a combined heat and power (CHP) plant for a whole block of flats or a supermarket chain with high energy consumption.

Beegy has positioned itself smartly in an energy market shaped by rapid change. What is its key to success?

Flexibility! In the dynamically growing energy-related services sector, Beegy sees customer needs as a challenge we can master. We base our solutions on leading technologies and tried-and-tested processes. We benefit from the fact that we work with an excellent team – proven energy experts and advisors, highly qualified product managers, software developers and service staff. It is clear that the market is already ready for a service provider like Beegy that can offer all necessary services uncomplicatedly and transparently from a single source.

BEEGY
Better Energy.

Beegy is a joint venture between MVV Energie, retail and services group Baywa, heating and cooling system manufacturer Glen Dimplex and software specialist GreenCom Networks. This partnership of service providers with complementary skills posted a major market success in August 2015 – the conclusion of a sales cooperation with Stadtwerke Stuttgart.



Paul Carey, Managing Director, MVV Environment Services Ltd.

OUR BRITISH PARTNERS ARE RELYING ON OUR ENERGY SOLUTIONS FROM WASTE AND BIOMASS.

Energy from waste – state-of-the-art waste incineration and energy generation has now arrived in Plymouth in the UK. What began in 2012 and quickly became the largest building site in the port city is now bearing fruit. The new power plant can use around 245 000 tonnes of household, commercial and industrial waste a year for highly efficient electricity and heating energy generation. This way, the plant provides the adjacent navy base with an environmentally-friendly supply of electricity and steam. Our second new plant in the UK – the biomass power plant at Ridham Dock south east of London – is now also connected to the grid. The two power plants represent the largest investments in our company's history. Paul Carey reports on how the two major projects have developed.

INTERVIEW

How did the two projects in the UK come about?

As part of the European Union, the UK also has to convert its waste industry from landfilling to recycling and incineration. MVV Umwelt has ideal competence when it comes to incinerating waste. That was our great advantage.

Has MVV Umwelt succeeded in putting its competence into practice in the British projects?

The expertise gained at our German plants really did provide the basis for our success both in Plymouth and at Ridham Dock. The results of an efficiency enhancement programme at our Mannheim plant, for example, gave us key ideas as to how we could set new standards in terms of fuel utilisation rates and economic viability.

If you can take initial stock of the projects – how do you personally see things?

I would highlight two entirely different aspects. On the one hand, the projects have shown that MVV Energie's decision to enter the British market was absolutely right. On the other hand, I personally have been impressed by how rewarding it can be to work together in an international team.

Impressive: the plants in Plymouth and at Ridham Dock

TO OUR SHAREHOLDERS

Dr. Georg Müller, CEO

WHERE DOES MVV ENERGIE STAND TODAY? SOME QUESTIONS FOR DR. GEORG MÜLLER

You are quoted as saying: "Others talk about the energy turnaround. We are making it happen!" What do you mean by that?

Our 2014/15 Annual Report has the pithy title "Making it happen!" – and rightly so. We have a corporate strategy that has a long-term and sustainable focus on the energy system of the future and that we are consistently implementing and permanently enhancing. Our strategy of smartly combining renewable and conventional energies shows that we as an energy company are tackling the challenges presented by the energy turnaround and seizing the opportunities it offers us. What we know is this: the energy supply is set to become more renewable, more flexible and closer to customers. We also want it to remain reliable and affordable. Only this way can we structure our move towards the new energy system along social and ecological lines and only this way will we remain successful in economic terms.

The difficult conditions in the energy industry have nevertheless not simply passed MVV Energie AG by. How did they affect your results?

It goes without saying that the decline in wholesale electricity prices and low clean dark spread left their mark on our earnings as well. In the past financial year, we also were faced with additional factors, such as another very mild winter and delays in the launch of operations at our UK plants. Against this backdrop, we are pleased that we ultimately managed to slightly exceed our updated forecast – which involved generating operating earnings at around the previous year's level of Euro 170 million – by posting adjusted EBIT of Euro 175 million. Turning to the 2015/16 financial year, we expect our operating earnings to increase – driven in particular by our UK plants, which will make their first full-year contributions to group earnings, and by the expansion of our renewable energies project development activities.

The two British generation plants were linked up to the grid in the late summer of 2015. MVV Energie has thus implemented the largest investment project in its history to date. How important is that for MVV Energie?

With the energy from waste plant in Plymouth and biomass power plant at Ridham Dock, we have exported our competence and longstanding experience in this area to the UK. We do not see any more primary growth potential in the German waste and waste timber markets, so we have established a strong operation in these promising areas abroad. Not only that, we will also be marketing the electricity volumes from our two UK plants ourselves via our MVV Trading GmbH subsidiary, which is now represented on the British N2EX exchange.

One key focus at MVV Energie involves expanding renewable energies. What opportunities will result from the Juwi stake and Windwärts takeover?

We see renewable energies as harbouring enormous economic growth potential. In Germany, that is particularly true of wind power while in the international area it applies above all to freestanding photovoltaics. As renewable energies project developers, Juwi and Windwärts are well positioned in these markets. The competencies available at Juwi, Windwärts and MVV Energie complement each other ideally – and pooling these will be key to our joint success. Juwi and Windwärts fit in perfectly with our strategy – there is no doubt about that – and their project development expertise has now completed our value chain.

The energy supply system is changing fundamentally. Margins in the core business are contracting and energy suppliers are obliged to develop new business models to operate successfully in the energy market. How has MVV Energie reacted?

We acted early to prepare for this development and are consistently evolving from supplier to service provider. In this, we are focusing on our customers even more closely than before. This factor has also shaped our new business models in our sales activities. We are combining these with more detailed market research that enables us to find out even more about our customers' needs and thus to adapt our offerings in a targeted manner. One good example here is our joint venture Beegy GmbH, which we played a key role in establishing. This company is bringing innovative products and professional services in the field of decentralised energy management onto the market. You see – with these new components as well we are successfully making the energy turnaround happen!

EXECUTIVE BOARD OF MVV ENERGIE AG

Dr. Georg Müller, CEO and Commercial Director

Udo Bekker, Personnel Director

Ralf Klöpfer, Sales Director

Dr. Hansjörg Roll, Technical Director

SUPERVISORY BOARD REPORT

Dr. Peter Kurz, Supervisory Board Chairman of MVV Energie AG

Ladies and Gentlemen,

The ongoing process of fundamental transformation in the energy industry also shaped the 2014/15 financial year at MVV Energie. The company therefore dealt closely with the political and competitive framework in the energy industry and further enhanced its corporate strategy. Throughout the year under report, the Supervisory Board addressed these changes in detail and reached far-reaching decisions on this basis. In the light of the great challenges involved in transforming the entire energy industry, we are convinced that MVV Energie has set the right strategic course – for example by investing in Juwi AG, Wörrstadt, a pioneer in the field of renewable energies.

In the 2014/15 financial year, we diligently performed all of the duties incumbent on the Supervisory Board by law and under the Articles of Incorporation. We advised the Executive Board in its management of the company and monitored it in its business activities. We were informed regularly, promptly and comprehensively by the Executive Board about the company's performance and situation, as well as about its further strategic development. The regular reports provided by the Executive Board included information about the company's business, sales and earnings performance, its net asset and financial position and its risk situation and risk management. Furthermore, the Executive Board informed us about all relevant matters of business policy and corporate planning. Variances between

the actual business performance and earlier plans and targets were presented and substantiated in detail. The Supervisory Board was directly involved in all decisions of fundamental significance for the company. The Executive Board reported exceptional developments to the Supervisory Board immediately. As Supervisory Board Chairman, I also maintained close contact with the CEO outside the meeting framework and exchanged views with him on current topics and developments.

Main topics of discussion in full Supervisory Board

We held a total of eight meetings with the full Supervisory Board in the year under report. Based on the reports and draft resolutions submitted by the Executive Board and on the basis of the preparations by the relevant Supervisory Board committees, the Supervisory Board held discussions and reached its decisions. Alongside the reports received on the development in key factors influencing the earnings of the MVV Energie Group, the status reports provided by the Executive Board on the progress made with current investment and acquisition projects also played a significant role in our discussions. Among other factors, we were regularly informed about the progress with construction work at the energy from waste plant in Plymouth, the biomass power plant at Ridham Dock and Block 9 at the large power plant in Mannheim (Grosskraftwerk Mannheim – GKM). Furthermore, we received reports on the latest developments in the follow-up solution for the joint power plant in Kiel (Gemeinschaftskraftwerk Kiel – GKK).

At our unscheduled meeting on **15 OCTOBER 2014**, we held detailed discussions and approved the acquisition of a shareholding in Juwi AG. The cooperation with Juwi represents an entrepreneurial milestone – it enables MVV Energie to cover the entire energy industry value chain for renewable energies as well within the Group.

At our meeting on **4 DECEMBER 2014**, we approved the agenda for the Annual General Meeting on 13 March 2015 together with the necessary draft resolutions. Moreover, we dealt with the audit focuses for the 2014/15 financial year and with the consolidated financial statements (IFRS) and the annual financial statements for the 2013/14 financial year and approved these. A further agenda item related to the construction of an additional biomethane plant in the Magdeburger Börde region.

On **12 MARCH 2015**, we dealt in detail with wind power projects, especially those at Windwärts Energie GmbH.

The main topic at the meeting on **26 MARCH 2015** was MVV Energie's strategic alignment in view of the ongoing structural transformation in the sector. We held extensive discussions concerning the further development of the "MVV 2020" strategy programme into "ENERGISING MY FUTURE".

At our meeting on **20 MAY 2015**, we dealt in particular with the significance of the fundamental change in the energy industry for the company's strategy. Key focal points of the discussions included topics such as the increasingly dynamic pace of developments in the energy industry and grid-specific matters.

On **30 JUNE 2015**, our board met in Wörrstadt – at the corporate headquarters of Juwi. We were informed in detail and on location about the latest status of the cooperation between Juwi and MVV Energie. Furthermore, the Executive Board informed us about the launch of operations and progress with construction at our biomethane plants in Saxony-Anhalt. Moreover, the results of the Supervisory Board efficiency review were presented and discussed.

At a special meeting on **31 JULY 2015**, we dealt in detail with the capital increase at Juwi AG and approved this. With this capital measure, MVV Energie is boosting the ability of Juwi AG to generate growth by developing new renewable energies projects. As a result, the shareholding held by MVV Energie AG has increased from 50.1 percent to 63.1 %.

The key focus of our meeting on **24 SEPTEMBER 2015** was the three-year plan and the business plan for the 2015/16 financial year, which the Supervisory Board correspondingly approved. Furthermore, resolutions were adopted in connection with wind power projects, as well as with corporate governance topics, including the equal participation of women and men in management positions.

Committee meetings

The Supervisory Board of MVV Energie AG has formed five committees to efficiently prepare the topics addressed and resolutions adopted by the full Supervisory Board. The committee chairmen reported regularly and promptly to the Supervisory Board on their activities. The composition of these committees is presented both in the ▶ *Corporate Governance Report on Page 32* and under ▶ *Directors and Officers on Page 175.*

In the year under report, the **AUDIT COMMITTEE** held a total of six meetings. One regular topic of discussion was the company's situation in the respective quarter; this included discussion of the Group's results and financial reports, as well as of its risk situation and risk management. Furthermore, the committee dealt in particular with the annual financial statements of MVV Energie AG and the Group, which it discussed in detail with the Executive Board and the auditor. With regard to the implementation of the audit of the annual financial statements of MVV Energie AG and the Group for the 2014/15 financial year, the committee submitted proposals to the Supervisory Board concerning the selection of the auditor for the annual financial statements, the setting of audit focuses and the fee agreement. Moreover, the committee discussed the 2015/16 business plan and medium-term planning with the Executive Board. It recommended the Supervisory Board to approve the business plan for the coming financial year. Furthermore, it addressed the audit findings and audit plan of the group internal audit department, reviewed the internal control system and took receipt of the compliance officer's report. Further topics discussed by the committee related above all to the environmental energy and renewable energies project development business fields, the MVV Energie CZ subgroup, MVV decon GmbH and Soluvia GmbH. Alongside these, the committee also dealt in detail with MVV Energie's strategy.

The **PERSONNEL COMMITTEE** met once in the 2014/15 financial year. The main topic of discussion related in particular to compensation-related matters for Executive Board members.

The **NOMINATION COMMITTEE** also met on one occasion in the year under report and dealt above all with the requirements profile for Supervisory Board members in the run-up to the elections in the 2015/16 financial year.

The **NEW AUTHORISED CAPITAL CREATION COMMITTEE** did not hold any meetings in the 2014/15 financial year. The **MEDIATION COMMITTEE** pursuant to § 27 (3) MitbestG also did not require convening.

Corporate governance

In the 2014/15 financial year, MVV Energie complied with all of the recommendations made by the German Corporate Governance Code Government Commission concerning high-quality, transparent and responsible corporate governance. At its meeting on 24 September 2015, the Supervisory Board endorsed the Declaration of Conformity with the German Corporate Governance Code previously submitted by the Executive Board. This was published on the internet on 2 October 2015. The Corporate Governance Report was adopted at the meeting on 3 December 2015. No conflicts of interest arose in the year under report. The Supervisory Board conducted a review and concluded that it included an adequate number of independent members. Further information can be found in the ▶ *Corporate Governance Report from Page 28 onwards.*

Equal participation of men and women in Executive Board of MVV Energie AG

As a result of the "Law on Equal Participation of Men and Women in Private-Sector and Public-Sector Management Positions", MVV Energie AG is also required to set targets for the number of women in its Executive Board. The Supervisory Board of MVV Energie AG already addressed this topic in detail in past years and supports the objective of assigning management responsibility to women and men on a basis of equality. The Executive Board of MVV Energie AG currently comprises only men. In view of this and due to the terms on which the appointments of our Executive Board members are based, it will not be expedient to raise the share of women on the Executive Board of MVV Energie AG by 30 June 2017.

Audit of annual and consolidated financial statements

In line with the resolution adopted by the Annual General Meeting on 13 March 2015, the Supervisory Board awarded the assignment to audit the separate and consolidated financial statements of MVV Energie AG for the 2014/15 financial year to PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft. The auditor submitted a declaration of independence to the Supervisory Board.

In this Annual Report, the management report accompanying the separate financial statements of MVV Energie AG and the group management report of the MVV Energie Group for the 2014/15 financial year are presented and published in combined form pursuant to § 315 (3) and § 298 (3) HGB. The annual financial statements, consolidated financial statements and combined management report for the 2014/15 financial year are published in the Federal Gazette (Bundesanzeiger). The consolidated financial statements of the MVV Energie Group prepared on the basis of International Financial Reporting Standards (IFRS) for the 2014/15 financial year and the combined management report have been audited by PricewaterhouseCoopers and each granted unqualified audit opinions. The same applies to the annual financial statements of MVV Energie AG prepared in line with HGB requirements for the 2014/15 financial year. The following documents were available to the Supervisory Board in good time ahead of the relevant meeting: the consolidated financial statements, combined management report, annual financial statements of MVV Energie AG, the appropriation of profits proposed by the Executive Board and the auditor's audit reports. These documents were closely examined by the Audit Committee and the Supervisory Board and discussed in detail in the presence of the auditor. At its meeting on 3 December 2015, the Supervisory Board subsequently approved the consolidated financial statements, combined management report and annual financial statements of MVV Energie AG. The annual financial statements are therefore adopted. The Supervisory Board endorsed the appropriation of profits proposed by the Executive Board.

According to the report compiled by the Executive Board on the company's relationships with affiliated companies (dependent company report) for the 2014/15 financial year, MVV Energie AG was not disadvantaged by the legal transactions performed with affiliated companies outlined therein. The auditor audited the dependent company report and granted the following audit opinion:

"Following our audit and assessment performed in accordance with professional obligations, we confirm

1. that the factual disclosures made in the report are accurate

2. that the company's compensation in the transactions listed in the report was not incommensurately high."

Both the dependent company report and the audit report compiled by the auditor were provided to the Supervisory Board in good time. Based on its own review, the Supervisory Board concurs with the auditor's assessment and approved its report. The auditor also audited the early warning risk identification system established by the Executive Board pursuant to § 91 (2) AktG. The auditor established that the systems are suited to fulfil their legal obligations.

Thanks

The employees of the MVV Energie Group have shown great and successful dedication in the highly dynamic current market climate. They are contributing their expertise and innovative power to ensure that the Group asserts itself against the competition. On behalf of the entire Supervisory Board – but also on my own personal account – I would like to extend a special thank you to the Executive Board of MVV Energie AG, the executive boards and management teams at shareholdings, as well as to all employees, works council members and employee representatives! I would also like to thank our shareholders, customers and business partners for the trust they have placed in us!

Mannheim, December 2015

Dr. Peter Kurz
Chairman

CORPORATE GOVERNANCE REPORT

Corporate governance refers to the entire system used to organise, manage and supervise companies. High-quality corporate governance is a prerequisite for successfully managing companies on a sustainable basis.

The German Corporate Governance Code set outs nationally and internationally recognised standards of corporate management and supervision. These standards are reviewed and updated each year. In the year under report, such amendments were adopted by the Code Commission on 5 May 2015. The current version of the German Corporate Governance Code was published in the Federal Gazette on 12 June 2015 and took effect as of that date. Consistent with Point 3.10 of the German Corporate Governance Code, the Executive and Supervisory Boards report below on how the requirements of the Code in terms of high-quality corporate governance have been implemented at MVV Energie AG.

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Report of Executive and Supervisory Boards

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We see high-quality corporate governance as a key foundation for sustainable business success and for a stable relationship of trust with our shareholders, customers, business partners, employees and the general public. The Executive and Supervisory Boards work closely together to the benefit of the company, its shareholders and all its stakeholders and comply with all of the recommendations made by the Code. We also met all of the suggestions made in the Code in the year under report apart from Point 2.3.3 – transmission of the Annual General Meeting via modern communication media. During the Annual General Meeting, we only broadcast the introductory words by the meeting chairman and the presentation by the CEO live on our website. After the Annual General Meeting, we make the CEO's presentation and voting results available on our website.

Shareholders and Annual General Meeting

All shareholders entered in our share register are invited to our Annual General Meeting. They are entitled to comment on all agenda items, submit relevant questions and proposals and exercise their voting rights. Each MVV Energie AG share entitles its holder to one vote. Voting rights at the Annual General Meeting may be exercised by registered shareholders themselves or by a proxy of their choice. Shareholders also have the possibility of having their voting rights exercised by a voting proxy appointed by the company to act in line with their instructions, a bank or a shareholders' association. Furthermore, shareholders may also submit their votes by way of a postal ballot. This requires registration within the relevant deadline.

As provided for in stock corporation law, we publish the invitation to the Annual General Meeting, as well as the proposals, reports and information required for the resolutions, in German and English on our website at **www.mvv-investor.de**.

Transparency

Our transparent company management helps us to retain and strengthen the trust placed in us by our stakeholders. We therefore attach great value to informing all interest groups – retail and institutional investors, financial analysts, customers, employees and the general public – simultaneously, promptly and comprehensively.

In the past, we have complied at all times with the reporting obligations resulting from the German Stock Corporation Act (AktG), the German Commercial Code (HGB) and the German Securities Trading Act (WpHG).

Reporting and audit of financial statements

We prepare the separate financial statements of MVV Energie AG on the basis of the German Commercial Code (HGB). We prepare the consolidated financial statements, combined management report and the financial reports published within the financial year in accordance with International Financial Reporting Standards (IFRS) in the form requiring application in the European Union.

In the combined management report, we present the management report of MVV Energie AG and the group management report of the MVV Energie Group in combined form. The auditor audits the separate financial statements prepared by the Executive Board. Having been reviewed by the Audit Committee, these are subsequently approved by the Supervisory Board and thus adopted. Following detailed examination by the Audit Committee, the consolidated financial statements prepared by the Executive Board and audited by the auditor are also submitted to the Supervisory Board for approval. Within its audit of the financial statements, the auditing company elected by the 2015 Annual General Meeting, PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, Mannheim, also audits the combined management report and the early warning risk identification system. The financial reports for the first quarter, first half and first nine months are prepared by the Executive Board and discussed with the Audit Committee prior to publication.

Corporate Governance Declaration with Declaration of Conformity

We published the Corporate Governance Declaration on our homepage at **www.mvv-investor.de** on 5 November 2015 and thus met the requirements of § 289a HGB. To ensure maximum transparency, we have also included the declaration in this Corporate Governance Report.

Declaration of Conformity with the German Corporate Governance Code (§ 161 AktG)

The Executive and Supervisory Boards adopted the following Declaration of Conformity with the German Corporate Governance Code in September 2015:

The Executive and Supervisory Boards of MVV Energie AG hereby declare that the company has complied with and continues to comply without exception with the recommendations made by the German Corporate Governance Code Government Commission. For the past, this declaration refers to the version of the Code dated 24 June 2014 and published by the Federal Ministry of Justice in the Federal Gazette on 30 September 2014. For the future, it refers to the recommendations made in the new version of the Code dated 5 May 2015 and published in the Federal Gazette on 12 June 2015.

To succeed, business activities have to be based on a high-quality corporate and management culture. Enabling employees to work together effectively and on a basis of trust at the MVV Energie Group is therefore a matter of great importance to us. We safeguard the quality of management activities with our shared management guidelines. Furthermore, we have initiated a corporate culture project that we will be upholding in the long term. We promote constructive cooperation between managers and their employees by regularly performing anonymous bottom-up appraisals that enable employees to provide honest feedback on management conduct.

Compliance and risk management

Our Compliance Management System (CMS) is a key component of our corporate governance. This system helps us to ensure that all employees comply with legal requirements. It also enables us to implement our in-company guidelines and those ethical standards to which we are committed.

The CMS system covers all of MVV Energie's key business activities and processes. In a detailed Compliance Handbook, we describe both the material contents and the necessary organisational structures and processes, as well as the respective personnel responsibilities and our reporting system. This Handbook is binding for all of MVV Energie's group companies and can be downloaded – as part of our Management Handbook – by all MVV Energie's employees at any time from our intranet.

We have structured our compliance system so that relevant processes in sensitive areas can already be checked in advance, thus enabling us to avoid infringements and take corrective measures on a preventative basis. Donations and payments to political organisations are strictly prohibited at the MVV Energie Group. Payments to capital providers are made exclusively in the form of dividends. There were no severe infringements of laws or of our internal guidelines in the year under report.

The head of our group legal, group compliance and materials division also acts as compliance officer on behalf of the Group. He liaises with the affected business units to compile the relevant compliance regulations, document these and monitor their implementation. Furthermore, he also ensures that our employees receive suitable training, checks compliance with CMS processes and reports to the Executive Board. The compliance officer advises and supports the Executive Board with regard to preventative measures to avoid and investigate any infringements of the law, corruption or deliberate acts harmful to the company.

We pay particular attention to informing employees working in sales, sales-related areas and procurement about corruption prevention and offering them detailed explanations of the correct forms of behaviour when offered gratuities and invitations. These measures serve to counter the risk of so-called "soft bribery". In the 2014/15 financial year, around 160 employees took part in training sessions each lasting more than two hours. We record and check gratuities and invitations. Furthermore, we systematically and continually check adherence to compliance requirements in all business fields, specialist divisions, group departments and subsidiaries. Via an anonymous "Whistleblower Hotline", employees and third parties can also reach the compliance officer or an external confidence lawyer and report any misconduct directly.

We ensure that all of the MVV Energie Group's managers are familiar with general compliance requirements and the legal requirements relevant to their business units by providing them with regular training. The requirements are specifically detailed in line with the needs of each area of responsibility at the company units. Furthermore, our managers are obliged to confirm compliance with legal requirements in an extensive Compliance Management Declaration (CMD) required at the end of each reporting year. This CMD also includes a declaration by the respective manager that all of his or her employees have received CMS instruction and suitable training. Not only that, in the context of the CMD managers are required to provide detailed comments by filling in questionnaires with questions tailored to specific circumstances at the relevant business unit.

To outline the basis for assuming management responsibility at the MVV Energie Group, new management staff from section manager upward are required to attend a seminar held over several days. At this seminar, we provide structured instruction to all newly appointed managing directors and all upcoming management staff in all areas of responsibility.

We question suppliers and service providers to our key company locations in Germany about their compliance. Furthermore, for major tenders and contracts our procurement department obtains supplier self-registration and supplier information. This way, we establish

- which compliance and anti-corruption regulations are in place at the respective supplier and whether these also apply for its upstream suppliers and subcontractors
- whether working conditions are consistent with the relevant national laws and ordinances and whether internationally recognised labour standards are complied with
- which non-monetary company objectives, such as voluntary environmental protection measures or education, cultural or sports sponsorship activities, are pursued by suppliers.

Further major components of our corporate management include our risk management system and the internal control system in respect of the financial reporting process (IKS). We describe these in detail in the ▶ *Combined Management Report on Pages 95 to 101.* In the year under report, we further optimised our process performance at our Mannheim location in order to enhance quality and reduce costs. Alongside internal specialist departments, this process also involved the companies and subgroups at this location.

Composition and mode of operation of Executive and Supervisory Boards and their committees

In Germany, stock corporations are required by law to have a dual management system. This requires a clear separation in terms of personnel between the Executive Board, which acts as the management body, and the Supervisory Board, which acts as the supervisory and advisory body. Although these two boards are furnished with their own distinct duties and competencies, they nevertheless cooperate closely and on a basis of trust in the company's interests.

The tasks of the **EXECUTIVE BOARD** are to manage the company and its business. Under its own responsibility, it manages the company and pursues the objective of generating sustainable growth. Its duties include determining the company's strategic alignment, agreeing this with the Supervisory Board and ensuring its targeted implementation. In its decisions, the Executive Board takes due account of the interests of the company's stakeholders, i.e. shareholders, employees and other interest groups associated with the company.

Consistent with the requirements of law, the Articles of Incorporation and the Code of Procedure, the Executive Board – both as a whole and each individual member – manages the business of MVV Energie AG. The Supervisory Board has imposed a Code of Procedure governing the activities of the Executive Board. This sets out the divisional responsibilities, the duties and decisions incumbent on the overall Executive Board, the duties of the Chief Executive Officer and the ways in which Executive Board resolutions are adopted. Furthermore, consistent with § 111 (4) Sentence 2 of the German Stock Corporation Act (AktG) the Code of Procedure includes a detailed catalogue of those transactions for which the Executive Board must obtain Supervisory Board approval. The Executive Board of MVV Energie AG consists of at least two members. Four Executive Board positions are currently provided for and occupied. The work of the Executive Board members is coordinated by the Chief Executive Officer, Dr. Georg Müller; he also represents the Executive Board externally. Executive Board members otherwise enjoy equal rights and bear joint responsibility for managing the company. In this respect, each Executive Board member manages the division assigned to him under his own responsibility. Executive Board members are expected to subordinate the specific interests of their division to the overriding interests of the company.

The Executive Board attaches great importance to working together with the Supervisory Board and the company's employee representatives on a basis of trust. It informs the Supervisory Board regularly, promptly and comprehensively of intended business policy and other fundamental matters of corporate planning. One key focus relates to the company's financial, investment and personnel planning. Furthermore, the Executive Board reports to the Supervisory Board on the company's profitability, its business performance and situation and its risk situation and risk management.

The **SUPERVISORY BOARD** of MVV Energie AG has the task of appointing and advising the company's Executive Board. The Supervisory Board monitors the Executive Board in its management of the company and in decisions of fundamental significance for the company.

The Supervisory Board of MVV Energie AG consists of 20 members, of which ten shareholder representatives and ten employee representatives. The Annual General Meeting elects the shareholder representatives with the exception of two members who are directly delegated by the City of Mannheim, namely the Lord High Mayor and the relevant specialist head of department. This provision applies to the extent that the City of Mannheim is a shareholder and directly or indirectly holds shares corresponding to more than half of the company's share capital. Ten Supervisory Board members are elected by employees in accordance with the German Codetermination Act (MitbestG). The terms in office are identical. Where possible, elected members should not sit on the Supervisory Board for less than one or for more than three full terms. The Supervisory Board Chairman, Lord High Mayor Dr. Peter Kurz, coordinates the work of the Supervisory Board. The Supervisory Board has a self-imposed Code of Procedure governing its activities. Further extensive information about the tasks and activities of the Supervisory Board and its committees in the 2014/15 financial year can be found in the ▶ *Supervisory Board Report from Page 24 onwards.* In the chapter ▶ *Directors and Officers from Page 175 onwards,* we have provided information about the composition of the Supervisory Board and of the committees it has formed to operate efficiently.

The Supervisory Board of MVV Energie AG has formed five permanent **COMMITTEES**:

The **AUDIT COMMITTEE** has as its tasks corporate planning, strategy, individual business field performance, fundamental financial reporting issues, preparing the selection of the auditor, preparing an advance review of and discussing the annual and consolidated financial statements and addressing the interim consolidated financial statements for the three-month, half-year and nine-month reporting periods. Moreover, it monitors the effectiveness of the internal control system (IKS), internal audit, organisational precautions to ensure compliance with legal requirements and internal company guidelines (compliance) and of the risk management system. The Audit Committee includes three shareholder representatives and three employee representatives. The Chairman of this committee is Professor Heinz-Werner Ufer, while the Supervisory Board Chairman is a permanent guest in the committee.

The **PERSONNEL COMMITTEE** focuses in particular on preparing Supervisory Board resolutions concerning the conclusion, amendment and rescission of employment contracts with Executive Board members. This committee consists of six members: the Supervisory Board Chairman, who is also Personnel Committee Chairman, his deputy and four Supervisory Board members, of which two shareholder and two employee representatives.

The **NOMINATION COMMITTEE** is responsible for proposing suitable candidates to the Supervisory Board for its own election proposals to the Annual General Meeting. In its selection, the committee takes particular account of legal requirements and of the recommendations and suggestions made by the German Corporate Governance Code. This committee has six members: the Supervisory Board Chairman, who also chairs this committee, and five further shareholder representative Supervisory Board members.

The duties of the Nomination Committee also include compiling targets for the composition of the Supervisory Board. A detailed requirements profile for Supervisory Board members specifies the requirements in terms of the specialist knowledge and ability, as well as the experience and personality of future Supervisory Board members. An upper age limit of 70 years should be complied with, as should the time limit for Supervisory Board membership. Furthermore, the Supervisory Board should also include an adequate number of independent members. This objective has been met.

Pursuant to § 27 (3) of the German Codetermination Act (MitbestG), the **MEDIATION COMMITTEE** submits further personnel proposals to the Supervisory Board in cases where the two-third majority required to appoint and dismiss Executive Board members is not achieved in the first ballot.

The **NEW AUTHORISED CAPITAL CREATION COMMITTEE** is entrusted with preparing the Supervisory Board resolutions to be adopted concerning the creation of new authorised capital. This committee comprises eight members: the Supervisory Board Chairman, who is also Committee Chairman, the Chairman of the Group Works Council and six further Supervisory Board members, of which one employee representative and five shareholder representatives.

The Audit Committee meets several times a year. The Personnel, Nomination, Mediation and New Authorised Capital Creation Committees are convened when necessary.

Requirements in composition of Executive and Supervisory Boards

Alongside personal integrity, the Supervisory Board takes particular account of the following aspects when selecting candidates to be proposed for election by the Annual General Meeting: a good general understanding of the energy industry, and especially of the business fields in which MVV Energie AG operates, an ability to assess complex economic and technical matters and specialist knowledge in select areas of MVV Energie's activities. The objective is for Supervisory Board members to complement each other in such a way as to ensure that the entire range of targeted knowledge, abilities and experience is represented in the Supervisory Board. It is thus acknowledged that not every Supervisory Board member can satisfy the whole spectrum of specialist requirements. This objective is met by the Supervisory Board in its current composition.

Report on equal participation of women and men

As a result of the "Law on Equal Participation of Men and Women in Private-Sector and Public-Sector Management Positions", MVV Energie AG is required to set targets for the number of women in management positions. The Supervisory and Executive Boards of MVV Energie AG already addressed this topic in detail in previous years and therefore support the objective of assigning responsibility to both women and men on a basis of equality. Particularly in view of demographic change and the resultant shortage of specialist and management staff in Germany, both social and economic factors make it necessary to promote all talents regardless of gender.

In companies operating in the energy industry, female employees traditionally only account for a comparatively small share of the overall workforce. The Supervisory and Executive Boards of MVV Energie AG are nevertheless committed to continually increasing their share of the Group's workforce and to supporting high-potential female employees even more closely with targeted personnel development measures.

By 2022, we thus aim to gradually increase the female share of our Group's workforce from 28 % currently to 35 % and the female share of our management staff from 15 % to 25 %.

With our short, medium and long-term promotion measures and programmes, we made progress in this respect in the past. We will be continually extending these measures in the years ahead. Further information about these can be found in the chapter ▶ *Key Sustainability Factors from Page 45 onwards*.

The law requires companies to disclose their targets for the first time for the 2015/16 financial year. Given the importance and priority accorded to the targets it has formulated, MVV Energie AG has voluntarily complied with this statutory disclosure requirement in the 2014/15 Annual Report already. The following table presents the share of women in the Executive and Supervisory Boards of MVV Energie AG and also shows the number of female managers at MVV Energie AG on the first and second management tiers below the Executive Board as of 30 June 2015. Furthermore, the table also includes the targets set by the Supervisory and Executive Boards to be achieved by 30 June 2017. The Executive Board of MVV Energie AG currently comprises only men. Given the appointment terms of these Executive Board members, it will not be expedient to raise the share of women on the Executive Board of MVV Energie AG by 30 June 2017.

Share of women in Executive Board and 1st and 2nd management tiers at MVV Energie at 30 June

	2015 status		2017 target
	No. of positions filled Total	Share of women in %	Share of women in %
Executive Board	4	0	0
1st management tier	17	12	20
2nd management tier	30	20	25

The Supervisory Board of MVV Energie AG currently comprises 20 members, of which four women. That corresponds to a female share of 20 %. The Board has agreed to comply in future with the statutory gender quota of 30 %.

Independence of Supervisory Board members

In respect of Point 5.4.2 of the German Corporate Governance Code, we are of the opinion that the Supervisory Board members assigned by the City of Mannheim or potentially attributable to such are independent members in the spirit of the Code. These members do not maintain any personal or business, i.e. commercial, links with the company or its management bodies.

MVV ENERGIE AG SHARE

Reversal of trend on stock markets

Stock markets posted a positive overall performance in the 1st half of 2015, with most shares being listed at higher prices at the end of June than at the beginning of January. The DAX lead index thus rose by 11.6 % in the 1st half of 2015 and closed at 10 945 points on 30 June 2015. On 10 April 2015, the DAX reached 12 375 points – its highest closing balance ever. This boom was driven above all by the extensive bond acquisition programme at the European Central Bank. There were also indications of rising corporate earnings. Share prices were further boosted by persistently low base rates.

The 3rd quarter then brought a marked change in sentiment on the stock exchanges, one which led to a substantial correction. This was triggered by concerns about economic developments in China and their impact on the global economy, as well as by expectations that the US Federal Reserve would raise the base rate. These factors were exacerbated by the crisis resulting from manipulated emissions figures at Volkswagen and discussions as to whether large utility groups had set aside sufficient provisions to cover the costs of the nuclear energy exit. Overall, the share price correction led the DAX to fall by 11.7 %. The DAX closed at 9 660 points at the end of September 2015, equivalent to an increase of 2.0 % compared with its closing balance on 30 September 2014 (9 474 points).

The debt crisis in the euro area, and in Greece in particular, a potential increase in US base rates and geopolitical risks – all these factors might result in further corrections on the stock markets.

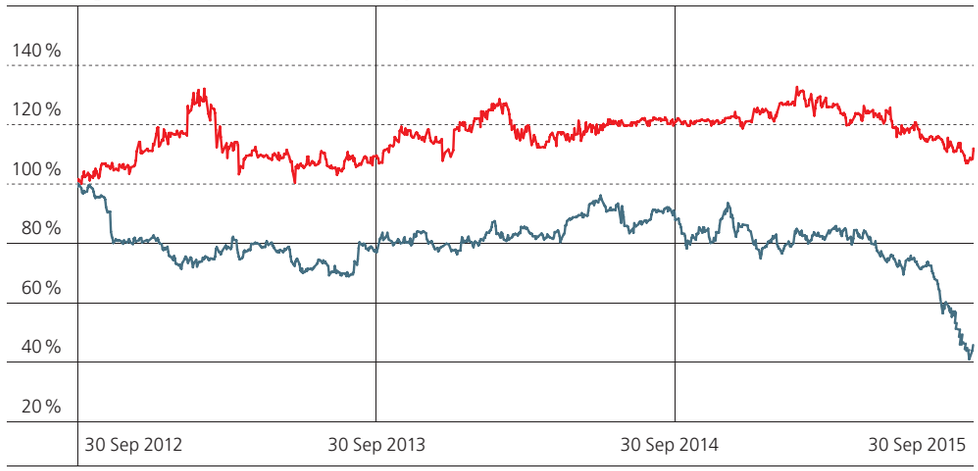
Key figures on share and dividend of MVV Energie AG

	2014/15	2013/14
Closing price[1] at 30 September (Euro)	21.15	23.89
Annual high[1] (Euro)	26.20	26.05
Annual low[1] (Euro)	20.26	21.85
Market capitalisation at 30 September (Euro million)	1 394	1 575
Average daily turnover (no. of shares)	4 233	2 882
Number of shares at 30 September (000s)	65 907	65 907
Number of shares in 000s (weighted average)	65 907	65 907
Number of shares with dividend entitlement (000s)	65 907	65 907
Dividend per share[2] (Euro)	0.90	0.90
Dividend total[2] (Euro million)	59.3	59.3
Adjusted earnings per share[3, 4, 5] (Euro)	1.14	1.30
Cash flow from operating activities per share[4] (Euro)	3.86	6.18
Adjusted carrying amount per share[4, 5, 6, 7] (Euro)	17.73	18.03
Price/earnings ratio[4, 8]	18.6	18.4
Price/cash flow ratio[4, 8]	5.5	3.9
Dividend yield[8] (%)	4.3[2]	3.8

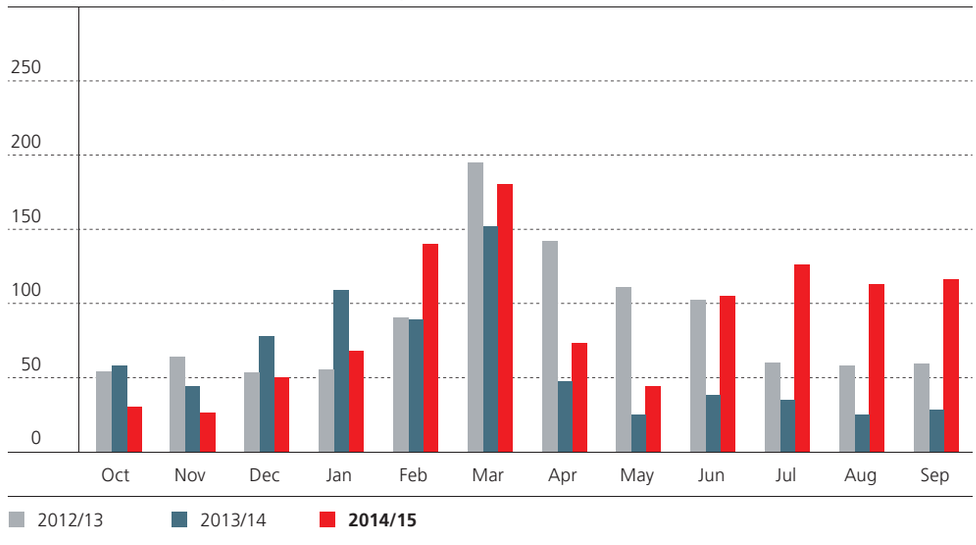
1 XETRA trading
2 subject to approval by Annual General Meeting on 4 March 2016
3 excluding non-operating measurement items for financial derivatives, excluding structural adjustment for part-time early retirement, excluding restructuring expenses and including interest income from finance leases
4 previous year's figures adjusted
5 number of shares (weighted annual average)
6 excluding non-operating measurement items for financial derivatives
7 excluding minority interests
8 basis: closing price in XETRA trading on 30 Sepember

- ISIN DE000A0H52F5
- WKN A0H52F
- XETRA MVV1
- Reuters MVV Gn.DE
- Bloomberg MVV1 GR

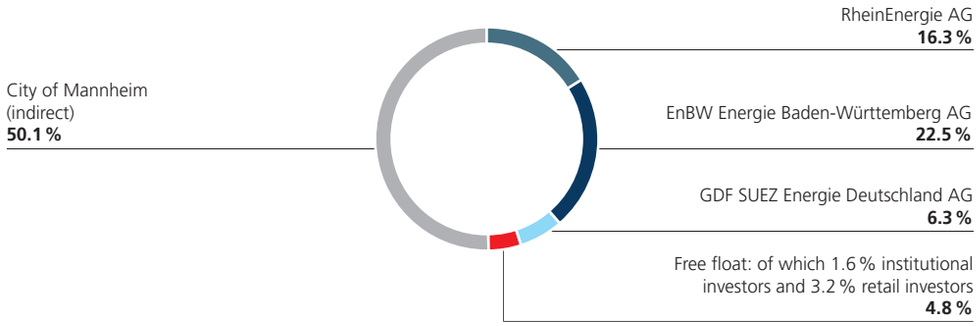
MVV Energie AG share price performance comparison



Monthly share turnover (no. of shares in 000s)



Shareholder structure of MVV Energie AG at 30 September 2015



MVV Energie AG share price performance

The MVV Energie AG share was listed at Euro 21.15 on 30 September 2015 – and thus 11.5 % lower than the share price of Euro 23.89 on 30 September 2014. Including the dividend of Euro 0.90 per share distributed in March 2015, our share price fell year-on-year by 8.0 %. In the share price performance chart on the previous page we have accounted for the dividend payments made in 2013, 2014 and 2015. While our share price rose by 10.4 % over this three-year period, the DAXsector Utilities, the sector index for the energy industry, fell by 56.2 %. The development in share prices in our industry reflects the difficult conditions in the energy market. We have commented on these conditions in detail in the chapter ▶ *Business Framework from Page 72 onwards*.

Market capitalisation falls, trading volumes rise

As a result of the share price performance, our market capitalisation reduced from Euro 1 575 million at the previous year's balance sheet date to Euro 1 394 million at 30 September 2015. The 4.8 % free float share was valued at around Euro 67 million (previous year: Euro 76 million). A total of around 1.1 million shares were traded on all German marketplaces in the 2014/15 financial year, 47.5 % more than in the previous year. Due above all to this factor, the value of trading volumes rose to around Euro 25 million (previous year: Euro 17 million).

Consistent, shareholder-friendly dividend policy

The Annual General Meeting of MVV Energie AG held on 13 March 2015 followed the proposal submitted by the Executive and Supervisory Boards and approved the distribution of a dividend of Euro 0.90 per share for the 2013/14 financial year. Based on 65.9 million shares, the distribution sum totalled Euro 59.3 million. We aim to continue paying our shareholders an appropriate dividend. The dividend proposal for the year under report will be adopted at the Supervisory Board meeting on 3 December 2015. The Executive and Supervisory Boards intend to propose a dividend of Euro 0.90 per share once again for approval by the Annual General Meeting on 4 March 2016. In terms of the share's closing price in XETRA trading on the balance sheet date on 30 September 2015, this would correspond to a dividend yield of 4.3 %.

Investor relations – detailed communication of strategic alignment

Our investor relations team is making great efforts to extend MVV Energie's research coverage. The company is currently analysed by four financial institutions – Deutsche Bank, Kepler Cheuvreux, M.M. Warburg & Co. and Landesbank Baden-Württemberg. As of 30 September 2015, there were three recommendations to hold and one recommendation to sell MVV Energie shares. The share price targets issued by the analysts for our share ranged between Euro 20 and Euro 26.

In the year under report, we once again presented our company and our strategic alignment at investors' conferences and in one-to-one meetings and took the opportunity to address both institutional and retail investors. In analysts' conference, we commented in detail on our company's latest business performance. On our website, we publish recordings of our analysts' conferences as well as a fact book containing the latest information. Further details can be found at **www.mvv-investor.de**.

SUSTAINABILITY

SUSTAINABILITY KEY FIGURES

ECONOMIC BASIS

Key financial figures of the MVV Energie Group

	2014/15	2013/14
Sales excluding energy taxes (Euro million)	3422	3717
Adjusted EBIT (Euro million)	175	170
Adjusted equity ratio (%)	33.8	35.7
Net financial debt (Euro million)	1341	1063
Investments (Euro million)	470	310
Value added (Euro million)[1]	762	748

Sales volumes of the MVV Energie Group

	2014/15	2013/14
Electricity (kWh million)	20823	23307
Heating energy (kWh million)	6995	6292
Gas (kWh million)	21491	22517
Water (m^3 million)	46.3	47.2

ECOLOGICAL RESPONSIBILITY

Electricity generation volumes of the MVV Energie Group in Germany

kWh million	**2014/15**	2013/14
Renewable energies plants (including biomass CHP and biogenic share of waste/RDF)	828	872
Combined heat and power (CHP) plants	984	1070
Other plants	2022	1908
Total	**3834**	**3850**

Heating energy and steam generation capacity of the MVV Energie Group in Germany

MW_t	**2014/15**	2013/14
Renewable energies plants (including biomass and biogenic share of waste/RDF)	678	673
Combined heat and power (CHP) plants	1766	1559
Other plants	662	676
Total	**3106**	**2907**

ECOLOGICAL RESPONSIBILITY

Heating energy and steam generation volumes of the MVV Energie Group in Germany

kWh million	**2014/15**	2013/14
Heating energy and steam generation from renewable energies (including biomass and biogenic share of waste/RDF)	1951	1282
Heating energy and steam generation from combined heat and power (CHP) plants	3521	3588
Heating energy and steam generation from other plants	191	262
Total	**5663**	**5132**

Other generation volumes of the MVV Energie Group in Germany

kWh million	**2014/15**	2013/14
Biomethane generation	144	103

Fuels used at power plants of the MVV Energie Group in Germany[2]

	2014/15	2013/14
Biomass (tonnes 000s)	489	539
Biogenic share of waste/RDF (tonnes 000s)	1527	1459
Natural gas (kWh million)	804	1139
Heating oil extra light (HEL) (kWh million)	38	17
Hard coal (tonnes 000s)	1315	1220

CO_2 emissions

tonnes of CO_{2e}	**2014/15**	2013/14
Direct CO_2 emissions (Scope 1) of the MVV Energie Group in Germany	3700789	3591378
of which CO_2 at Kiel power plant (GKK) and Mannheim power plant (GKM)	2830081	2672125
Indirect CO_2 emissions (Scope 2)[3]	8512	9436
Indirect CO_2 emissions (Scope 3)[3]	7469818	7997152
Gross CO_2 avoidance due to renewable energies plants of the MVV Energie Group in Germany	639378	684992
Net CO_2 reduction due to strategic measures of the MVV Energie Group	245000	243000

SOCIAL RESPONSIBILITY

Employees (headcount)		
Number	**2014/15**	2013/14
MVV Energie AG	1400	1411
Fully consolidated shareholdings	3908	3755
MVV Energie Group	5308	5166
of which women and men		
%		
Women	28	27
Men	72	73
of which trainees (headcount)[4]		
Number		
Women	99	92
Men	260	263
Total	**359**	**355**
of which part-time employees		
%		
Women	8	8
Men	3	3
Total	**11**	**11**
of which in permanent employment		
%		
Women	24	23
Men	64	64
Total	**88**	**87**
of which average age		
Years		
Women	41.7	41.7
Men	44.3	44.0
Total	**43.6**	**43.4**
of which average length of company affiliation		
Years		
Women	12.9	13.4
Men	15.1	15.6
Total	**14.5**	**15.0**

SOCIAL RESPONSIBILITY

Employees on maternity/paternity leave[5]		
Number	**2014/15**	2013/14
Women	71	76
Men	68	67
Personnel turnover rate[5]		
	2014/15	2013/14
Range (%)	6.8–9.3	6.0–8.0
Share of disabled employees[6]		
	2014/15	2013/14
Range (%)	4.3–7.3	5.4–8.5
Accident statistics of the MVV Energie Group		
	2014	2013
Work-related accidents per 1000 employees[7]	12.7	14.4
Accident frequency rate (LTIF)[8]	7.5	8.5
Fatal accidents	0	0

1 value added statement on ▶ *Page 42*
2 more information on ▶ *Page 80*
3 calendar year; locations: Mannheim, Offenbach, Kiel
4 including students at DHBW Baden-Württemberg Cooperative State University
5 locations: Mannheim, Offenbach, Kiel
6 MVV Energie AG, Energieversorgung Offenbach AG, Stadtwerke Kiel AG
7 calculated from first working day lost
8 calculated on basis of work-related accidents per 1 000 000 working hours

SUSTAINABILITY STRATEGY

The competitive landscape in the energy industry is changing fundamentally. Companies' prospects of success are significantly influenced not only by the energy turnaround but also by the need to redesign business activities along sustainable lines.

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Economic Basis

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Our corporate strategy, with its focus on sustainable profitable growth, and our earnings and financial strength are the foundation that enables us to meet our social and ecological responsibilities. With around 5 300 employees, we generated sales of Euro 3.4 billion and adjusted EBIT of Euro 175 million in the 2014/15 financial year. We have consistently and rapidly implemented our investment programme. In the year under report, we invested a total of Euro 470 million. Our net financial debt (current and non-current financial debt less cash and cash equivalents) amounted to Euro 1 341 million at the balance sheet date. As a percentage of our adjusted total assets of Euro 4 073 million, the equity ratio amounted to 33.8 %. An overview of the most important key figures of the MVV Energie Group can be found in the ▶ *Cover of this Annual Report.*

The companies in our Group play a major economic and social role in their surrounding areas. This holds true for our main locations in Mannheim, Kiel, Offenbach, Ingolstadt and Köthen in particular, as well as for our locations in the Czech Republic. They act as clients for industry, tradesmen and service providers, as employers, as partners to local authorities, as payers of taxes and duties and also as sponsors for cultural, social, sports and ecological projects.

Our value creation

The value added statement below presents the contribution made by the MVV Energie Group to the aggregate economy and thus to society. We also show who benefits from the value added thereby created. To calculate value added, we deduct both input costs, such as costs of materials, other expenses and other taxes, and depreciation from the company's performance.

The adjusted value added of the MVV Energie Group rose from Euro 748 million in the previous year to Euro 762 million in the 2014/15 financial year. This increase was chiefly due the fact that input costs fell more sharply than the company's performance. The company's performance is chiefly attributable to sales.

Of value added, we expended 46 % on our employees in the year under report (previous year: 44 %). A 37 % share went to local, regional and national authorities (previous year: 38 %). Of the total of Euro 283 million in this item (previous year: Euro 282 million), an amount of Euro 237 million related to taxes paid to the state (previous year: Euro 237 million). This corresponds to a 31 % share of value added (previous year: 32 %). The remaining Euro 46 million flowed to local authorities in the form of taxes and concession duties (previous year: Euro 45 million). A 6 % share went to lenders (previous year: 8 %). The share distributed to our shareholders as dividends amounted to 8 % (previous year: 8 %), while 3% (previous year: 2 %) remained at the MVV Energie Group to finance the company's further growth.

Value added statement of the MVV Energie Group[1]

Euro million	**2014/15**	2013/14	% change
Company performance	3 715	4 053	– 8
Input costs[2]	– 2 792	– 3 145	– 11
Depreciation	– 161	– 159	+ 1
Value added	**762**	**748**	**+ 2**
to employees	352	326	+ 8
to state authorities	283	282	0
to shareholders[3]	59	59	0
to lenders	43	63	– 32
to the MVV Energie Group	25	18	+ 39

1 previous year's figures adjusted

2 cost of materials, other expenses, other taxes

3 dividend paid in financial year

Sustainability Management

Entrepreneurial responsibility involves finding a balance between a variety of economic, ecological and social sustainability factors and laying down core principles. Among other aspects, these must determine the respective significance of different sustainability topics for the company, set out the approach to be taken to potential conflicts between targets, and lay down the key focuses of activities for especially important factors.

For us as the "Energiser of the Future", the need to account for ecological and social sustainability factors in our company decisions and thus manage our company responsibly forms part of our DNA. Sustainability has been firmly anchored in our corporate strategy since 2009 already. Here, we are pursuing the targets of

- Maintaining a balance between profitable growth and social responsibility
- Consistently enhancing our business model and thus securing our long-term economic success
- Being aware of the ecological and social implications of our business activities and reducing our impact on the natural world
- Creating and retaining sustainable jobs and training positions for our employees
- Making a measurable contribution towards converting the energy industry along ecological lines and protecting the climate and the environment.

By means of our sustainability management, we are linking our economic targets ever more closely to ecological and social aspects. Since 2011, all of our Group's main locations and all business fields have actively contributed to further developing our sustainability management approach. The Executive Boards of MVV Energie AG, Stadtwerke Kiel AG and Energieversorgung Offenbach AG manage our sustainability strategy. The development and implementation of concepts and instruments within our sustainability programme are centrally coordinated by the strategy department.

MVV Energie takes part in the public debate surrounding sustainability topics and the transformation in the energy system by actively participating in bodies, associations and research institutes. Not only that, our group companies support energy concepts and climate protection programmes in their respective locations and regions.

Targets refer to overall energy system

We are working systematically to enhance the MVV Energie Group's internal strategic sustainability targets.

We believe that it is important to look at the overall energy system and to pursue climate protection targets that are as independent as possible of external factors, such as prices or generation margins (spreads). Climate protection is one example that underlines our approach. It is not the isolated change in absolute greenhouse gas emissions at our group of companies that offers the best information about the relevance of our contribution to climate protection, but rather the actual change in climate-effective emissions in the overall system. We are therefore increasingly focusing on the extent to which our activities lead to a reduction in CO_2 emissions in the overall energy system. For this reason, we present the actual overall impact of our strategic measures and activities in the field of sustainability. Nearly all business fields have the potential to contribute to climate protection – in generation, for example, primarily by expanding renewable energies and high-efficiency combined heat and power (CHP) generation. In our other business fields, such as sales or energy-related services, we offer innovative solutions and services and support our customers in reducing CO_2 emissions. Overall, our strategic measures led to net reductions of around 245 000 tonnes of CO_{2e} in the energy system in the 2014/15 financial year (previous year: 243 000 tonnes of CO_{2e}).

Our sustainability programme focuses on:

- Expanding our generation capacities at renewable energies plants and at generation plants working with high-efficiency combined heat and power (CHP) generation
- Reducing primary energy consumption at our companies and our customers – also by offering innovative products
- Reducing our ecological footprint – also in fields outside energy generation
- Continually improving occupational health and safety and reducing accident frequency for our employees
- Boosting ecological and social factors in our procurement
- Promoting culture, sport and education in the regions in which we operate.

These targets are implemented within our sustainability programme by way of internal projects and on a decentralised basis by way of operative measures.

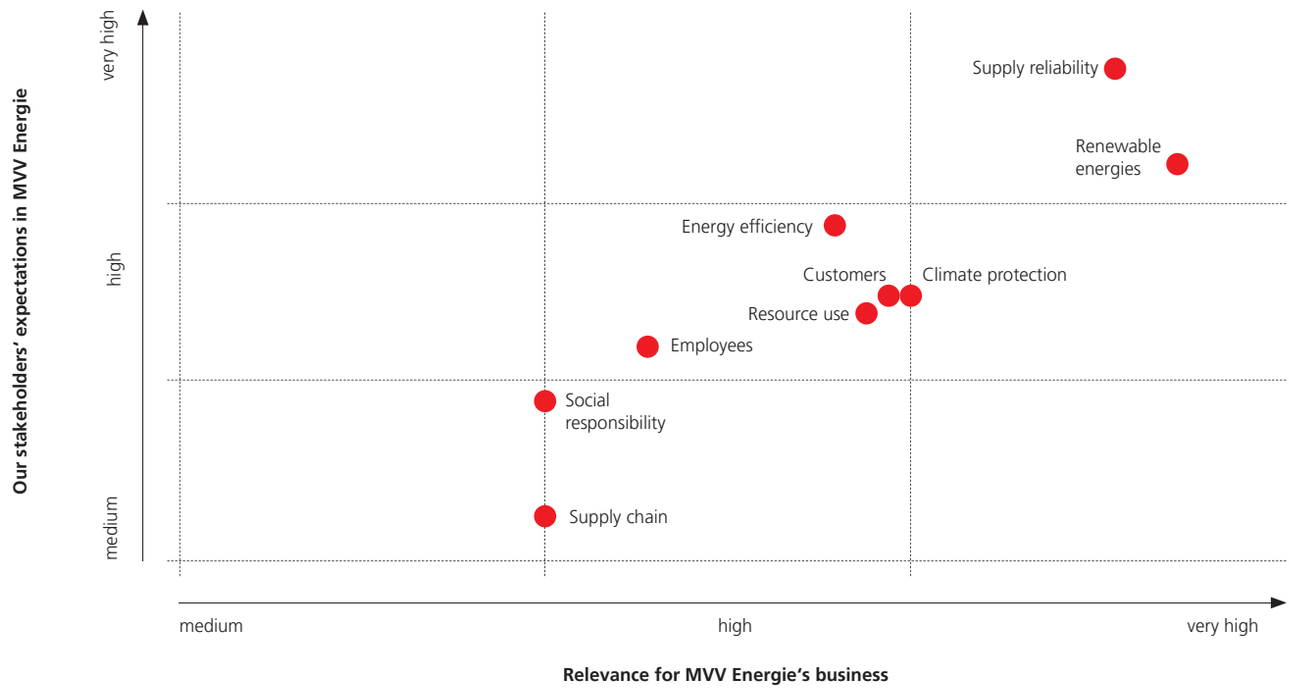
Stakeholder involvement

The companies of the MVV Energie Group are involved with numerous groups of stakeholders. We are basically open and willing to talk to all stakeholders and use various forms of communication, including social media networks, to this end. We take our stakeholders' concerns seriously and factor these into our decisions, regardless of whether the stakeholders involved are shareholders, analysts, customers, employees, politicians, non-government organisations (NGOs), environmental protection organisations or associations.

Materiality analysis revised

In the year under report we reviewed and refocused our materiality analysis of sustainability factors. By holding workshops, surveys and talks with experts, we obtain the latest information about the concerns of our immediate environment and about future topics relevant to the energy industry. Not only that, we systematically evaluate any enquiries addressed to us and any tips and suggestions from our stakeholders. We actively follow the public discussions about sector-related and sustainability topics and observe any shifts in our stakeholders' views. What's more, the exchange of information with colleagues in MVV Energie's various specialist departments and companies reveals company-specific topics that we also integrate into the analysis. Overall, we thus determine whether there has been any change in the relevance of material sustainability factors and prioritise these. Based on the results of its materiality analysis, MVV Energie then weights its internal sustainability projects and measures. We classify a sustainability topic as material when its relevance for stakeholders and/or MVV Energie is high or very high.

Materiality matrix showing the most important sustainability topics at MVV Energie



KEY SUSTAINABILITY FACTORS

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Renewable Energies and Combined Heat and Power (CHP) Generation Portfolio

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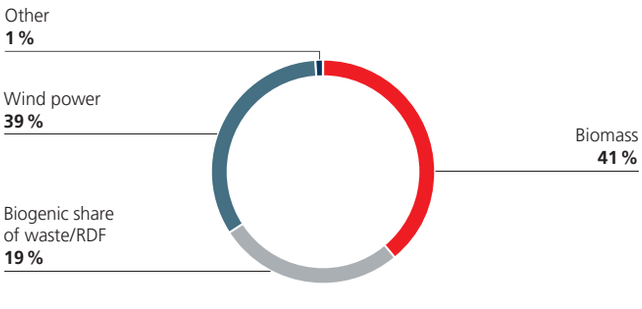
We are strengthening our activities along the entire renewable energies value chain – from projecting and proprietary generation activities via operations management through to direct marketing. In future, we intend to further expand our generation capacities from renewables and high-efficiency power plants.

Electricity generation volumes from renewable energies and CHP

The MVV Energie Group has a well-balanced electricity generation portfolio in Germany. In the 2014/15 financial year, renewable energies (including biomass CHP and the biogenic share of waste/refuse-derived fuels) accounted for a 22 % share of our total electricity generation in Germany (previous year: 23 %), while CHP contributed 26 % (previous year: 28 %) and other electricity generation 52 % (previous year: 49 %). The share of our electricity generation in Germany attributable to renewable energies and environmentally-friendly CHP thus amounted to 48 % (previous year: 51 %). By contrast, the preliminary national average for gross electricity generation from renewable energies and CHP came to 43 % in the 2014 calendar year, as against 41 % in the 2013 calendar year. An overview of the figures can be found in the charts on ▶ *Page 47*. Further information about our capacities and the development in our electricity generation volumes in the 2014/15 financial year can be found in the chapter ▶ *Non-Financial Performance Indicators from Page 80 onwards*.

Electricity generation from renewable energies at the MVV Energie Group in Germany in 2014/15: 828 million kWh



The share of renewable energies electricity generation attributable to biomass rose year-on-year from 39 % to 41 % in the financial year under report. This figure comprises the electricity generated at our biomass power plants, biomass CHP plants and biogas plants. The share of electricity generation at wind turbines also rose in the year under report, in this case to 39 % (previous year: 33 %). This increase was mainly driven by the expansion in our wind power portfolio in the previous year. The biogenic share in connection with the incineration of waste and refuse-derived fuels accounted for 19 % (previous year: 27 %) of our electricity generation from renewable energies. This reduction was due to the fact that since mid-2014 our non-recyclable waste incineration and energy generation plant in Leuna (Trea Leuna) has been generating not only electricity, but also process steam. This has been accompanied by a reduction in electricity generation. The generation of electricity from photovoltaics systems and hydroelectricity plays a subordinate role at our group of companies and has been pooled under Other.

Onshore wind turbines

As of 30 September 2015, the onshore wind turbines of the MVV Energie Group had a total installed capacity of 174 MW_e. Our wind power portfolio comprises 86 wind turbines at twelve locations in Germany. In the 2014/15 financial year, these generated 318 million kWh of electricity (previous year: 292 million kWh).

In expanding renewable energies, we will be focusing in future on onshore wind turbines.

By taking over the assets of Windwärts Energie GmbH and acquiring a stake in Juwi AG at the beginning of the 2014/15 financial year, we have built up extensive expertise in windfarm project development and great competence in windfarm operations management at the MVV Energie Group. We will be drawing on both factors to develop and implement new projects, primarily for marketing to third parties. We are thus active along the entire energy industry value chain.

Biomass plants

Our MVV Umwelt GmbH subsidiary operates two biomass power plants in Germany – in Mannheim (20 MW) and Königs Wusterhausen (20 MW). Furthermore, we are co-owners of a biomass power plant in Flörsheim-Wicker (15 MW). At all three locations, MVV Umwelt O & M GmbH is responsible for operations management. These power plants work with solid biomass (waste timber) and generated electricity volumes of 318 million kWh in the 2014/15 financial year (previous year: 319 million kWh).

In late summer 2015 we launched operations at our first international biomass power plant at Ridham Dock, UK. This plant with CHP capability has a net electricity capacity of around 23 MW. The power plant will incinerate around 172 000 tonnes of waste timber from the surrounding region and generate around 188 million kWh of electricity a year. Not only that, the plant should also supply neighbouring industrial companies with heating energy.

These are supplemented by 15 plants subject to regulatory approval requirements and a large number of small biomass and biomass CHP power plants that are operated by MVV Enamic GmbH via its subsidiaries.

Biogas plants

Our MVV Enamic GmbH subsidiary owns four biogas plants with installed capacity of around 3 MW in total. At these plants, we mainly use maize and grass silage. In the 2014/15 financial year, these plants generated 25 million kWh of electricity (previous year: 18 million kWh) and fed this into the public grid.

Energy from waste and refuse-derived fuel (RDF) plants

At our Group's three energy from waste plants in Germany – in Mannheim, Offenbach und Leuna – we incinerate around 1.3 million tonnes of municipal and industrial waste a year and use this to generate around 500 million kWh of electricity and 1 300 million kWh of heating energy and steam.

Our new waste-fired combined heat and power (CHP) plant in Plymouth, UK, has been in commercial operation since late summer 2015. This plant will use around 245 000 tonnes of household, commercial and industrial waste a year to generate electricity and heating energy. In CHP operations, the net electricity capacity amounts to 22 MW_e and the steam production capacity comes to 23 MW_t. In the Czech Republic, MVV Energie CZ operates a waste-fired CHP plant via its TERMIZO a.s. subsidiary. This plant in Liberec incinerates and generates energy from around 95 000 tonnes of municipal waste a year.

MVV Enamic operates two industrial power plants based on refuse-derived fuels (RDF) at the industrial parks in Gersthofen and Korbach. Both power plants work with CHP to generate steam and electricity and thus exploit the energy potential contained in commercial and domestic waste. The RDF power plants in Gersthofen and Korbach are able to incinerate around 90 000 tonnes and up to 75 500 tonnes respectively of refuse-derived fuels a year.

Biomethane plants

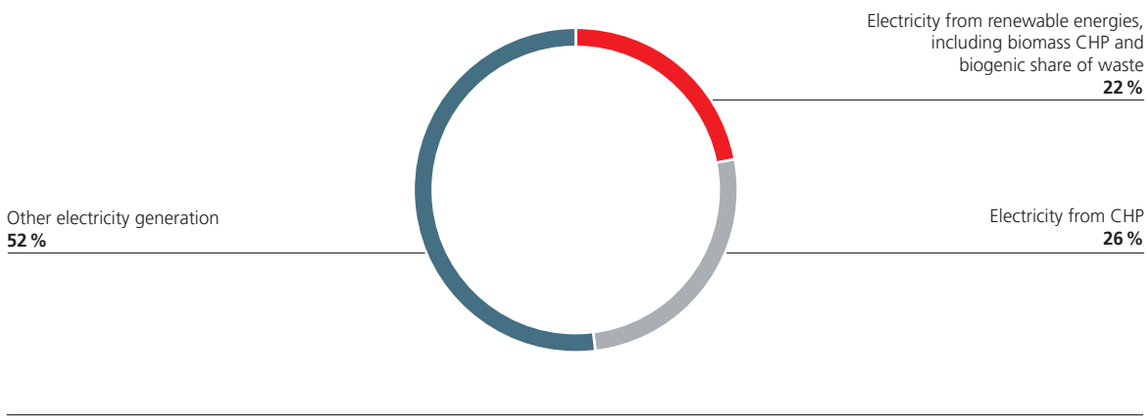
At the end of the 2014/15 financial year, our group of companies had three biomethane power plants in Saxony-Anhalt – in Klein Wanzleben, Kroppenstedt and Stassfurt. Each of these three plants works with around 60 000 tonnes of regenerative commodities and residual agricultural materials a year. These plants can each generate around 63 million kWh of biomethane a year and feed this into the public natural gas grid. In the 2014/15 financial year, they generated a total of 144 million kWh of biomethane (previous year: 103 million kWh).

District heating with CHP

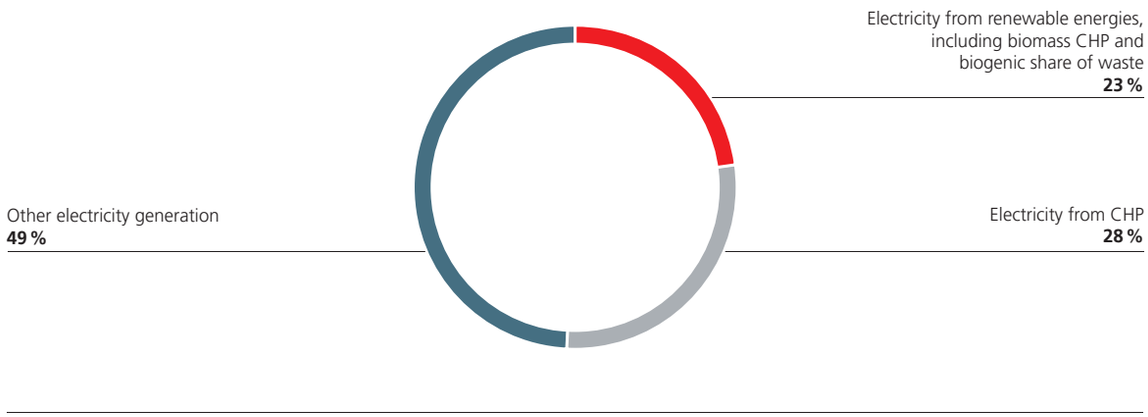
Combined heat and power (CHP) generation in conjunction with environmentally-friendly district heating is one key component of our corporate strategy. In the 2014/15 financial year we further expanded our district heating grid and increased its density. By the end of the year, this grid had a total length of more than 1400 kilometres. This makes the MVV Energie Group one of the largest providers of district heating in Germany and the Czech Republic.

With the new Block 9 at the large power plant in Mannheim (Grosskraftwerk Mannheim – GKM), we have placed the future district heating supply in the Rhine/Neckar metropolitan region on a secure footing. Up to 500 MW_t of district heating can be decoupled. This covers half of the current peak capacity in the district heating business and will enable us to further expand our district heating supply. Energieversorgung Offenbach AG and Stadtwerke Kiel AG are also continually investing in expanding their district heating grids and aim to further increase the share of households thereby supplied.

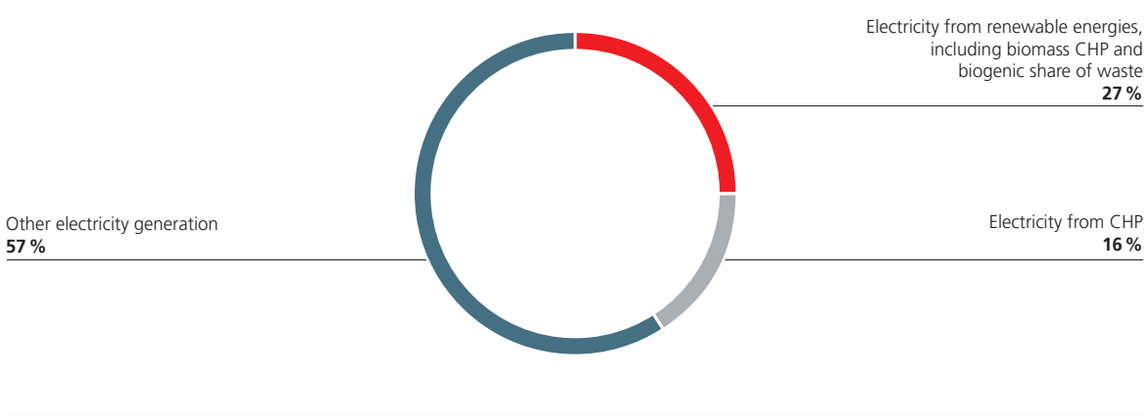
Electricity generated at the MVV Energie Group in Germany in 2014/15: 3.8 billion kWh



Electricity generated at the MVV Energie Group in Germany in 2013/14: 3.9 billion kWh



Net electricity generation in Germany in 2014: 579 billion kWh[1]



1 preliminary figure
Source: Association of the German Energy and Water Industries (BDEW), AG Energiebilanzen e.V. and own calculations (preliminary)

Climate Protection

Climate protection is one of the global challenges of our times. We support the long-term objective of international climate policy of limiting global warming to less than 2° Celsius compared with pre-industrialisation levels. This also involves the target of reducing CO_2 emissions in the energy industry by at least 90 % by 2050.

Back in 2010, the Federal Government already set the ambitious target of reducing greenhouse gas emissions in Germany by 2020 by at least 40 % compared with 1990. To achieve this, in December 2014 it adopted its Climate Protection 2020 action programme. The National Energy Efficiency Action Plan (NAPE) defined areas of activity and outlined measures to enable these targets to be met. The Energy Turnaround Evaluation Report was also adopted in December 2014; this designates expanding renewable energies and increasing energy efficiency as core targets.

As an energy supplier and service provider with proprietary electricity and heating energy generation, MVV Energie is one of the major emitters of greenhouse gases. We therefore bear particular responsibility to protect the climate. By

- increasing generation capacity at renewable energies plants and plants working with high-efficiency combined heat and power (CHP) generation
- supplying our customers with energy from environmentally-friendly generation and
- enhancing our customers' energy efficiency

we aim to actively contribute to reducing CO_2 emissions in the overall energy system.

Sustainably reducing CO_2 emissions in overall energy system

In the years ahead, the CO_2 balance sheet of the MVV Energie Group will be dominated by our existing plants, where operations began decades ago in some cases – and thus in a different energy industry framework. In the liberalised energy market, the volume of energy generated – and thus of CO_2 emissions – is also determined by the market price and by weather-related demand for heating energy. With our ambitious investment programme, we are building above all on climate-friendly technologies. Not only that, we are optimising both our own existing plants and our customers' plants to increase their use of regenerative fuels and their efficiency. Primary energy use and emissions intensity can be reduced by working with high-efficiency CHP and by expanding district heating in parallel. With these measures, we aim to sustainably reduce CO_2 emissions in the overall energy system.

CO_2 emissions at the MVV Energie Group

tonnes of CO_{2e}	**2014/15**	2013/14	% change
Direct CO_2 emissions (Scope 1) at the MVV Energie Group in Germany	3 700 789	3 591 378	+3
Indirect CO_2 emissions (Scope 2)[1]	8 512	9 436	–10
Indirect CO_2 emissions (Scope 3)[1]	7 469 818	7 997 152	–7

1 calendar year

Resource Use

The resource use sustainability factor covers topics relating to the company's "footprint" in the natural world. Fossil resources will become scarce in the long run and local ecological implications arise both when they are mined and when they are used as a fuel. In our business activities, we draw on both renewable and non-renewable resources – primarily as fuels to generate energy at our CHP plants and other power plants. Non-renewable resources relate above all to natural gas and hard coal. We also include unavoidable wastes, such as slag, resulting from resource use in this sustainability topic. We have set ourselves the target of minimising the environmental impact resulting from the generation and provision of our products and services and reducing the use of non-renewable resources. We report on the fuels we use to generate electricity and heating energy in the chapter ▶ *Non-Financial Performance Indicators from Page 80 onwards.*

Investments and expenses for environmental protection measures

A large number of our environmental protection measures are of a statutory nature or required by the relevant operating permits.

In the year under report, our MVV Umwelt GmbH subsidiary invested a total of around Euro 2 million in technical environmental protection measures at its locations in Germany (previous year: Euro 7 million). These investments were supplemented by expenses of Euro 82 million (previous year: Euro 85 million).

Our MVV Enamic GmbH subsidiary invested a total of Euro 1.1 million in technical environmental protection measures at its subgroup in the 2014/15 financial year (previous year: Euro 0.8 million). Expenses amounted to Euro 4.7 million (previous year: Euro 4.8 million).

Investments and expenses at both companies focused on waste disposal measures, as well as on water and air pollution measures.

Energy Efficiency

Boosting energy efficiency

As well as expanding renewable energies and environmentally-friendly district heating, we are also consistently investing in the efficiency of our plants. This way, we aim to protect resources and reduce our company's internal energy consumption.

The new Block 9 at the large power plant in Mannheim (Grosskraftwerk Mannheim – GKM) uses state-of-the-art technologies and is thus one of Germany's most efficient conventional power plants. When simultaneously generating electricity and heating energy in the CHP process, the plant reaches a fuel efficiency rate of 70 %.

Energieversorgung Offenbach AG (EVO) is currently investing around Euro 25 million in renewing its waste-fired CHP plant. A new flue gas cleaning system is being installed. This will minimise the plant's energy requirements and generate additional heating energy. Furthermore, a high-efficiency steam turbine with a capacity of 19 MW is also being installed, which will enable the plant to more than double the volume of electricity supplied to the grid from 40 000 MWh to 90 000 MWh a year. To boost energy efficiency at its own location, in the year under report EVO developed a management system enabling it to manage its energy consumption and thus save valuable resources. This system has been certified by the technical inspection agency TÜV Rheinland in accordance with ISO 50001.

We also aim to help our customers to put energy to more efficient use and thus reduce their energy consumption. To this end, we are developing new products and services. For us as an energy supplier, falling energy consumption also means that our sales market for pure commodities, whether electricity or natural gas, will contract in the long run. We have accounted for this medium to long-term development in our strategic planning and alignment.

In energy audits in accordance with DIN-EN 16247-1, for example, MVV Energie supports its customers in meeting the new requirements resulting from the 2015 German Energy-Related Services Act (EDL-G). Not only that, we aim to use this audit above all as a basis for optimising our customers' energy use and thus enhancing their energy efficiency. With its energy-related services, MVV Enamic GmbH also focuses in particular on projects and measures aimed at strengthening energy efficiency and optimising energy use at its industrial, retail, commercial and real estate customers.

Supply Reliability

A reliable and stable energy supply is absolutely crucial for Germany as an industrial location – and that throughout the process of converting the energy system. As an energy supplier and distribution grid operator, we aim to offer our customers a secure and reliable supply of energy around the clock. With the growing share of renewable energies, ensuring the stability of the electricity supply is ever more complex. High-performance grids and high-efficiency conventional power plants are required to offset fluctuating electricity feed-in volumes from wind and solar power. For this reason, we are continually investing in modernising and expanding our grids and generation plants.

Our grid companies Netrion GmbH and SWKiel Netz GmbH aim to limit any grid downtime. The key performance indicator we use to measure electricity supply reliability is the so-called SAIDI value (System Average Interruption Duration Index). This reflects the average interruption to the supply in minutes per year and customer. It only accounts for unplanned interruptions lasting more than three minutes and not attributable to force majeure. The Federal Network Agency (BNetzA) published an average downtime figure of 12.28 minutes in Germany for the 2014 calendar year. For the grid regions of Netrion GmbH, the average figures for the same period came to 14.4 minutes for the Mannheim grid region and to 5.1 minutes for the Offenbach grid. For the grid area covered by SWKiel Netz GmbH, the average downtime amounted to 9.79 minutes.

Customers

Sustainable customer relationships based on longstanding and trusting cooperation are an important component of the energy turnaround. They form the basis for expanding renewable energies and enhancing energy efficiency at customers. Our sales units have prepared for this. As of 1 October 2015, we introduced a new sales structure aimed at offering innovative products and services for a sustainable energy supply in which the key focus is on customer benefits.

In our Customer Experience and Innovation department, we also have our gaze firmly set on the development in customer needs. We have reported on our market research results and projects in the ▶ *Supplement on Pages 4 and 5* and in the chapter ▶ *Technology and Innovation from Page 70 onwards.*

MVV Energie is maintaining a close dialogue with its customers in order to align our Group's services and solutions even more closely to their interests. We have founded several initiatives to deal specifically with the experiences and wishes of different customer groups. One such initiative is the "Customer Atelier", where customers can contact us directly and actively take part in designing new products and services.

Within our group-wide customer service project, we are consistently working on enhancing our activities. To this end, we regularly perform customer surveys. The latest results of our annual survey – the BDEW Service Monitor 2015 – which is performed each year by the imug Institut für Markt-Umwelt-Gesellschaft e.V. show that our private customers are satisfied overall. This is apparent on the one hand in their greater willingness to recommend us to others. On the other hand, many customers state that they are "very likely" or "absolutely certain" to stay with MVV Energie. Our customers assess their personal contact to the customer centre as very good and particularly highlight employees' willingness to deal with their concerns and friendliness. Customers are also convinced by their written contacts with the company. Here, it is mainly the speed of reaction and friendly tone of the letters that pleases them.

One customer concern to which we paid particular attention in the year under report led us to introduce more easily understandable and transparent bills and energy consumption overviews. In redesigning our annual bills, we took account of the suggestions received from our customers. The new bill is now far more clearly structured. The German Institute for Energy Transparency (DIFET) classified the text and design of our electricity and gas bills as "very good". This certification is based both on consumer opinions and on expert assessments.

Supply Chain

We are also aware of our responsibility with regard to our supply chain – sustainability is a key criterion when it comes to selecting suppliers and products and is a firm component of our procurement terms.

MVV Energie accords high priority to ensuring that its suppliers and service providers adhere to the laws, ordinances and compliance requirements in force in Germany and the EU and comply with the codes of conduct and working practices that are important to us.

Our central procurement department is responsible for all of our major shareholdings in Germany. Within our electronic supplier management, all new suppliers are required to make disclosures about measures to combat corruption, about environmental protection factors and about their social responsibility. From the start of the 2015/16 financial year, our central procurement department has been using the supplier portal in our new eSourcing tool for this purpose, thus stepping up digital networking with our suppliers. The supplier management system covers the procurement of all products except commodities.

Consistent with our contractual terms, all suppliers to MVV Energie are obliged to comply with basic employee and human rights, such as the international conventions of the United Nations (UN), the International Labour Organisation (ILO), the Organisation for Economic Cooperation and Development (OECD) and the UN Global Compact. In our selection process, we prefer regional providers where they offer the right value for money. Further details can be found in the disclosures made about our corporate management practices in the Corporate Governance Declaration in the ▶ *Corporate Governance Report from Page 28 onwards.*

MVV Energie holds shareholdings in two hard coal power plants – the joint power plant in Kiel (Gemeinschaftskraftwerk Kiel) and the large power plant in Mannheim (Grosskraftwerk Mannheim). Based on our respective shareholdings in these power plants, we used an arithmetic total of 1.2 million tonnes of hard coal as fuel in the 2014/15 financial year. Only a small share of these coal volumes are procured by MVV Energie itself. These chiefly come from Germany and Columbia. By means of internal projects and processes, we actively meet our responsibility in respect of the global fuel supply chain.

Employees

The MVV Energie Group had a total of 5 308 employees as of 30 September 2015, and thus 142 employees more overall than at the same date one year earlier. In the 2014/15 financial year, our group-wide staff included employees from 45 nations. We see the diversity of our workforce as an opportunity, as we are convinced that our employees' different cultures and competencies create a competitive advantage for us. Further information about the development in our employee totals can be found in the chart on ▶ *Page 55* and in the chapter ▶ *Non-Financial Performance Indicators on Page 80.*

MVV Energie's personnel strategy

Transformation, structural change, energy turnaround – there are various labels to describe the immense challenge that energy companies in Germany and their employees are tackling head-on. We are convinced that high-performing, committed employees are the key success factor needed to survive in a competitive climate shaped by far-reaching change. The aim of our personnel policy is therefore to find excellent employees, promote their flexibility and powers of innovation, and retain them at our company in the long term.

Our personnel activities pursue five main strategic objectives:

- Increasing performance capacity
- Securing and enhancing key competencies
- Improving management quality
- Increasing the company's attractiveness as an employer
- Ensuring competitive personnel expense structures.

In the year under report we continued to work towards reaching these strategic objectives and took some important steps along the way. We enhanced our strategic personnel planning model, compiled a new competency model, implemented our management review system and launched a broad-based project in Mannheim to enhance our corporate culture.

One ongoing focus of our personnel strategy involves demographic trends, and in particular succession planning in terms of personnel planning and development. Furthermore, the topics of health and healthcare promotion are also firm components of our forward-looking personnel policy.

Personnel planning optimised

In the year under report, we applied the strategic personnel planning model developed in the previous year in select business fields. This way, we were able to gain experience in working with the model. From the 2015/16 financial year, our personnel planning analyses will be supported by a software solution tailored to the model. We will then derive long-term measures based on findings concerning gaps in personnel in various units at corporate departments.

New competency model introduced

We compiled a new competency model in the year under report. This now acts as a key foundation for our various personnel development instruments and is used in areas ranging from personnel selection through to succession planning. In this model, we have laid down which qualities and skills employees need in their areas of activity to enable them to optimally contribute to our company's success. The model also accounts for those requirements that the highly dynamic energy market places in employees.

In future, our Management Review will also form a core component of our strategic personnel development. In a first step, we have introduced this concept for all managers at our Mannheim location. The new competency model serves as a basis for a meeting held with an employee and his or her superior at which self-assessment by the employee and external assessment by the manager are discussed. At management conferences, we will subsequently deal with the results – and in particular with assessments as to employees' potential – and derive succession and development plans on this basis.

Focus on management quality

The bottom-up appraisals we hold at regular intervals in Mannheim represent one instrument for assessing the management quality of our managers. In the year under report we began preparations for the bottom-up appraisal due to be performed in the first months of the 2015/16 financial year. Furthermore, managers in Mannheim are due to be appraised in the context of the new Management Review. Managers in Offenbach are required to discuss the quality of cooperation with their teams at regular "Pit Stops". In the 2015/16 financial year we will once again be offering the group-wide management development programmes that we revised in the year under report.

Corporate culture project launched

Highly motivated employees can make decisive and valuable contributions to the company's success. But how is it possible to keep employees committed and inspired in the long run? We launched a new corporate culture project in Mannheim in the year under report. Within this project, we are jointly devising the basis for the success of our company – we want to discuss which forms of cooperation we will need to successfully develop our company in future. The Executive Board has already laid an initial foundation. Working in small groups, it discussed the way it sees the company's values and objectives in detail with senior managers. From August to September 2015, employees in Mannheim were able to attend large-scale events and actively address and contribute their ideas to the corporate culture project. We aim to follow up these activities by developing a mission statement for our corporate culture.

Our Kiel and Offenbach locations are also addressing their corporate cultures in the context of personnel strategy measures. At Stadtwerke Kiel AG (SWK), members of the executive board and employees regularly hold "Speak Your Mind" meetings, while the dialogue between employees and the executive board at Energieversorgung Offenbach AG (EVO) has the title "Talk to the Executive Board". The corporate culture at EVO is due to be enhanced with further individual projects including management forums and the secondment programme, which enables employees to get to know each other and work together across departmental boundaries.

Increasing the company's attractiveness as an employer

We aim to cover our need for specialist and management staff where possible with internal candidates. As part of our focus on our internal employment market, we are building on our proven range of training and extensive programmes for university graduates at our various locations. Not only that, we are consistently working on enhancing our attractiveness as an employer to enable us to receive sufficient suitable external applications for our training and entry programmes and for vacant positions.

For the second time in succession, MVV Energie came top among energy suppliers in "Best Recruiters", an independent survey of employers performed by the Vienna-based CAREER-Verlag. In the overall ranking of the largest companies with the most employees in German-speaking countries, MVV Energie was ranked third – up from eleventh position in the previous year. Since 2010, CAREER-Verlag has each year analysed the recruiting quality of the 500 top employers in Germany, Austria and Switzerland by reference to more than 100 criteria in the categories of "online recruiting presence", "online job advert analysis" and "treatment of applicants".

A total of 359 young people, including students at the DHBW Baden-Württemberg Cooperative State University, were in training at the MVV Energie Group as of 30 September 2015. By offering this large number of training positions and training more staff than we actually require, we are also meeting our responsibility towards society in the regions in which we operate.

To raise our profile as an interesting employer, we advertise ourselves with numerous campaigns, such as work experience schemes for school pupils, events at schools and project weeks held in cooperation with various schools. At the "Training Night", for example, more than 800 interested people visited our training facilities in Mannheim. Here, our trainees and trainers offered insights into the various training vocations on offer.

We closely support highly-motivated, top-performing trainees with a variety of methodical and personalised further training opportunities. We offer top-performing trainees, for example, the opportunity to start a bachelor's degree course at the DHBW Baden-Württemberg Cooperative State University directly after their training.

To be attractive as an employer for university graduates, we act early to establish contacts by offering work placements and topics for degree theses. A variety of entry programmes is then available at our Group.

Expansion in training and personnel development programmes

Ever greater requirements are placed in employees in their daily work – and that is especially the case in the rapidly changing energy industry. Training is therefore a key factor in enabling our employees to maintain their performance capacity. In the year under report, we implemented numerous individual training measures at our locations.

We revised our group-wide uniform training programmes in the year under report and will be offering these in their new form from the 2015/16 financial year. They are now aligned to our competency model.

The regular events held in the form of "After-Work Academies" in Kiel and Mannheim have been warmly received. By offering varied presentations on topics from across all company units, the speakers – mostly experts from MVV Energie – pass on their knowledge in compact form to other interested employees.

Family-oriented personnel policies

As an employer, we know how important it is for our employees to maintain a good balance between their family and professional lives. We support our workforce in being able to combine childcare, and increasingly also care of relatives, with their work commitments. To this end, we offer a variety of working hour models, such as teleworking, flexible working hours and job sharing. Family-friendly and care-supportive measures help us to find ways together with our employees for them to align their daily working lives with their personal needs.

At EVO, for example, there is the "Decentralised Work" agreement that allows employees to perform their work at home for a limited period. Parents working in Mannheim, Kiel and Offenbach have access to parent and child rooms, thus enabling them to deal with any childcare difficulties arising at short notice. By offering day-care facilities close to our company premises in Offenbach and Mannheim, we assist parents in returning to work after their maternity or paternity leave.

We support employees caring for relatives by offering opportunities to take leave, holding information events and working together with cooperation partners.

To help us implement our family-oriented personnel policies even more closely, at our Mannheim, Kiel and Offenbach locations we have drawn on the services of the Hertie Foundation and have had ourselves audited and certified under that organisation's berufundfamilie® scheme. This audit is a strategic management instrument aimed at assisting companies' efforts to enhance the compatibility of their employees' work and family commitments. Within these audits and re-audits, specific measures requiring implementation in the years ahead are agreed. Not only that, the process also reviews whether it has since been possible to successfully implement those measures agreed in the past.

Promoting women

The Supervisory and Executive Boards of MVV Energie AG have for many years now pursued the objective of consistently increasing the share of women at our group of companies and of assigning responsibility to women and men on a basis of equality, also in terms of management positions.

The share of female employees at our group of companies is characteristic for the energy industry. As of 30 September 2015, the MVV Energie Group employed 1 474 women, corresponding to a 28 % share of the total workforce. By 2022, we intend to increase this share to 35 %. Over the same period, we aim to raise the share of management positions held by women from its current level of 15 % to 25 %.

As a result of the "Law on Equal Participation of Men and Women in Private-Sector and Public-Sector Management Positions", which came into effect on 1 May 2015, MVV Energie AG is required to set targets for the number of women in management positions. The law requires companies to disclose their targets for the first time for the 2015/16 financial year. Given the importance and priority accorded to the targets it has formulated, MVV Energie AG has voluntarily complied with this statutory disclosure requirement in this 2014/15 Annual Report already.

The following table presents the share of women in the Executive Board of MVV Energie AG and shows the number of female managers at MVV Energie AG on the first and second management tiers below the Executive Board as of 30 June 2015. Furthermore, the table also includes the targets set by the Supervisory and Executive Boards to be achieved by 30 June 2017. In view of existing organisational and personnel structures and the comparatively low share of female employees at our company, the Executive Board has deliberately decided to increase the share of women in management positions only gradually. The Executive Board of MVV Energie AG currently comprises only men. Given the appointment terms of the Executive Board members, it will not be expedient to raise the share of women on the Executive Board of MVV Energie AG by 30 June 2017.

Share of women in Executive Board and 1st and 2nd management tiers at MVV Energie AG as of 30 June

	2015 status		2017 target
	No. of positions filled Total	Share of women in %	Share of women in %
Executive Board	4	0	0
1st management tier	17	12	20
2nd management tier	30	20	25

It is apparent from the chart opposite, which presents the age structure of our workforce, that the share of women in age groups up to the age of 45 is higher than in age groups from 46 upwards. As a result of this, we expect our personnel structure to change continually in the years ahead, resulting in an overall increase in the share of female employees.

Our group of companies has accorded great priority to promoting women for many years now – on the one hand with our family-oriented personnel policies and on the other with specific promotional measures, such as our "X Company Mentoring" programme, an intercompany mentoring scheme in the Rhine/Neckar metropolitan region and the Rhine/Main region.

We have set ourselves the objective of supporting our female employees even more closely in future, particularly because we also aim to increase the share of women in management positions in a consistent, targeted and long-term way. To achieve this, we are also drawing on our new personnel development instruments, such as the Management Review process first introduced in the year under report. We plan to launch an internal talent pool with a gender quota. What's more, we are further extending our existing childcare and nursing care offerings.

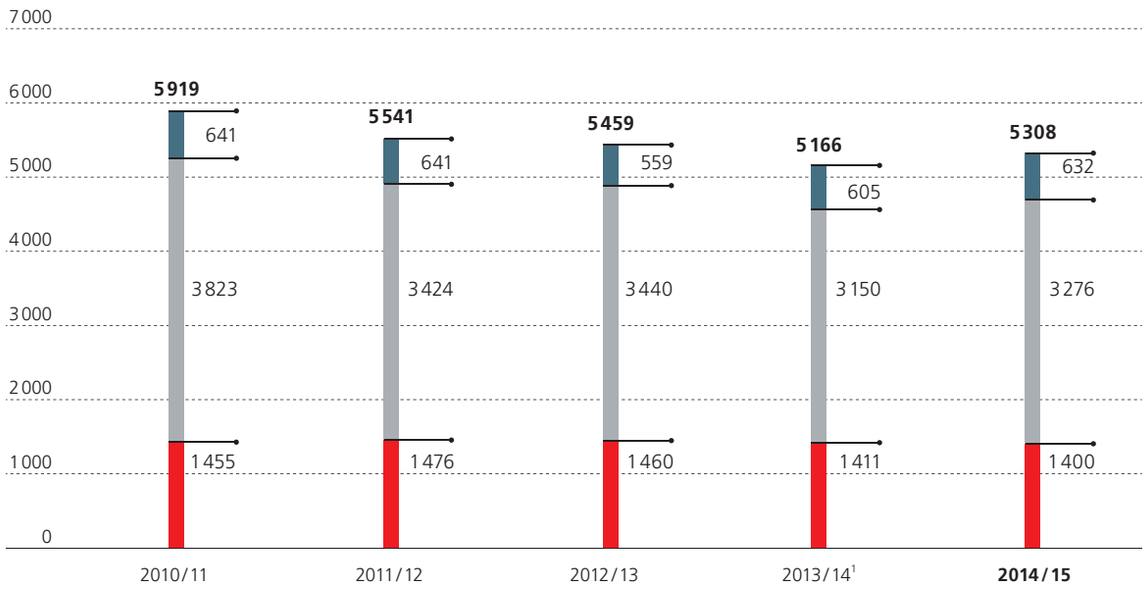
Healthcare promotion at all locations

The MVV Energie Group attaches great significance to health management. First and foremost, this involves reducing the stresses and strains to which our employees are exposed. Good working conditions and high quality of life at the workplace are important factors here, as they boost the health and motivation of our employees and enhance their ability to perform and innovate. With our health management measures, we also help counter age-related risks. After all, the average retirement age continues to rise and this is likely to be accompanied by a further increase in the average age of our workforce.

In January 2015, we were able to reopen our company Health Centre in Mannheim after its removal. The new premises meet the increased needs in this area and offer better opportunities for courses such as back fitness or yoga. Our courses have been well received by participants, even when they have to make their own contribution to the costs. Overall, the company health management measures in Mannheim have seen well over 1 000 attendees.

At our locations in Mannheim and Offenbach we offer regular influenza vaccination and skin cancer screening programmes. As part of the health management activities at our Offenbach location we provide courses and talks on topics such as nutrition and exercise. Our Kiel location offers various sports courses, mobile massages, a health week and influenza vaccinations.

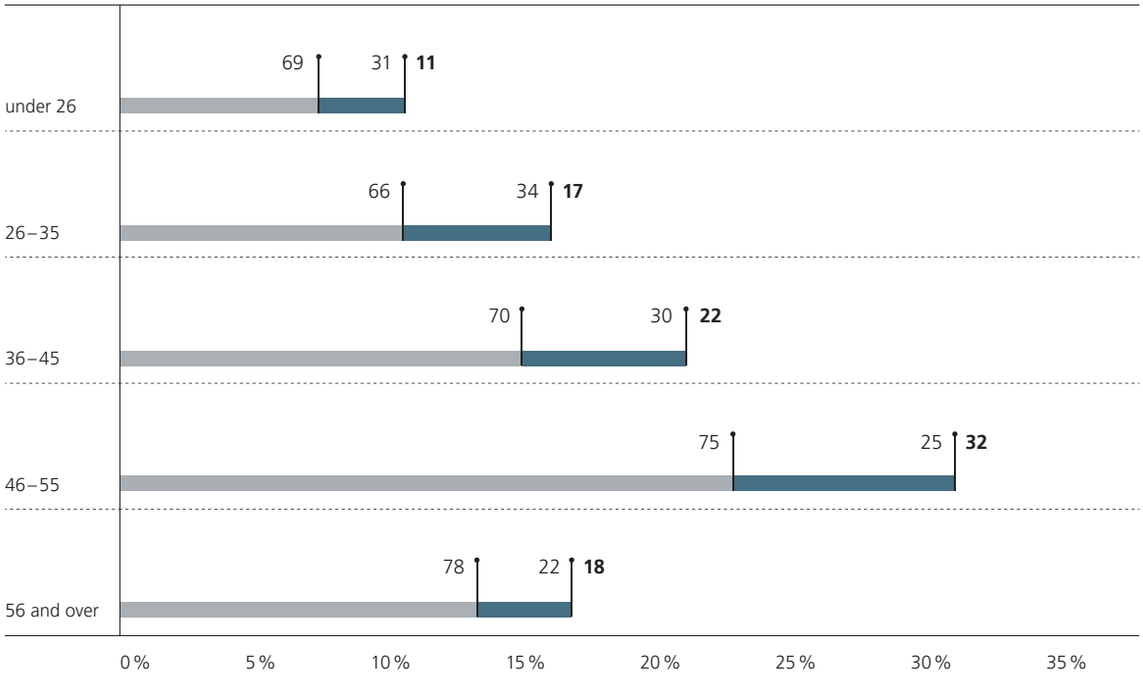
Employees of the MVV Energie Group (headcount)



MVV Energie AG | German shareholdings | Foreign shareholdings | Status: 30 September 2015

1 previous year's figure adjusted

Age structure of employees of the MVV Energie Group in %



male | female | Status: 30 September 2015

Effective occupational health and safety system

Protecting the physical and mental wellbeing of our own employees and of those who work on our behalf is an important matter for us. Our integrated security management system systematically and efficiently accounts for occupational health and safety factors, as well as for plant and environmental safety requirements. By offering suitable training, we enhance our employees' understanding of the interrelationships involved, raise their awareness and boost their specialist skills in the field of occupational health and safety.

We aim for permanent improvements and therefore subject our plants and operating areas to regular reviews to identify weaknesses in any safety-related aspect. To this end, we work with both scheduled safety inspections and internal and external audits. We have our utilities businesses regularly audited on a cross-utility basis by external specialists. These audits are in line with the requirements of the DVGW, AGFW and VDN specialist associations in the context of TSM certification measures. What's more, individual subsidiaries and company departments have established systems and certificates consistent with international norms in the fields of quality management, environmental protection, energy management, and occupational health and safety management.

At our Mannheim location alone, we have around 80 safety officers who, as well as working in their respective units, also act as competent contact partners in matters relating to occupational health and safety. These safety officers receive ongoing training and are twice a year informed in detail about the latest safety requirements and prevention focuses.

Despite all these efforts on the prevention front, it is not always possible to avoid accidents. In the 2014 calendar year, a total of 12.7 work-related accidents occurred per 1 000 employees (previous year: 14.4). We calculate this key accident figure from the first working day lost. The resultant accident frequency rate based on the relevant international standard (LTIF: Lost Time Injury Frequency) came to 7.5 for every 1 million working hours performed (previous year: 8.5). No fatal accidents occurred.

Active ideas management

Numerous ideas for improvements and innovations arise in a creative working climate. Our employees can submit these to our ideas management office. At our locations in Mannheim, Kiel and Offenbach, we further extended our ideas management activities with numerous temporary campaigns in the year under report. In the three financial years from 2012/13 to 2014/15 we implemented 293 ideas across the three locations and thus saved around Euro 1 million in total. What's more, these suggestions also enabled us to improve aspects such as occupational health and safety, process organisation, reduce the burden on our plants and enhance our quality. Over this period, we paid bonuses of almost Euro 150 thousand to the employees submitting successful ideas. One particularly interesting idea was submitted in the 2014/15 financial year that has not only improved occupational health and safety in the area surrounding our boiler slag crusher at our energy from waste plant in Mannheim, but will also reduce accident frequency.

Compliance with codes of conduct and ethical standards

We report on our compliance management system in our Corporate Governance Declaration in our ▶ *Corporate Governance Report from Page 28 onwards.* In that report, we confirm that once again in the year under report we did not identify any grave infringements of laws or of our internal codes of conduct. That is especially true of compliance with basic employee and human rights.

Our Commitment to Society

The companies within the MVV Energie Group are firmly rooted and major economic players in their respective regions. Not least, this is because our investments and the orders we place with local companies help boost local economies and secure jobs in these regions. Our companies also act as responsible employers and offer attractive jobs.

Consistent with our commitment to our regions, we assume responsibility towards society by helping the people who live there. We offer targeted support to local projects in the fields of sport, culture, welfare, education and science. This way, we ensure that the MVV Energie Group has a positive image, and that also outside the individual regions – and even nationwide.

Support at our locations

MVV ENERGIE AG has sponsored Adler Mannheim (Mannheim Eagles) – the top team in the German ice hockey league – since 2007 already. In the 2014/15 season, they successfully won the title of German Ice Hockey Champions for the seventh time now. This highly popular sports team in Mannheim and the Rhine/Neckar metropolitan region has also built up a strong reputation throughout Germany.

We have also extended our partnership with the football team TSG 1899 Hoffenheim, in this case for a further three years through to the end of the 2017/18 season. At the same time, we will be upholding our proven energy partnership with this Bundesliga team. Together, we have made the Rhein-Neckar Arena in Sinsheim one of Germany's most modern and energy-efficient arenas. We have turned it into the stadium with the highest photovoltaics capacity in the entire league. In the years ahead, we aim to further enhance energy efficiency at and around all TSG facilities. Not only that, we are also working closely together with the club in off-pitch projects in the region.

In our sports sponsorship, we also support the Mannheim Gymnastics and Sports Association (MTG). We have worked together with this association for many years now in the fields of young people's and popular sport, as well as professional sport.

The "Junge Oper" at Nationaltheater Mannheim was initiated with support from MVV Energie AG in the 2006/07 season. Since then, we have remained loyal sponsors. "Junge Oper" is a pioneering project in the German theatre landscape that introduces children and young people to the world of theatre in ways appropriate to their age and thus arouses their interest in culture.

MVV Energie AG also calls for applications to its Sponsoring Fund twice a year. In the two sponsorship rounds in the year under report, assistance was provided to 22 organisations and institutions in the Mannheim and Rhine/Neckar metropolitan region. These were selected from the 154 projects submitted as being particularly worthy of support. Since 2005, MVV Energie AG has thus assisted a total of around 450 organisations, initiatives and projects – especially those focusing on children on young people.

MVV Energie AG has also established an emergency assistance fund that provides financial support to private customers who through no fault of their own find themselves in need and are no longer able to pay their energy and water bills. In cooperation with independent welfare associations and the City of Mannheim, we have provided assistance to a total of around 1 330 private households since this fund was founded.

In the year under report, **ENERGIEVERSORGUNG OFFENBACH AG (EVO)** opened an event space in the old fitters' hall at its company premises. This can now be used to present art and culture in a historic industrial setting. Regular events, such as the "Kino kulinarisch" film series and the "Offenbacher Lesung" reading sessions are organised in cooperation with institutions and associations in the region. Not only that, the hall is also available to companies and associations for events such as conferences, seminars or company events.

Under its motto "Heart and Soul for Your Project", EVO sponsors the cultural, social and ecological activities of associations in the region. Not only that, the company still acts as principal sponsor to the professional football team Kickers Offenbach – and that for the 14th consecutive year now. EVO is also involved in the Rotary Rodgau Hospice Foundation, an organisation aiming to open the first stationary hospice in Offenbach.

STADTWERKE KIEL AG (SWK) has committed itself to improving the quality of life in the Kiel area even further. To do justice to this aim, SWK is involved in welfare and ecological projects. One particular priority is promoting children and young people – for example at the 24/7 Camp. Since being launched in 2003, this sailing camp project, the only one of its kind in Germany, has enabled thousands of children and young people to gain their first experience of sailing. Not only that, SWK also supports the work performed by the training ship Thor Heyerdahl. On worldwide sailing trips, young people learn what teamwork is all about and how to take responsibility and show commitment in a team environment.

In its "Stadtwerke Kiel ganz nah" social welfare project, company employees volunteered to renovate the clubhouse of the "Children and Young People Living with Cancer" support initiative.

COMBINED MANAGEMENT REPORT

GROUP FUNDAMENTALS

BUSINESS MODEL

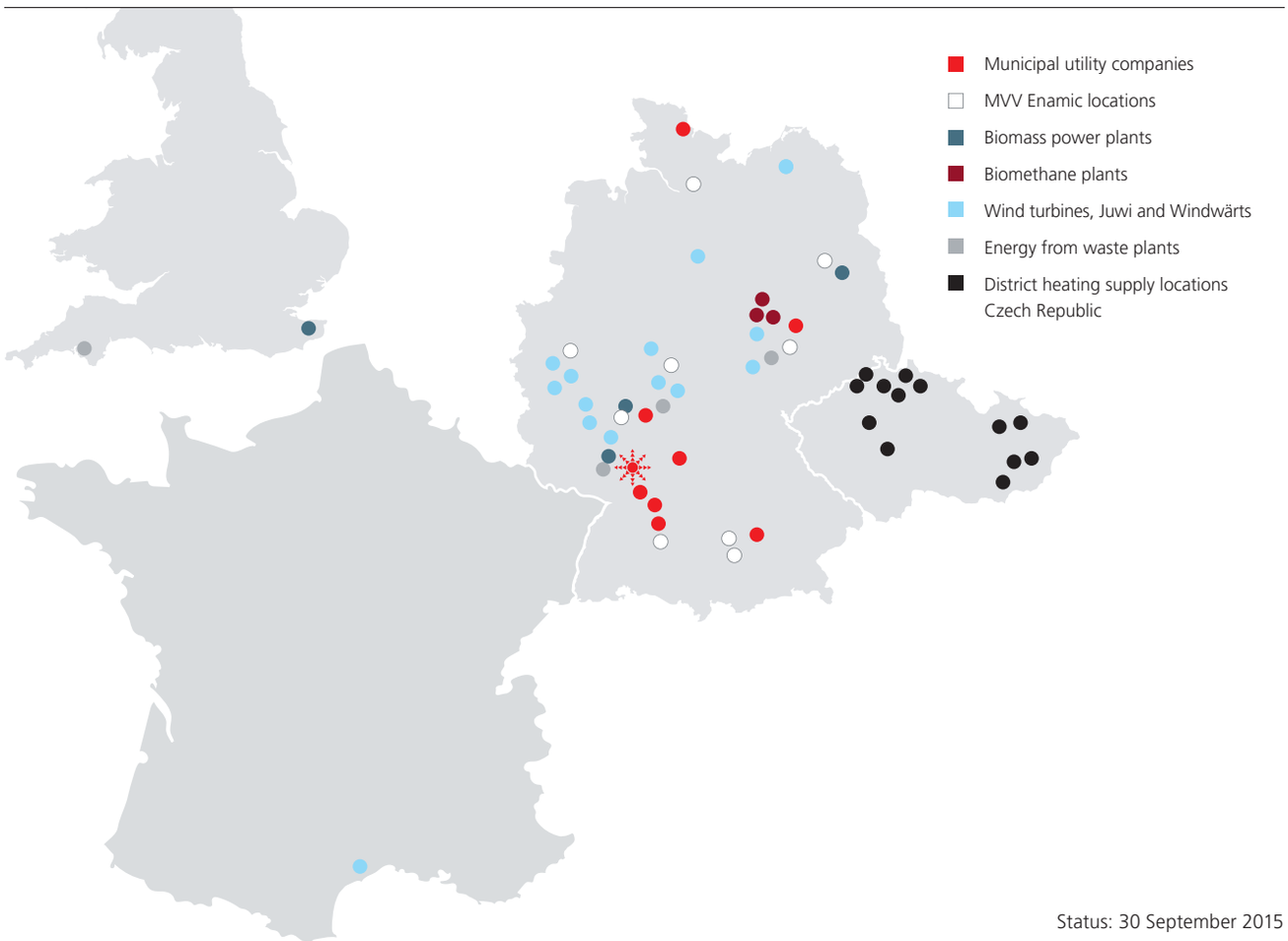
The publicly listed MVV Energie Group is one of Germany's leading energy companies. We cover all stages of the energy industry value chain – from the generation of electricity, heating energy and biomethane, via energy trading, the distribution of electricity, district heating and gas via proprietary grid companies through to the sale of all products. Our activities also include the production and distribution of water. We are one of the leading operators of energy from waste and biomass plants and have great competence in windfarm project development and operations management. As an energy-related services provider, we offer consulting and contracting services to industrial and commercial customers. Our ranges of services also includes extensive infrastructure, supply and disposal services for industrial parks in Germany.

Our locations

Our Group, with more than 100 consolidated companies, has strong municipal and regional roots at its locations in Mannheim, Kiel and Offenbach, among others, as well as in the Czech Republic, the UK and France.

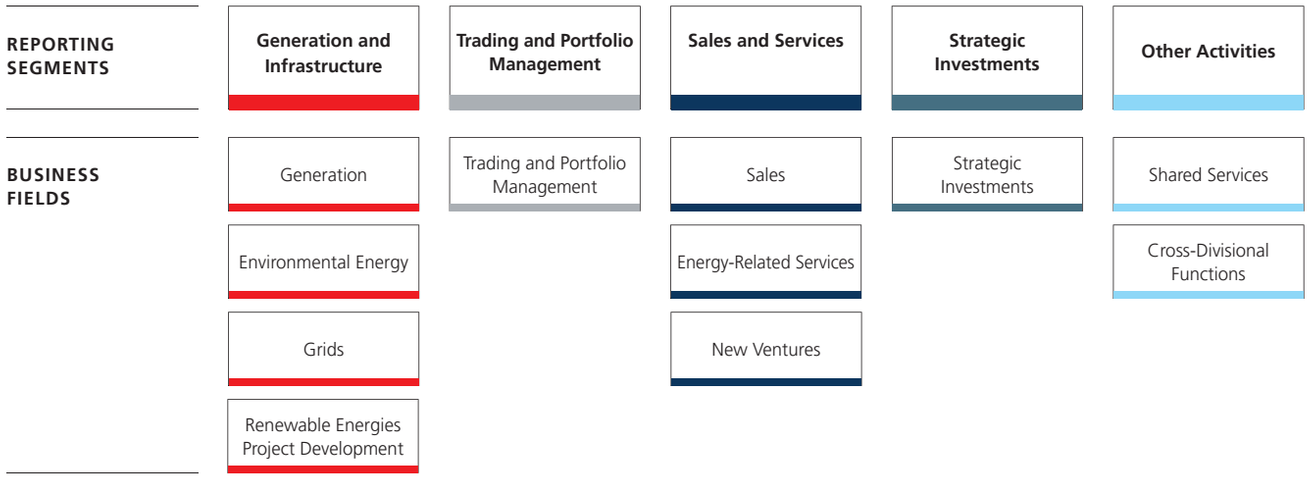
Furthermore, the Juwi Group operates worldwide, with branches in 17 countries.

An overview of our major direct and indirect shareholdings can be found on ▶ *Page 65*.



Status: 30 September 2015

Reporting segments and business fields of the MVV Energie Group



Organisation of the MVV Energie Group

We manage the MVV Energie Group in five segments on which we also base our external reporting. They are aligned to the value chain, but are governed by different management criteria and key figures within their respective business fields.

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, wind turbines and biomethane plants, waterworks, electricity, heating energy, gas and water grid facilities and technical service units for the grid-based distribution of energy and water and thus allocated to the grids business field. Furthermore, this reporting segment includes the renewable energies project development business field, especially at Juwi AG and Windwärts Energie GmbH.

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 on the one hand includes the retail and secondary distribution business for electricity, heating energy, gas and water at the MVV Energie AG, Stadtwerke Kiel AG and Energieversorgung Offenbach AG subgroups and on the other hand the energy-related services business at the MVV Enamic GmbH and Energieversorgung Offenbach AG subgroups. The new ventures business field includes our shareholdings in Beegy GmbH and the Luxembourg-based lighting specialist Luminatis.

The **STRATEGIC INVESTMENTS** reporting segment mainly comprises the Köthen Energie and MVV Energie CZ subgroups and the at-equity result of the Stadtwerke Ingolstadt subgroup.

The **OTHER ACTIVITIES** reporting segment pools the shared services companies and cross-divisional functions.

Business fields structured along the energy industry value chain are allocated to the reporting segments.

Energy generation from conventional and renewable energy sources

With the large power plant in Mannheim (Grosskraftwerk Mannheim – GKM) and the joint power plant in Kiel (Gemeinschaftskraftwerk Kiel – GKK), we have an extensive generation portfolio of plants working with environmentally-friendly combined heat and power (CHP) generation. These are supplemented by energy from waste plants, onshore wind turbines and biomass and biomethane plants at which we also make use of the waste heat where this is technically possible and commercially viable. We are consistently expanding the share of our generation capacities attributable to renewable energies. In the 2014/15 financial year, our two new generation plants in the UK – the energy from waste plant in Plymouth and the biomass power plant with CHP capability at Ridham Dock – launched commercial operations. The same is true of our third biomethane plant in Saxony-Anhalt. Further information about our renewable energies generation portfolio can be found in the chapters ▶ *Key Sustainability Factors from Page 45 onwards* and ▶ *Non-Financial Performance Indicators from Page 80 onwards*.

High-performance grids ensuring a secure supply

High-performance grids form the basis for a reliable and stable supply of electricity, heating energy, gas and water. With this in mind, in the year under report we invested Euro 80 million in modernising and expanding our grids. At the end of the 2014/15 financial year, our group of companies had electricity, district heating, gas and water grids with a total length of around 23 000 kilometres. Our Netrion GmbH subsidiary acts as grid operator for MVV Energie AG and Energieversorgung Offenbach. SWKiel Netz GmbH performs the same role for our Stadtwerke Kiel AG subgroup.

Pooling trading competencies

Our MVV Trading GmbH subsidiary is a major component in the value chain of the MVV Energie Group. As the joint energy trading company for MVV Energie AG, Stadtwerke Kiel AG, Energieversorgung Offenbach AG and Stadtwerke Ingolstadt, it manages and optimises the energy procurement and generation portfolio for the entire group of companies. All commodities relevant to MVV Energie are covered – electricity, natural gas, emission rights with the associated physical and financial products and price hedge transactions for coal and oil. One of MVV Trading's core tasks also involves the long-term hedging of the generation and sales positions of the MVV Energie Group in order to minimise risks. Furthermore, the company also markets the electricity volumes acquired by MVV Energie AG in its direct marketing business.

The expansion in renewable energies in Germany is also creating opportunities for the energy trading business. The intraday market is continually gaining in significance. In response to this, MVV Trading has established a trading division specialising in short-term markets that trades around the clock. Intraday trading focuses on so-called quarter-hour products. In this form of trading, MVV Trading can buy or sell electricity volumes for a specified quarter-hour period on the same day – and thus precisely tailor its energy procurement to actual energy requirements.

MVV Trading has also extended its activities in parallel with the construction of our two new generation plants in the UK. To market electricity volumes from these two power plants, since the 2014/15 financial year the company has been represented on the British N2EX exchange.

In its active management of the gas portfolio, MVV Trading also uses the Dutch gas market and works with a package of structured products with various price agreements and flexibilities. This on the one hand forms a basis for end customer product risk management. On the other hand, it enables us to offer a wide range of products – on the wholesale market and for municipal utility companies not forming part of our Group.

Based on the offering already established for group companies, MVV Trading will be working in particular to expand its range of products and services for municipal utility companies. A further focus in the strategic development of our trading business in the short to medium term involves dovetailing wholesale processes and sales processes much more closely.

Customers as key focus of our sales activities

The energy world is changing – and thus also our customers' requirements. The ability to offer competent advice and services is becoming an ever more important competitive factor for companies in the energy sector.

To do justice to our customers' changing needs, our sales department is developing innovative products and business models. The growing integration of renewable energies into the electricity grid, for example, has led to substantial fluctuations in generation volumes. These in turn have resulted in significant spikes in spot market prices – ranging from 3 000 Euro/MWh to minus 500 Euro/MWh. This enormous volatility opens up additional revenue potential for well-manageable electricity generation plants and flexible large-scale consumers. To account for this, our OptiFlex products provides companies with the opportunity to offer their electricity generation and acceptance capacities for the minute reserve and secondary balancing markets. This way, they can market their flexibility on up to four markets – the day-ahead and intraday markets and the balancing energy markets. The OptiFlex product has a modular structure and can therefore be adapted to individual needs. Our sales department advises customers in selecting options and sees to the marketing.

We are also consistently expanding our business activities in the direct marketing of electricity from renewable energies. At the end of the 2014/15 financial year, we had renewable energies power plants with a capacity of around 3 400 MW under contract (previous year: 2 600 MW).

MVV Energie has also developed a location reporting tool for electricity and gas, that is specially tailored to the needs of industrial companies, chain store operators with numerous units or real estate companies with very large numbers of residential units. In the first stage, this centrally pools relevant data from the customer concerning its energy requirements, consumption and efficiency from different sources and in different formats. Subsequently, the customer obtains access to its data via an internet portal – and that for all locations or accounting units. Planning, requirements, procurement and costs can be viewed in individual and aggregate form and in real time. The data can be analysed, called up and migrated to proprietary systems. By analysing their consumption data, companies are able to forecast their energy consumption. On this basis, they can introduce suitable measures to optimise this consumption.

As an additional service accompanying our electricity and gas products, we offer our commercial customers the so-called MVV Advisor, which reviews their privileging possibilities for grid fees, duties and allocations. This way, they can save costs if specific requirements are met. Where this is the case, we support our customers in submitting the relevant applications on time and accompany them in obtaining privileging, thus enabling them to exploit their savings potential.

Comprehensive energy efficiency enhancement solutions

With its innovative and customised energy-related services, our MVV Enamic GmbH subsidiary focuses on offering all-round energy and efficiency solutions to business customers. For industrial, retail and service sector customers, it offers a broad spectrum of products and services, ranging from smart procurement strategies for electricity and gas via efficiency consulting and the optimisation of technical energy facilities through to energy generation, energy supply contracting, technical operations management and the planning and installation of modern LED lighting. MVV Enamic offers a one-stop, comprehensive sustainable energy and service package to the housing and real estate industry as well: this package includes both utilities, such as heating energy, cooling energy, electricity and lighting, as well as contracting and consulting services for energy-related building improvements. This way, we are enhancing the efficiency of our customers' real estate. A further focus at MVV Enamic involves operating industrial parks – from energy and utilities supply via environmental protection and safety management through to additional location services. All of the company's activities focus on energy savings, high levels of energy efficiency and the use of renewable energies.

One-stop metering, billing and IT services

Our shared service companies Soluvia Billing GmbH, Soluvia IT-Services GmbH and Soluvia Metering GmbH perform all services involved in billing and customer support, information processing and metering – and that both for MVV Energie AG and Energieversorgung Offenbach AG and for Stadtwerke Kiel AG. Pooling these companies and their services under one roof at Soluvia GmbH has enabled us to provide uniform management, achieve necessary benefits of scale and ensure high process quality. With their operative services – particularly for the grid companies and our sales activities – our shared service companies make a major contribution to the competitiveness of our group of companies.

Legal company structure

The publicly listed company MVV Energie AG is the parent company of the MVV Energie Group, which has its legal domicile in Mannheim. The shares in MVV Energie AG are admitted for trading in the Prime Standard market segment of the Frankfurt Stock Exchange and are listed on the stock exchanges in Berlin, Düsseldorf, Frankfurt, Hamburg and Stuttgart. As a stock corporation under German law, the company has three governing bodies – the Annual General Meeting, Supervisory Board and Executive Board. The decision-making powers of the three bodies are strictly delineated. Information about the areas of responsibility and mode of operation of the Executive and Supervisory Boards of MVV Energie AG can be found in the ▶ *Corporate Governance Report from Page 28 onwards.*

OVERVIEW OF SHAREHOLDINGS

Major direct and indirect shareholdings of MVV Energie AG

Energy supply	Environmental energy and renewable energies
MVV RHE GmbH (100 %)	MVV Umwelt GmbH (100 %)
Stadtwerke Kiel Aktiengesellschaft (51 %)	• MVV Umwelt Asset GmbH (100 %)
Energieversorgung Offenbach Aktiengesellschaft (48.42 %)[1]	• MVV Umwelt O&M GmbH (100 %)
Stadtwerke Ingolstadt Beteiligungen GmbH (48.4 %)	• MVV Umwelt Ressourcen GmbH (100 %)
Köthen Energie GmbH (100 %)	• MVV Environment Devonport Ltd., UK (100 %)
Stadtwerke Sinsheim Versorgungsgesellschaft mbH & Co. KG (30 %)	• MVV Environment Ridham Ltd., UK (100 %)
Stadtwerke Buchen GmbH & Co. KG (25.1 %)	• Biomasse Rhein-Main GmbH (33.33 %)
Stadtwerke Walldorf GmbH & Co. KG (25.1 %)	Biomethananlage Barby GmbH (74.9 %)
Stadtwerke Schwetzingen GmbH & Co. KG (10 %)	Biomethananlage Klein Wanzleben GmbH (74.9 %)
MVV Energie CZ a.s., Czech Republic (100 %)	Biomethananlage Kroppenstedt GmbH (74.9 %)
	Biomethananlage Staßfurt GmbH (74.9 %)
Energy-related services	Juwi AG (63.1 %)
MVV Enamic GmbH (100 %)	Windwärts Energie GmbH (100 %)
• MVV EnergySolutions GmbH (100 %)	MVV Windenergie GmbH (100 %)
• MVV ImmoSolutions GmbH (100 %)	Cerventus Naturenergie GmbH (50 %)[2]
• MVV Enamic IGS Gersthofen GmbH (100 %)	
• MVV Enamic Korbach GmbH (100 %)	**Jointly owned companies**
• MVV Enamic Ludwigshafen GmbH (100 %)	Netrion GmbH, Mannheim[3]
• MVV decon GmbH (100 %)	MVV Trading GmbH, Mannheim[4]
• Luminatis S.à.r.l., Luxembourg (26 %)	Soluvia GmbH, Mannheim[5]
MVV Regioplan GmbH (100 %)	• Soluvia Billing GmbH, Offenbach[6]
Beegy GmbH (34.8 %)	• Soluvia IT-Services GmbH, Kiel[6]
	• Soluvia Metering GmbH, Offenbach[6]
	MVV Insurance Services GmbH, Mannheim[7]

1 majority of voting rights

2 Energieversorgung Offenbach AG (50 %)

3 MVV Energie AG (70 %), Energieversorgung Offenbach AG (30 %)

4 MVV Energie AG (59.9 %), Stadtwerke Kiel AG (25.1 %), Energieversorgung Offenbach AG (12.5 %), Stadtwerke Ingolstadt Energie GmbH (2.5 %)

5 MVV Energie AG (51 %), Stadtwerke Kiel AG (24.5 %), Energieversorgung Offenbach AG (24.5 %)

6 Soluvia GmbH (100 %)

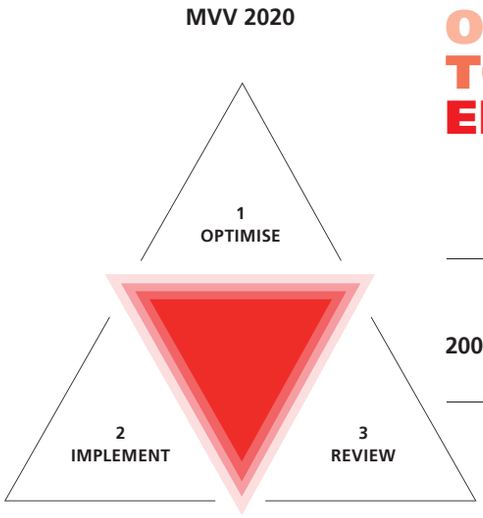
7 MVV Energie AG (68.4 %), Energieversorgung Offenbach AG (17.6 %), Stadtwerke Kiel AG (14 %)

Status: 30 September 2015

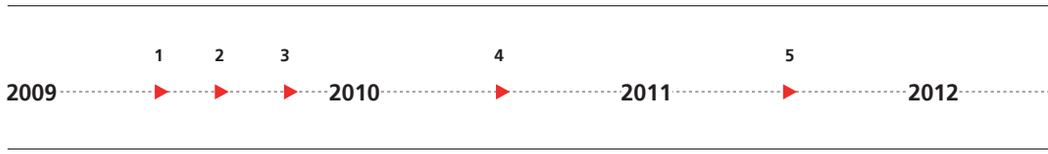
CORPORATE STRATEGY

With our MVV 2020 strategy, we set course in 2009 to head for the energy system of the future. Since then, we have been consistently investing in the forward-looking growth of our group of companies.

The chart below shows the stations on our path to tomorrow's energy system.



OUR PATH TO TOMORROW'S ENERGY SYSTEM



1 ▶ DISTRICT HEATING

With the start of construction work on the district heating pipeline from Mannheim to Speyer, the expansion in district heating at our locations gains added momentum. By 2030, we will significantly increase our share of the heating energy supply.

2 ▶ GKM BLOCK 9

Start of construction work on Block 9 at the large power plant in Mannheim (GKM). This high-efficiency plant has been in scheduled operation since May 2015 and has replaced the oldest Blocks 3 and 4.

3 ▶ MOMA

The "Model City Mannheim" pilot project creates a smart grid for 1 000 households, the predecessor for developments including today's Electricity Bank. The initiator: MVV Energie together with eight partners.

4 ▶ WIND POWER

The acquisition of eight wind turbines in Plauerhagen (Mecklenburg-Western Pomerania) marks the beginning of our proprietary wind power portfolio that has now grown to 174 MW.

5 ▶ CZECH REPUBLIC

Our Czech subsidiary takes over the waste-fired CHP plant in Liberec. The power plant is one of a total of three energy from waste plants in the Czech Republic and supplies electricity and heating energy to the town's total of around 100 000 inhabitants.

6 ▶ PLYMOUTH

MVV Umwelt starts construction work on an energy from waste plant in south-west England. Commercial operations are launched in the late summer of 2015.

7 ▶ DISTRICT HEATING STORAGE

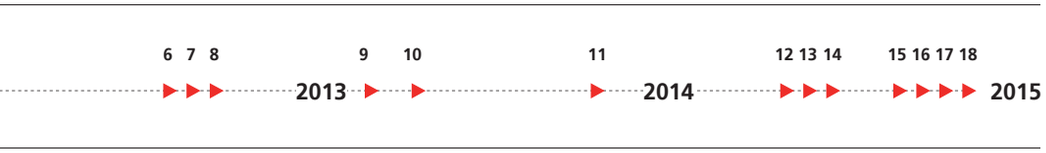
Start of construction work on MVV Energie's district heating storage facility on the site of the GKM plant. Since operations were launched in the winter of 2013/14, supply reliability in the Rhine/Neckar metropolitan region has increased, as has energy efficiency at the GKM plant.

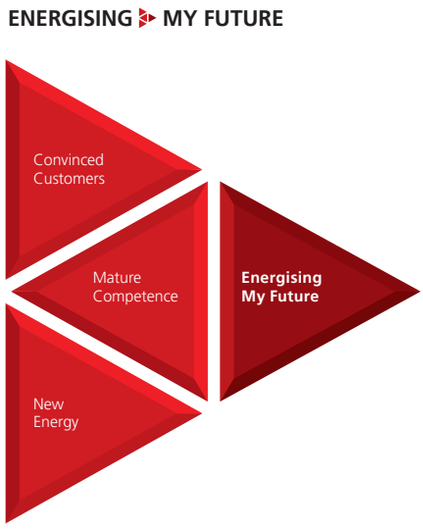
8 ▶ BIOMETHANE PLANTS

MVV Energie's first biomethane plant launches operations in Klein Wanzleben, near Magdeburg. By the end of the 2014/15 financial year, this has been joined by two further biomethane plants in Saxony-Anhalt.

9 ▶ SALES

Launch of "SpotLight" energy fund. This enhancement to our energy fund offers energy portfolio management services to corporate customers with proprietary electricity generation. Since then, our sales department has developed numerous innovative products.





10 ▶ RIDHAM DOCK

At Ridham Dock, an industrial port location to the south-east of London, MVV Umwelt starts work on building a biomass power plant with CHP capability. This plant has been in commercial operation since the late summer of 2015.

11 ▶ TRADING

The expansion in energy trading at MVV Trading begins with two-shift operations, enabling us to make better use in future of the opportunities presented by the energy markets. We now trade around the clock, and that seven days a week.

12 ▶ FRANCE

The French Semardel Group and MVV Umwelt found a joint subsidiary. This submits bids for operations management tenders at energy from waste plants in France.

13 ▶ LUMINATIS

With MVV Enamic's investment in the Luxembourg-based LED specialist Luminatis, we have acquired a competent partner with expertise in the field of energy-efficient lighting.

14 ▶ ENVIRONMENTAL ENERGY

As well as electricity, the Trea Leuna waste incineration and energy generation plant now also produces process steam, which it supplies to the chemicals park operator InfraLeuna. Coupling out steam substantially raises the level of fuel utilisation and thus the energy efficiency of the power plant.

15 ▶ BEEGY

MVV Energie, Baywa, Glen Dimplex and GreenCom Networks found Beegy, a cross-sector joint venture for decentralised energy management. Beegy offers one-stop solutions for renewable energies and their system integration.

16 ▶ ELECTRICITY BANK

Practical trials for the decentralised storage of self-generated solar electricity begin in Mannheim. MVV Energie is the consortium manager for the research project.

17 ▶ JUWI / WINDWÄRTS

Thanks to our partnership with Juwi AG and acquisition of the assets in Windwärts Energie GmbH, we now cover the entire value chain – from project development through to electricity marketing – in our renewable energies business as well.

18 ▶ CONCESSIONS

In the recent past, MVV Energie has successfully extended all major energy and water concession agreements in the region. It has also managed to gain two new electricity concessions in Ilvesheim and Ketsch.

Since 2009, we have consistently been implementing our MVV 2020 corporate strategy. Core components of this strategy involved an efficiency enhancement and an ambitious investment programme, within which we intended to invest around Euro 3 billion by 2020. Over this period, the German energy system has undergone fundamental transformation, a process that is not yet complete, with massive changes in both the regulatory framework and the economic and competitive climate for the energy industry.

To do justice to the changing framework, we have continually developed our strategy further – and will continue to do so in future. This way, we are creating a basis to maintain our pioneering role in the energy system transformation and to enable us to secure and expand our competitive position.

In line with our motto

ENERGISING MY FUTURE

we will be focusing on our customers even more closely in future than in the past. Here, we will be:

- Generating profitable growth in our renewable energies business and connecting high-efficiency conventional and renewable energies as key pillars of the energy system of the future
- Strengthening energy efficiency and combined heat and power generation in conjunction with further expansion in environmentally-friendly district heating
- Safeguarding energy supply reliability with smart, high-performance grids
- Generating profitable growth with our MVV Umwelt and MVV Enamic subsidiaries
- Offering innovative sales business models and professional services in our trading business
- Ensuring competent cross-divisional units and high-performance shared services at our Soluvia companies.

Others talk about the energy turnaround. We are making it happen.

In the past six years, we have invested or reached binding investment decisions for around Euro 2.5 billion. We will deliberately be maintaining this high rate of investment in future as well. In the years ahead, we will be investing a further Euro 3 billion in the forward-looking growth of our group of companies and in maintaining and modernising our plants and grids.

CONVINCED CUSTOMERS: We align our products and services to our customers' individual needs and expectations. By offering excellent service and innovative solutions, we aim to convince our cherished customers and inspire them.

MATURE COMPETENCE: Drawing on our employees' longstanding experience and expertise, we are actively shaping the energy system transformation. As a learning organisation, we unite our competencies with excellent processes and high-capacity performance and work to enhance these factors with a view to the future.

NEW ENERGY: The energy system of the future will be created by smartly combining renewable and conventional energies. MVV Energie is one of the pioneers of this transformation. We are combining this approach with our innovative strength and our focus on sustainability.

Realignment of our sales activities

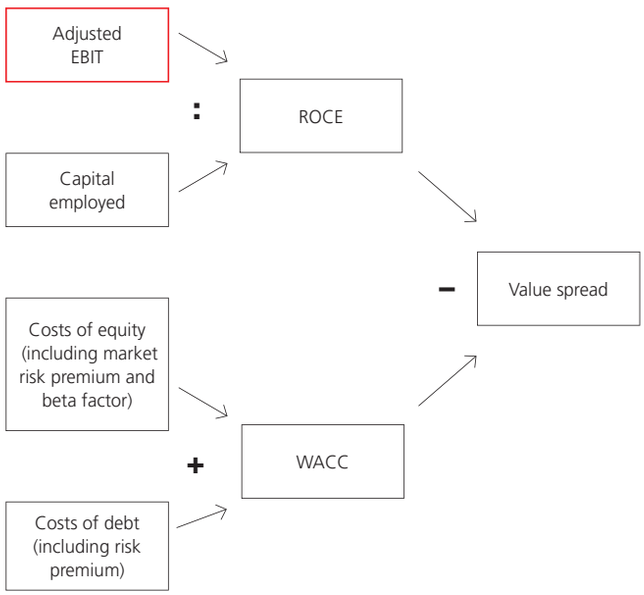
Consistent with a market climate that is fundamentally changing, our customers' needs are also changing. What is now called for is innovative solutions that use the latest technical possibilities and account for consumers' wishes. Our sales units are focusing on the new challenges presented by the energy market. They are offering the products and services needed for a sustainable energy supply and making customer benefits the key focus of their solutions. To this end, as of 1 October 2015 we introduced new sales structures aimed at reducing the complexity of the energy business for our customers by offering them individual contact partners. We will report on this in detail in our Annual Report for the 2015/16 financial year.

VALUE-BASED CORPORATE MANAGEMENT

We aim to increase the value of the MVV Energie Group on a long-term and sustainable basis. We base this on the value spread. A positive value spread, and thus an increase in the company's value, is achieved when we generate a return (ROCE) in excess of the costs of capital (WACC).

The following chart presents the value spread calculation in simplified form:

Calculation of value spread (simplified presentation)



The ROCE figure expresses our key internal management figure of adjusted operating earnings before interest and taxes on income (adjusted EBIT) as a percentage of the average capital employed to generate these earnings. Calculated on this basis, the company generated a ROCE of 6.6 % in the year under report, as against 6.7 % in the previous year. While the adjusted EBIT of Euro 175 million were slightly ahead of the previous year's figure, our investment programme meant that our average volume of capital employed grew by Euro 133 million to Euro 2 660 million. This led ROCE to decrease compared with the previous year.

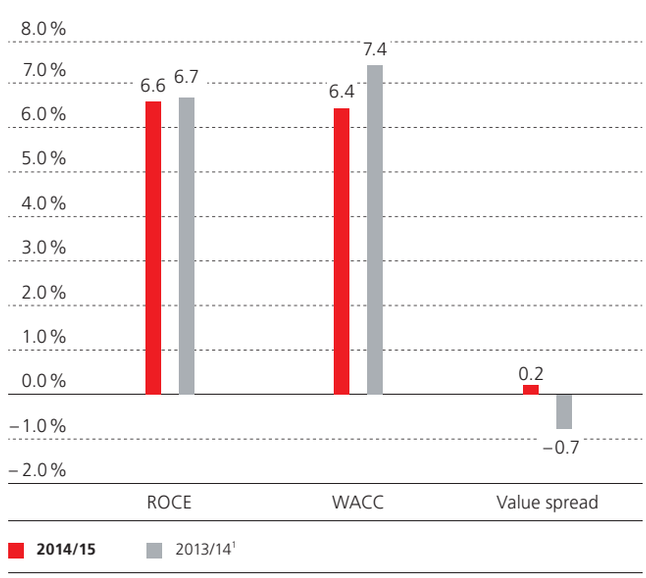
The WACC (weighted average cost of capital) figure represents the long-term minimum return we must generate on operations. We updated the parameters used to calculate WACC to account for market developments in the 2014/15 financial year. Based on the amended parameters, the WACC before taxes for the year under report amounted to 6.4 % (previous year: 7.4 %).

WACC parameters of the MVV Energie Group

	2014/15	2013/14
Risk-free base rate	1.25 %	2.50 %
Market risk premium	6.0 %	6.0 %
Beta factor	0.96	0.83
Tax rate	30 %	30 %
Risk premium	1.49 %	1.56 %
Borrowing interest (risk-free base rate + risk premium)	2.7 %	4.1 %
Equity/debt capital share at market values	50 %	50 %
WACC before taxes	6.4 %	7.4 %

As in the previous year, we have based our calculation of the risk-free base rate on the long-term yield curve at the German Bundesbank with a remaining term of up to 30 years. Alongside our own market studies, the market risk premium is based on the recommendations of the Specialist Committee for Company Valuation and Business Administration at the Institute of Public Auditors in Germany (IDW). The beta factor has been calculated by reference to a peer group of comparable European energy companies.

Key value management figures of the MVV Energie Group in %



1 previous year's figures adjusted

For the 2014/15 financial year, the subtraction of the WACC before taxes of 6.4 % (previous year: 7.4 %) from the ROCE of 6.6 % (previous year: 6.7 %) produced a value spread of 0.2 % (previous year: – 0.7 %). By consistently implementing our corporate strategy – and particularly with our forward-looking investments – we expect to see positive developments in our adjusted EBIT and thus also our value spread. Further information about this can be found in the chapters ▶ *Corporate Strategy from Page 66 onwards* and ▶ *Outlook from Page 106 onwards*.

TECHNOLOGY AND INNOVATION

The energy turnaround in Germany has triggered change processes in the energy industry. The rapid pace of technological advances offers energy industry companies the opportunity to improve their offerings and develop new business models. Services and products more closely focused on customers are gaining in significance. Furthermore, the tasks to be performed by energy suppliers now and in future are becoming increasingly complex.

The trend is towards an energy supply that is decentralised and, as a result, increasingly digitally managed. In view of this, we are working with innovative technology and testing this in terms of its suitability for future use. Here, our overriding objective is to create the requirements needed to develop products and services that are ready for the market and take customers' needs ever more closely into account.

To achieve this objective, in 2014 MVV Energie established its Customer Experience and Innovation department. Here, innovation managers and market researchers work together to initiate and press ahead with research and development projects that are close to customers' needs. Moreover, employees from our operative departments, such as our sales and energy-related services units and our new ventures business field, are also involved in the projects. As a result, the development expenses for technology and innovation, and especially for our activities in the field of decentralised energy management, are not fully reflected in our research and development expenses as reported in accordance with IFRS. In the year under report, these amounted to Euro 0.8 million (previous year: Euro 2.2 million).

In the following section, we present some of the projects we worked on in the 2014/15 financial year.

Award for "Electricity Bank" research project

Our Electricity Bank research project has received the "Top Innovation Award" from PV Magazine. This local storage facility operator model has been in practical trials with 14 households and four businesses in Mannheim since December 2014. The Electricity Bank offers these participants electricity storage capacity as a service and thus provides an alternative to home battery storage.

Electricity is increasingly being generated from renewable energies on a decentralised basis. Where the electricity from solar and wind power can be consumed directly at its generation location, this eases the strain on electricity grids and also avoids transmission losses. It therefore makes sense to store electricity on location when more energy is produced than consumed. A storage facility such as the Electricity Bank stores surplus electricity from participating households centrally and feeds this back into the grid when needed. The name of the research project, which has a twelve-month term, says it all. The Electricity Bank functions like any other bank into which cash is deposited and withdrawn. All participants can view their electricity account balances and check their generation and consumption data at any time. To this end, the "depositors" are connected to the storage facility at the Electricity Bank via an internet-based "Energy Cloud". MVV Energie has promoted the research project as consortium manager since 2013. The project has been supported by the State of Baden-Württemberg as part of its BWPLUS programme. The other project participants are the battery manufacturer ads-tec, Nürtingen, the Mannheim-based grid operator Netrion and the Institute for Photovoltaics at Stuttgart University.

Fuel cell heating systems successfully tested

The "Callux – Practical Trials for House Fuel Cell" project promoted by the Federal Ministry of Transport and Digital Infrastructure is set to run until mid-2016. This project is investigating everyday operations with a total of 26 fuel cells in Mannheim and the Rhine/Neckar metropolitan region. Thanks to the project, it has been possible to successfully prepare the market launch of fuel cell heating systems powered by natural gas. MVV Energie has contributed to this development in cooperation with other energy suppliers and leading heating appliance manufacturers. Within the project, the technology has on the one hand been subject to comprehensive evaluation. On the other hand, business models have been developed based on the operational experience thereby gained. Furthermore, in the course of the project the costs of the appliances and associated services have been considerably reduced. Due to our close dialogue during the trial phase, we also managed to attain a high degree of customer satisfaction.

Smartly connecting electric vehicles to the grid

In "Smart Grid Integration" (SGI), a project promoted by the Federal Ministry of Education and Research as part of the Electro-mobility South West project, we have worked with a total of five project partners over three years to investigate how electric vehicles can be integrated into distribution grids. From the perspective of a grid operator such as MVV Energie, the following question was the key focus of interest: how do charging processes have to be coordinated and managed to enable bottlenecks to be avoided in distribution grids and thus safeguard grid stability despite sharp fluctuations in generation volumes? Not only that, the charging processes, which are based on information and communications technology, should of course also be user-friendly.

The results of the project show that smart charging management makes it possible to satisfy both customer-friendliness and grid stability requirements. In the event of a high share of electric vehicles, however, this assumes that load processes are dynamically coordinated and adjusted in line with current grid conditions.

Practical trials with smart meter systems

The basis for deploying smart meters was already created with a European single energy market directive in 2009. In a draft version of the "Energy Turnaround Digitisation Act" issued in September 2015, the Federal Ministry for Economic Affairs and Energy (BMWi) formulated clear requirements governing the introduction of this new technology in Germany. Accordingly, installation of smart metering systems is to become obligatory for customers with annual consumption of more than 10 000 kWh from 2017 onwards and also for customers with consumption of more than 6 000 kWh a year from 2020 onwards.

In the world of metering, smart meter gateways act as the central control and management units and provide the central interface to the customer. Since 2012, Soluvia Metering GmbH – the service provider for meter point operation and metering services at the MVV Energie Group – has been closely preparing for the deployment of the new technology. Here, the core task of smart meter gateway administration involves operating smart meter systems while meeting strict standards in terms of data protection and data security. To achieve this, Soluvia Metering already launched initial practical trials in April 2015. By the end of the trial phase in summer 2016, a total of 150 smart meter systems are due to be installed in MVV Energie's three grid regions (Mannheim, Kiel and Offenbach).

Decentralised load management trials

RealValue – a pan-European development and demonstration project within the "Horizon 2020" EU aid programme – was launched on 1 June 2015. MVV Energie, Beegy GmbH and Glen Dimplex Deutschland are participating in this project as the German cooperation partners. The aim of the project is to develop smartly controlled electric storage heating systems and hot water heat pumps, to test these at customers and assess their economic and ecological benefits in the future energy system. Practical trials are planned to be held in Germany, including at customers in Mannheim and the Rhine/Neckar metropolitan region, Ireland and Latvia by mid-2018. The benefits for market participants are being evaluated in cooperation with prestigious European research institutes.

Study identifies great interest in battery storage facilities

With the expansion in renewable energies, energy generation is becoming increasingly decentralised and flexible. Electricity customers are evolving into "prosumers", i.e. they are simultaneously producers and consumers. Smart solutions and services will be needed to ensure efficient energy management. These particularly include the possibility of storing electricity from proprietary generation. Here, battery storage facilities are set to play an ever more significant role.

forsa.main marktinformationssysteme GmbH performed a market research study on behalf of MVV Energie and found that 71 % of those surveyed would be very interested in storing self-generated solar electricity with the assistance of battery storage facilities. The following benefits are stated for battery storage facilities: greater consumption of proprietary production, reduced external procurement volumes, lower electricity bills and greater overall self-sufficiency. Those surveyed stated that an all-round service including advice, installation and maintenance of the photovoltaics or heating system and battery storage facility, such as that offered by the Beegy GmbH joint venture, would be particularly attractive.

BUSINESS REPORT

BUSINESS FRAMEWORK

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Energy Policy Changes

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Key energy policy factors for MVV Energie

During our 2014/15 financial year, the energy policy agenda in Germany was mainly determined by the discussions surrounding the restructuring of the electricity market design. We are in dialogue with politicians and the authorities and are thus playing an active role in the opinion-forming process. The following energy policy developments and regulatory framework issues in particular are of great relevance for the future business performance of the MVV Energie Group:

- The new electricity market design to be compiled on the basis of the White Paper – and the associated debate concerning supply reliability
- The Amendment to the German CHP Generation Act (KWKG)
- The auction design for the German Renewable Energies Act (EEG)
- The amendment to incentive regulation.

Electricity market design outstanding

On 3 July 2015, the Federal Ministry for Economic Affairs and Energy (BMWi) published the White Paper and thus for the first time set out specific measures for structuring the future electricity market design. In all, the BMWi proposes 20 measures, the most important of which are intended to establish stronger market mechanisms to promote the further development of the electricity market. Among others, these include legislative requirements governing political self-commitment in respect of price peaks, requirements governing the management of balancing groups and the further development of the balancing energy market. Supply reliability is to be safeguarded by a capacity reserve. Here, it is planned initially to transfer older lignite power plant blocks with capacity of 2.7 GW to the reserve. These blocks should then gradually be decommissioned. The aim is to save 22 million tonnes of CO_2 in order to meet the national CO_2 reduction target by 2020.

We see the proposed structure for the electricity market design as being forward-looking, as it involves consistently enhancing the current energy-only market and deliberately allows for price peaks. What counts is achieving system security, thus eliminating any need for permanent market interventions. When it comes to structuring the capacity reserve now proposed, we believe that it must be ensured that this does not result in any market distortions.

An initial draft for an Electricity Market Act was published by the BMWi on 14 September 2015. This takes up many of the topics addressed in the BMWi White Paper. Within the subsequent consultation with state governments and industry associations, MVV Energie has participated in the preparation of statements submitted by the associations.

German CHP Generation Act (KWKG) to be amended

For MVV Energie, the reform of the German CHP Generation Act (KWKG) is also a factor of great significance. The resultant amendment forms a key component of the energy policy framework. After all, CHP offers substantial potential for reducing CO_2 emissions on the one hand and represents a very important link between the heating energy and electricity markets on the other.

Since the last KWKG Amendment in 2012, the economic situation of most CHP plants has deteriorated significantly. The Federal Government's target of covering a 25 % share of electricity generation from CHP by 2020 is no longer thought to be achievable. We therefore see reform to the KWKG legislation as absolutely crucial. Among other factors, the target of generating 25 % of all electricity from CHP should be retained; this target could be achieved by 2025. We do not deem it expedient to reduce the target level – as proposed by the BMWi – as this would not enable the high CO_2 savings potential harboured by CHP to be realised.

A Cabinet resolution concerning the KWKG legislation was adopted in mid-September 2015. We expect the new legislation to enter force as of 1 January 2016.

Evaluation of the Amendment to the German Renewable Energies Act (EEG)

The reform of the EEG legislation that came into effect on 1 August 2014 was intended to effectively reduce the costs associated with converting the German energy system – and thus keep the EEG levy stable and align renewable energies more closely to the market.

Discussions in the 2014/15 financial year focused above all on how the auctions laid down in the reform should be structured. These auctions are intended to determine the future level of compensation paid for electricity from renewable energies. Since the beginning of 2015, the BMWi has been holding discussions with specialists concerning possible structures and approaches for specific tender design. The cornerstone paper presented by the BMWi at the end of July 2015 is now being further specified within a consultation process running until the end of 2015. The proposals should on the one hand be consistent with EU aid principles and on the other hand satisfy the need for efficient, participant-friendly tender design.

Two aspects are of key importance for MVV Energie: firstly, the question as to how the reference revenue system is to be transferred from the EEG to the tender system and secondly the need for sufficiently high annual tender volumes. The Federal Parliament is expected to address the details of the tendering process in 2016.

EU energy package now in place

On 15 July 2015, the European Commission presented an energy action plan setting out how emissions trading and the electricity market can be developed further and how consumer rights, the decentralised energy supply and end customer energy efficiency can be boosted.

The package represents a major step towards implementing the so-called energy union. The Commission – which also has reservations about capacity markets – has thus bolstered the BMWi's basic decision in favour of an energy-only market. For the further development of emission trading, the Commission has submitted a proposal specifying the key points already formulated at the beginning of 2014. Among other measures, permitted CO_2 volumes should now be reduced by 2.2 % a year, rather than by the previous figure of 1.74 %. This way, the Commission aims to ensure that, by 2030, EU-internal CO_2 emissions are reduced by 40 % compared with 1990.

MVV Energie's business models are already aligned towards the energy system of the future. No amendments are therefore required on account of the energy action plan.

Financial market regulation

The companies of the MVV Energie Group have to meet increasingly extensive requirements in terms of financial market regulation. The REMIT Enforcement Regulations came into force on 7 January 2015. These specify the requirements of the REMIT (Regulation on wholesale Energy Market Integrity and Transparency, December 2011). With the entry into force of these regulations, the obligations still outstanding under REMIT – and for which the regulations created the necessary framework – became effective.

REMIT involves a sector-specific regulation for the European wholesale energy market for electricity and gas. The most important requirements of REMIT relate on the one hand to market integrity, including a ban on market manipulation and insider trading and on the other hand to transparency. Fundamental and trading data must be reported to the Agency for the Cooperation of Energy Regulators (ACER). Furthermore, insider information has to be published.

The REMIT Enforcement Regulations established that this reporting obligation would take effect on 7 October 2015. However, the disclosure obligations as of this date only refer to standard transactions performed on exchanges or comparable trading platforms. From 7 April 2016, non-standard transactions will also require disclosure. Furthermore, market participants will be required to register at the Federal Network Agency.

Amendment to incentive regulation and metering changes

In spring 2015, the BMWi published its key focuses for amending incentive regulation. These form the basis for the discussions now underway, particularly with regard to the time lag between investments and capital returns, the determination of efficiency values and future use of the simplified procedure for smaller grid operators. In respect of the use and financing of smart metering systems, discussions at the BMWi are currently focusing above all on the deadlines for the rollout plan and price caps. Since the autumn of 2015, the draft version of an "Energy Turnaround Digitisation Act" has been available. This also marks the beginning of the relevant legislative procedure.

Market Climate and Competition

Growth in German economy

Germany generated economic growth in all four quarters of our 2014/15 financial year (October 2014 to September 2015). According to the Federal Statistical Office, gross domestic product (GDP) in Germany grew by 0.7 % in the final quarter of the 2014 calendar year (October to December 2014) compared with the previous quarter. In the 1st quarter of the 2015 calendar year (January to March 2015), the rate of growth slowed to 0.3 %, but regained momentum to reach 0.4 % in the 2nd calendar quarter (April to June 2015). In their Autumn Survey dated October 2015, Germany's leading economic research institutes predicted that GDP for the 3rd calendar quarter (July to September 2015) rose by 0.4 % compared with the previous quarter. For 2015 as a whole, they expect German GDP to increase by 1.8 %. First and foremost, this growth is expected to be driven by private consumption – even though the rate of growth in private consumer spending in the further course of the year is not expected to match that seen in previous quarters.

Energy consumption up on previous year

Based on estimates compiled by the Association of the German Energy and Water Industries (BDEW) in September 2015, electricity consumption in the period from January to June 2015 grew by 1.0 % compared with the 1st half of the previous calendar year. Natural gas consumption in the first seven months of 2015 was 11.7 % higher than the comparable previous year's figure.

Renewable energies reach new record level of 33 % of German electricity generation

According to BDEW estimates, the share of electricity generation attributable to renewable energies rose to a new record level in the first nine months of 2015, increasing to 33 % in the year to September compared with 28 % in the same period in the previous year. While the volume of electricity generated by wind turbines grew by 52 %, electricity generation volumes from photovoltaics systems rose year-on-year by 5 %. Electricity production at biomass power plants and from biogenic municipal waste grew by 3 %.

Wind power contributed a 12 % share of electricity generation volumes in Germany in the first nine months of 2015. Photovoltaics accounted for a 7 % share and biomass including biogenic municipal waste for 8 %. The shares of electricity generation attributable to conventional and nuclear plants declined as follows: lignite power plants 24 % (previous year: 25 %), hard coal power plants 18 % (previous year: 19%), nuclear energy 14 % (previous year: 15 %), natural gas 8 % (previous year: 9 %).

Positive market expectations for our growth fields

According to energy suppliers, the decentralised energy supply market is set to double. That is the finding of a survey carried out by the management consultancy CGT on behalf of the Association of the German Energy and Water Industries (BDEW) for the "Decentralised Energy Industry 2025" study. According to the study, the decentralised energy supply accounted for a 15 % share of the market in 2010. This share is expected to rise to more than 30 % by 2025. Energy suppliers see particularly great potential in the fields of decentralised heating energy and local heating, energy-related consulting services for "prosumers", planning, construction and operations management for decentralised generation plants, direct marketing and portfolio management – all areas in which we have set our strategic focuses.

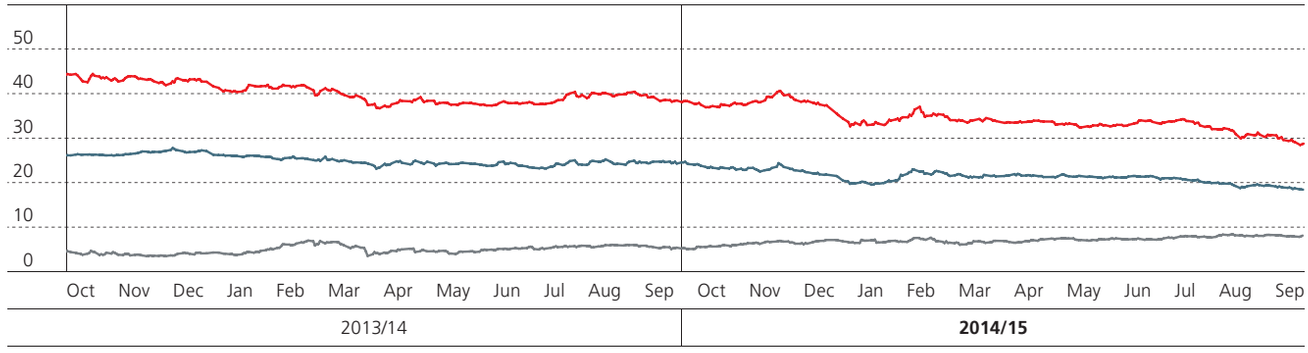
Disparate developments in wholesale prices

Energy prices mostly declined in the year under report. Wholesale fuel and electricity prices decreased, with significant drops in prices on the oil and coal markets in particular. Emission right prices, by contrast, increased as a result of political decisions.

Listed prices for **BRENT CRUDE OIL** for supply in the following month (front month) ranged between US$ 42.69 and US$ 94.16 per barrel in the 2014/15 financial year. At US$ 61.76, the average barrel price in the year under report was US$ 45.87 down on the previous year's figure of US$ 107.63. Through to the end of January, the oil market was characterised by a significant supply surplus, a factor which led prices to fall. A key role here was played by the Organization of the Petroleum Exporting Countries (OPEC), which decided not to adjust supply. Due to the scaling back in exploration activities in the US, from mid-April onwards the market stabilised above the US$ 60.00 per barrel mark. At the end of July, prices fell once again given the emergence of an agreement in the nuclear energy dispute with Iran, thus offering the prospect of sanctions being lifted. Given concerns about the Chinese economy and substantial price drops on international stock markets, the oil market failed to show any significant recovery in the subsequent period as well.

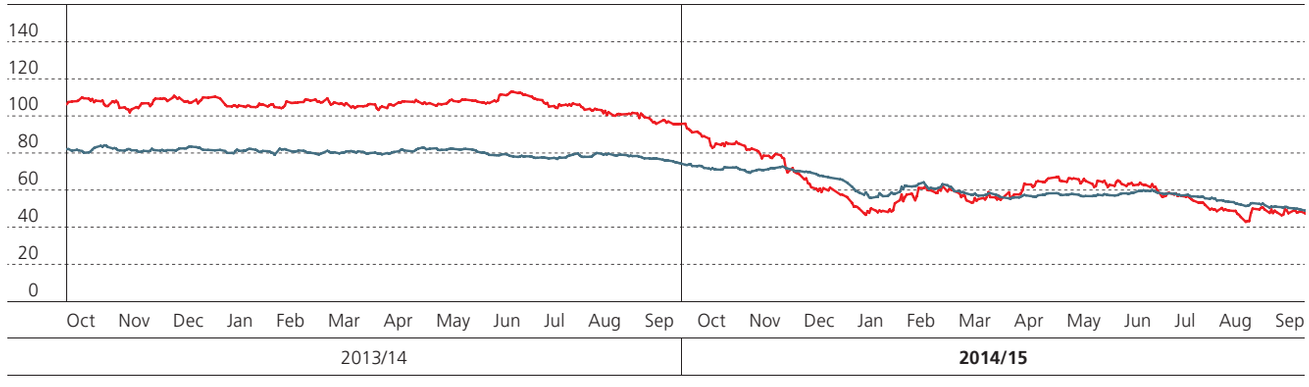
NATURAL GAS PRICES for the front year product in the NetConnect Germany (NCG) market region were listed at an average of Euro 21.77/MWh in the year under report, and thus Euro 3.63/MWh lower than in the previous year. As long-term import contracts are still linked to the oil price in some cases, the gas market was also affected by the fall in oil market prices. The Ukraine crisis and speculation as to potential sanctions on Gazprom repeatedly offered support to front year contract prices in the winter. Significant price premiums arose on the market in February due to the announcement that production volumes at Groningen, the largest gas field in the Netherlands, would be reduced due to a recent increase in the frequency of earthquakes in this region. From July onwards, however, the price of the front year product fell significantly in connection with the weak oil market.

Development in wholesale market prices for electricity, gas and CO_2 rights (Euro)



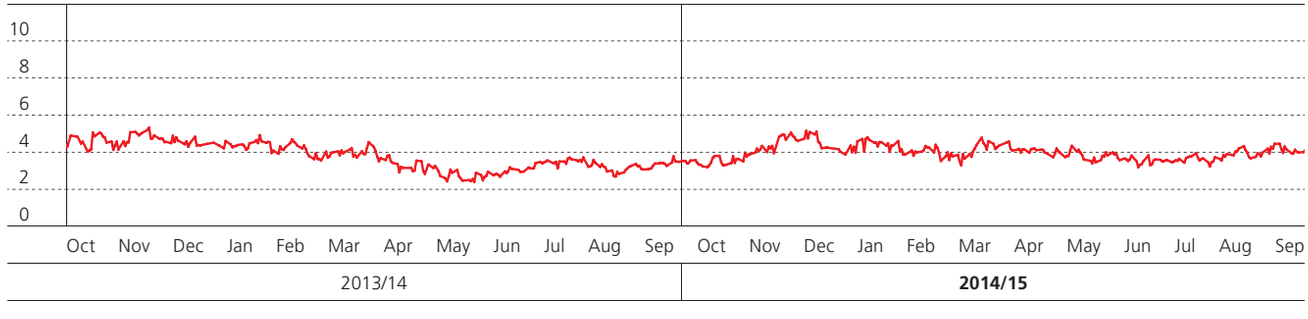
EEX electricity base front year (Euro/MWh) EEX natural gas NCG front year (Euro/MWh) EEX EUA front year (Euro/tonne CO_2)

Development in wholesale market prices for oil and coal (US$)



ICE Brent front month (US$/barrel) EEX API2 coal front year (US$/metric tonne)

Development in clean dark spread for 2016 (Euro)



Clean dark spread for 2016 (Euro/MWh)

The price of **BASE LOAD ELECTRICITY** for supply in the following year fell as a result of the substantial losses on the coal market. Notwithstanding the slight increase in emission right prices, the front year price decreased by Euro 3.46/MWh in the year under report and on average amounted to Euro 32.35/MWh. The discussions surrounding the climate contribution for coal power plants and the decommissioning of lignite power plants involve a long-term planning term. They therefore only supported the prices of contracts reaching further into the future.

The downward trend seen in **COAL PRICES** on the European coal market since 2011 continued in the year under report – and that despite the closure of several coal mines. Compared with the previous year, average front year prices per tonne for hard coal in the ARA region (Amsterdam, Rotterdam, Antwerp) fell by US$ 20.18 to US$ 60.66. The price weakness continued to be driven by surplus coal capacity and a decline in global coal demand. Not only that, the currencies of numerous export countries (e.g. Russia and Columbia) fell against the US dollar, a factor that led to increased exports.

EMISSION RIGHT prices per tonne of CO_2 for supply in the following year averaged Euro 7.28 in the 2014/15 financial year, thus rising by Euro 1.74 compared with the previous year's period. As the rights market continued to be characterised by surplus capacity, it was once again mainly political decisions that led to this increase in the year under report. Key price drivers were the discussion and adoption of the market stability reserve, which permits both the removal and reintroduction of rights to the market as a floating reserve. From 2020 onwards, this should lead to a shortage of rights on the market and to prices stabilising at a higher level.

The **CLEAN DARK SPREAD**, i.e. the margin from generating electricity from hard coal, fell slightly and continued to be listed at a very low level. Accounting for variable cost components, it is currently not possible to operate hard coal power plants in Germany on a profitable basis.

Market positions of the MVV Energie Group

The **GENERATION OF ELECTRICITY FROM RENEWABLE ENERGIES AND COMBINED HEAT AND POWER (CHP) GENERATION** is playing an increasingly major role in the context of the energy turnaround. In Germany, the MVV Energie Group generated 22 % of its total electricity from renewable energies and 26 % using the efficient CHP process. Together, renewable energies and CHP thus accounted for a 48 % share of our generation. By comparison, the preliminary national average of 43 % for 2014 was significantly lower.

We offer **DIRECT MARKETING OF ELECTRICITY FROM RENEWABLE ENERGIES** within the market premium model. At the end of the year under report, the sales department at MVV Energie AG had generation plants based on renewable energy sources with a capacity of 3 400 MW under contract. We are the market leader in the direct marketing of photovoltaics systems and market capacity in excess of 1 300 MW.

Our Group is also one of the German market leaders when it comes to **GENERATING ENERGY FROM BIOMASS**. Our subsidiaries MVV Umwelt GmbH and MVV Enamic GmbH operate a total of 17 biomass and biogas plants, at which we generated 343 million kWh of electricity and 244 million kWh of heating energy in the year under report. Furthermore, at the end of the 2014/15 financial year we had three biomethane plants in Germany which generated 144 million kWh of biomethane and fed this into the public natural gas grid.

Our group is one of Germany's largest **DISTRICT HEATING PROVIDERS**, with district heating turnover of 6.3 billion kWh in the year under report.

We are also one of Germany's largest operators of **ENERGY FROM WASTE AND BIOMASS PLANTS**. A total of 1.8 million tonnes of waste and refuse-derived fuels (RDF) was delivered for incineration at our German locations in the year under report.

Our MVV Energie CZ a.s. subgroup operates at 13 locations in the **CZECH HEATING ENERGY MARKET**. In the 2014/15 financial year, our Czech subsidiaries turned over around 715 million kWh of district heating.

Impact of Weather Conditions

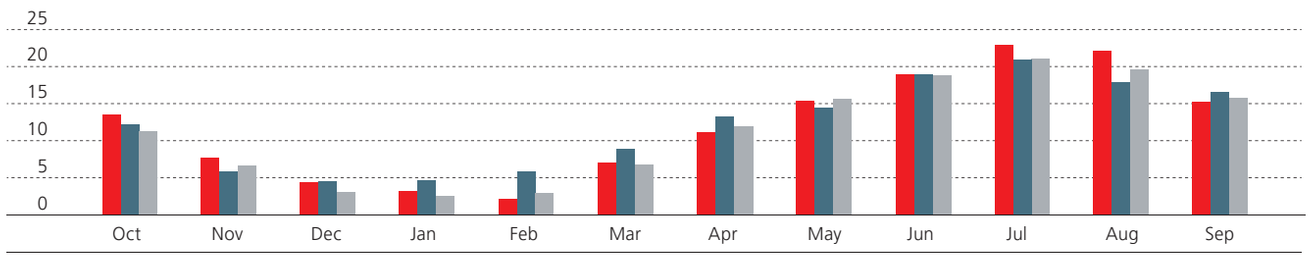
Weather conditions, particularly in the winter months, are a very significant factor for the MVV Energie Group's business performance. We use degree day figures as an indicator of our customers' temperature-based heating energy consumption. Low outdoor temperatures lead to high degree day figures, with these in turn being accompanied by higher heating energy requirements. A definition of degree day figures can be found in the ▶ *Glossary on Page 191*.

In the summer months, high temperatures and low volumes of precipitation benefit our water turnover. However, this factor is of subordinate significance for our group earnings.

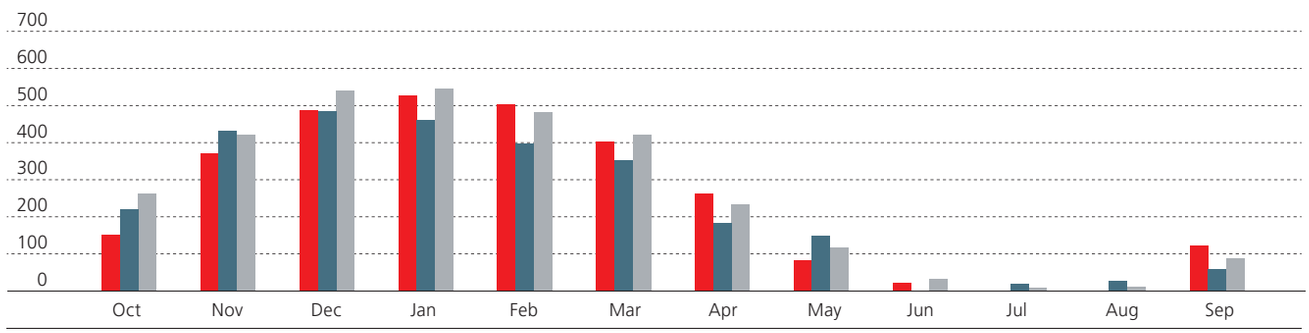
The first three months of the year under report (September to December 2014) were characterised by mild temperatures that were above average for the time of year. Overall, with a cumulative total of 16 245 the degree day figures for our group of companies in the 2014/15 financial year were 5.5% higher than the low comparative figure of 15 396 for the previous year. This was because in the previous year – unlike in the year under report – the entire heating period was characterised by exceptionally mild weather conditions.

The charts below show the monthly degree day figures, based on average daily outdoor temperatures, for our Mannheim location.

Average daily outdoor temperature in °Celsius



Degree day figures



BUSINESS PERFORMANCE

Comparison of Actual and Forecast Business Performance

	FORECAST 2014/15	RESULTS IN 2014/15	OUTLOOK FOR 2015/16
Electricity turnover	Further expansion in nationwide sales activities and direct marketing; opposing items due to increasing competition and growing impact of energy efficiency measures	10 % decline in electricity turnover due in particular to lower electricity trading volumes in the Trading and Portfolio Management reporting segment; positive development in direct marketing of electricity from renewable energies	Stable electricity trading volumes; increasing competition and growing impact of energy efficiency measure; initial positive impact of realignment of our sales units →
Heating energy turnover	Dependent on weather conditions; positive impact of expansion in district heating grids at all locations and from new customer business	11 % increase in heating energy turnover due above all to addition of process steam decoupled at Trea Leuna plant; slightly positive impact of weather conditions	Dependent on weather conditions; positive impact of expansion in district heating grids at all locations and from new customer business →
Gas turnover	Dependent on weather conditions; expansion in gas sales activities; opposing items due to increasing competition and growing impact of energy efficiency measures; active management of gas portfolio, taking due account of changing market liquidity and ongoing low market prices	5 % decline in gas turnover due to lower gas trading volumes in the Trading and Portfolio Management reporting segment; slightly positive impact of weather conditions	Dependent on weather conditions; negative factors due to increasing competition and growing impact of energy efficiency measures; active management of gas portfolio, taking due account of changing market liquidity ↘
Water turnover	Dependent on weather conditions and household appliance efficiency enhancements; overall downward trend in water turnover	Water turnover 2 % down on previous year	Dependent on weather conditions and household appliance efficiency enhancements; overall downward trend in water turnover ↘
Expansion in renewable energies and combined heat and power generation (CHP)	Implementation of growth projects leads to further increase from 2014/15 financial year: • under construction: energy from waste plant in Plymouth, biomass power plant at Ridham Dock, Stassfurt biomethane plant Further expansion in renewable energies	Renewable energies and combined heat and power generation account for 48 % share of electricity generation in Germany; Operations launched at energy from waste plant in Plymouth, biomass power plant at Ridham Dock and Stassfurt biomethane plant Renewable energies project development boosted by Juwi investment and Windwärts takeover	Expansion in renewable energies and CHP-based district heating ↗

	FORECAST 2014/15	RESULTS IN 2014/15	OUTLOOK FOR 2015/16
Sales performance	Forecast adjusted after 1st half of 2014/15: sales around 10 % down on previous year (Euro 3.7 billion)	At Euro 3.4 billion, sales around 8 % down on previous year (Euro 3.7 billion)	Increase to more than Euro 4.0 billion ↗
Adjusted EBIT	Forecast adjusted after 1st half of 2014/15: adjusted EBIT at around previous year's level (Euro 170 million)	Adjusted EBIT of Euro 175 million	Increase by around 15 % depending on weather conditions and renewable energies project development business ↗
Adjusted earnings per share	Forecast increase after adjusted 1st half of 2014/15 analogous to adjusted EBIT	At Euro 1.14, adjusted earnings per share 12 % down on previous year	Increase ↗
Cash flow from operating activities	Stable development in working capital	Reduction from Euro 407 million to Euro 254 million	Stable →
Adjusted equity ratio	High share of debt-financed projects in growth programme continues to impact on equity ratio: target ratio > 30 %	Adjusted equity ratio of 33.8 % (previous year: 35.7 %)	High share of debt-financed projects in growth programme continues to impact on equity ratio: target ratio > 30 % →
Net financial debt	Higher level expected due to primarily debt-financed investments	Increase in net financial debt to Euro 1.3 billion (previous year: Euro 1.1 billion)	Higher level expected due to primarily debt-financed investments ↗
ROCE	No improvement on 2013/14 financial year	Slight reduction in ROCE to 6.6 % (previous year: 6.7 %)	Improvement ↗
Investments	Total planned investments of around Euro 500 million for 2014/15 financial year	Total investments of Euro 470 million	Total planned investments of around Euro 300 million ↘
Employees	Reduction in personnel totals due to ongoing implementation of group programmes through to 2020 Opposing items: rising staff totals in growth fields	Increase in personnel totals to 5 308 employees at 30 September 2015 (previous year: 5 166)	Significant increase in personnel totals due to Juwi AG; rising staff totals in growth fields Further implementation of group programmes through to 2020 ↗

Non-Financial Performance Indicators

The performance capacity of the MVV Energie Group is not only reflected in its key financials, but is also characterised by other factors. In this chapter, we report on our non-financial performance indicators – factors that do not serve in managing the MVV Energie Group but nevertheless play a major role in the company's development. These include the development in personnel totals, electricity generation capacity from renewable energies, electricity generation volumes, heating energy and steam generation and CO_2 emissions. To enhance the comprehensibility and clarity of the combined management report, we have now presented the information previously reported here on our sustainability strategy and our key sustainability factors in the separate chapter ▶*Sustainability from Page 40 onwards*.

Slight growth in workforce

As of 30 September 2015, the MVV Energie Group had a total of 5 308 employees, and thus 142 more than at the previous year's balance sheet date. The development in our personnel totals was affected by opposing factors. On the one hand, our workforce grew due to our takeover of Windwärts Energie GmbH in the 1st quarter of 2014/15 and due to the fact that we boosted the operations team at our British subsidiaries throughout the year. Not only that, via subsidiaries Energieversorgung Offenbach AG took over MDW Muldendienst West GmbH and MobiHeat GmbH. These factors were opposed by reductions in personnel, particularly at MVV Energie AG, Energieversorgung Offenbach AG and Stadtwerke Kiel AG.

Personnel figures (head count) of the MVV Energie Group at the balance sheet date

	30 Sep 2015	30 Sep 2014	+/– change
MVV Energie AG	1 400	1 411	– 11
Fully consolidated shareholdings	3 908	3 755	+ 153
MVV Energie Group[1, 2]	**5 308**	**5 166**	**+ 142**
of which Germany[1]	4 676	4 561	+ 115
of which abroad	632	605	+ 27

1 previous year's figures adjusted
2 including 359 trainees (previous year: 355)

In Germany, we had a total of 4 676 employees as of 30 September 2015, 115 more than one year earlier. Abroad, the MVV Energie Group employed 632 individuals in total at the balance sheet date (previous year: 605). Of these, 555 worked at our Czech subgroup and 64 at our British subsidiaries. Via a subsidiary of Windwärts Energie GmbH, we have 13 employees in France. Information about our personnel strategy can be found in the chapter ▶ *Employees on Page 51*.

The increase in personnel and collectively agreed pay rises led adjusted employee benefit expenses to rise year-on-year by Euro 26 million to Euro 352 million in the year under report.

Electricity generation from renewables down on previous year

The **ELECTRICITY GENERATION CAPACITY** (installed capacity) of our plants from renewable energies and waste/refuse-derived fuels (RDF) has not changed compared with the previous year and amounted to 345 MW as of 30 September 2015.

Installed capacity for renewable energies and biogenic share of waste/RDF at the MVV Energie Group in Germany

in MW_e	**2014/15**	2013/14	% change
Biomass plants	48	48	0
of which biomass power plants	45	45	0
of which biomass CHP plants	3	3	0
Biogas plants	3	3	0
Subtotal for biomass	**51**	**51**	**0**
Biogenic share of waste/RDF	117	117	0
Wind power	174	174	0
Hydroelectricity	2	2	0
Photovoltaics	1	1	0
Total[1]	**345**	**345**	**0**

1 correction in previous year

At 828 million kWh, our **ELECTRICITY GENERATION VOLUMES FROM RENEWABLE ENERGIES** (including the biogenic share of waste and refuse-derived fuels) in Germany were 44 million kWh (– 5 %) lower in the 2014/15 financial year than in the previous year.

Electricity generation volumes from renewable energies and biogenic share of waste/RDF at the MVV Energie Group in Germany

kWh million	**2014/15**	2013/14	% change
Biomass plants[1]	318	319	0
of which biomass power plants[1]	311	313	– 1
of which biomass CHP plants	7	6	0
Biogas plants[1]	25	18	+ 39
Subtotal for biomass	**343**	**337**	**+ 2**
Biogenic share of waste/RDF	161	238	– 32
Wind power	318	292	+ 9
Hydroelectricity	5	4	+ 25
Photovoltaics	1	1	0
Total	**828**	**872**	**– 5**

1 correction in previous year

The electricity generation volumes at our wind turbines reached 318 million kWh in the year under report. This year-on-year increase by 26 million kWh was due to the grid connection of ten wind turbines on Hungerberg in the 2nd quarter of 2013/14. In the year under report, these generated electricity for the first full-year period. As of 30 September 2015, our group of companies had onshore wind turbines with a total installed capacity of around 174 MW_e.

At 318 million kWh, electricity generation volumes at our biomass power plants were at around the previous year's level. Our biogas plants generated 7 million kWh more electricity than in the previous year. This increase was driven above all by more efficient capacity utilisation at our existing plants. This factor was supplemented by electricity volumes from our new biomethane plant in Stassfurt. As well as biomethane, this plant also produces electricity by means of a combined heat and power (CHP) generation unit.

Electricity generation volumes from the incineration of waste and refuse-derived fuels (biogenic share) deceased year-on-year by 77 million kWh to 161 million kWh. This downturn was chiefly due to a change at our non-recyclable waste incineration and energy generation plant in Leuna (Trea Leuna). Alongside electricity, since mid-2014 this plant has also generated process steam, which it provides to the chemicals park operator InfraLeuna for supply to location customers. The coupling out of process steam is accompanied by a reduction in electricity generation volumes.

Total electricity generation volumes at previous year's level

At 3 834 million kWh, the **ELECTRICITY GENERATION VOLUME OF THE MVV ENERGIE GROUP** in Germany hardly changed compared with the previous year.

Electricity generated at the MVV Energie Group in Germany

kWh million	2014/15	2013/14	% change
Electricity from renewable energies, including biomass CHP and biogenic share of waste	828	872	– 5
Electricity from CHP	984	1 070	– 8
Other electricity generation	2 022	1 908	+ 6
Total	**3 834**	**3 850**	**0**

The **ELECTRICITY VOLUME GENERATED USING COMBINED HEAT AND POWER (CHP)** fell year-on-year by 86 million kWh to 984 million kWh. This reduction was due in particular to lower CHP electricity generation at the Kiel subgroup.

OTHER ELECTRICITY GENERATION relates in particular to the electricity volumes generated in condensation turbines driven by hard coal at the large power plant in Mannheim (Grosskraftwerk Mannheim – GKM) and the joint power plant in Kiel (Gemeinschaftskraftwerk Kiel – GKK), which we have included in line with our respective shareholdings. The year-on-year increase in other electricity generation volumes was due in particular to the launch of operations at Block 9 at the GKM plant.

Heating energy and steam generation up on previous year

The **HEATING ENERGY AND STEAM GENERATION CAPACITY** (net bottleneck capacity) of our plants in Germany rose by 199 MW_t to 3 106 MW_t in the year under report.

Heating energy and steam generation capacity at the MVV Energie Group in Germany

MW_t	2014/15	2013/14	% change
Biomass plants	113	113	0
of which biomass power plants	—	—	—
of which biomass CHP plants	113	113	0
Biogas plants	3	3	0
Subtotal for biomass	**116**	**116**	0
Biogenic share of waste/RDF	562	557	+ 1
Heating energy generated from renewable energies	**678**	**673**	+ 1
Other plants/joint power plants	2 428	2 234	+ 9
Total	**3 106**	**2 907**	**+ 7**

Year-on-year, our **HEATING ENERGY AND STEAM GENERATION VOLUME** rose by 531 million kWh to 5 663 million kWh. Alongside the further expansion in district heating based on combined heat and power generation, this increase was due above all to the coupling out of process steam at the Trea Leuna plant.

Heating energy and steam generated at the MVV Energie Group in Germany

kWh million	2014/15	2013/14	% change
Biomass plants	240	254	– 5
of which biomass power plants	—	—	—
of which biomass CHP plants	240	254	– 5
Biogas plants	4	5	– 20
Subtotal for biomass	**244**	**259**	**– 6**
Biogenic share of waste/RDF	1 707	1 023	+ 67
Heating energy generated from renewable energies	**1 951**	**1 282**	**+ 52**
Other plants/joint power plants	3 712	3 850	– 4
Total	**5 663**	**5 132**	**+ 10**

Further expansion in biomethane generation

The MVV Energie Group had three biomethane plants in total at the end of the 2014/15 financial year. Operations at our biomethane plants in Kroppenstedt and Stassfurt were launched in the 2nd quarter of 2013/14 and in May 2015 respectively. As a result, biomethane generation volumes rose year-on-year from 103 million kWh to 144 million kWh.

Biomethane generated at the MVV Energie Group in Germany

kWh million	**2014/15**	2013/14	% change
Biomethane plants	144	103	+40

Protecting fossil resources

As key pillars of a modern, resource-efficient approach to energy generation, alongside fossil fuels the MVV Energie Group is also focusing in particular on using waste and biomass for energy generation purposes.

Fuels used at power plants at the MVV Energie Group in Germany

	2014/15	2013/14	% change
Biomass (tonnes 000s)	489	539	–9
Biogenic share of waste/RDF (tonnes 000s)	1527	1459	+5
Natural gas (kWh million)	804	1139	–29
Heating oil extra light (HEL)[1] (kWh million)	38	17	>+100
Hard coal[1] (tonnes 000s)	1315	1220	+8

1 correction in previous year

Direct CO_2 emissions

In the year under report, our generation plants in Germany emitted a total of 3.70 million tonnes of CO_2 (previous year: 3.59 million tonnes). Our ETS plants (power and heating energy plants subject to emission trading requirements), mainly the large power plant in Mannheim (Grosskraftwerk Mannheim – GKM) and the joint power plant in Kiel (Gemeinschaftskraftwerk Kiel – GKK), accounted for a share of 88 % (previous year: 88 %) and thus played a key role in determining overall emissions.

Direct CO_2 emissions (Scope 1) at the MVV Energie Group in Germany

tonnes	**2014/15**	2013/14	% change
CO_2 at ETS plants	3270094	3163720	+3
of which CO_2 at power plants in Kiel (GKK) and Mannheim (GKM)	2830081	2672125	+6
CO_2 at other generation plants	430695	427658	+1
Total	**3700789**	**3591378**	**+3**

Emission right expenses rose year-on-year by Euro 9 million to Euro 38 million. These were countered by income of Euro 34 million from emission rights (previous year: Euro 30 million).

CO_2 emissions avoided

With climate-neutral electricity generation at our renewable energies plants, we are making an effective contribution towards protecting the climate.

In the table below we present the CO_2 emissions avoided due to our renewable energies plants, broken down by different power plant types:

CO_2 emissions avoided at renewable energies plants at the MVV Energie Group in Germany

CO_2 equivalents (tonnes)	**2014/15**	2013/14	% change
Biomass plants	249393	252364	–1
Biogas plants	8860	7218	+23
Subtotal for biomass	**258253**	**259582**	**–1**
Biogenic share of waste/RDF	130115	192986	–33
Wind power	246552	228301	+8
Hydroelectricity	3801	3299	+15
Photovoltaics	657	824	–20
Total CO_2 avoidance due to renewable energies	**639378**	**684992**	**–7**

In the year under report, our renewable energies plants in Germany enabled us to avoid around 640 000 tonnes of CO_2 equivalents. Our biomass power plants and wind turbines, which each accounted for a 39 % share, made the largest contributions in this respect. Alongside lower electricity generation volumes from the incineration of waste and refuse-derived fuels (biogenic share), the year-on-year reduction was also due to the annual adjustment in specific savings parameters by the Federal Environment Agency, which we use as the basis for calculating CO_2 savings ("Emissions Balance of Renewable Energy Sources – Calculation of Emissions Avoided in 2012", status: December 2013, for the 2013/14 financial year; "Emissions Balance of Renewable Energy Sources – Calculation of Emissions Avoided in 2013", status: December 2014, for the 2014/15 financial year).

Development in Turnover

We comment on the development in our turnover by reference to individual products and allocate the electricity, heating energy, gas and water volumes to reporting segments in line with their respective value chain stage.

Electricity turnover

Electricity turnover of the MVV Energie Group from 1 October to 30 September

kWh million	2014/15	2013/14	% change
Generation and Infrastructure	351	142	>+100
Trading and Portfolio Management[1]	10342	12154	–15
Sales and Services	9891	10678	–7
Strategic Investments[1]	239	233	+3
Total	**20823**	**23307**	**–11**

1 previous year's figures adjusted

Overall, our electricity turnover fell year-on-year by 11 % in the 2014/15 financial year.

In our Generation and Infrastructure reporting segment, we present the share of electricity generated by our wind turbines that is marketed to third parties (external turnover), as well as the electricity generated at MVV Umwelt GmbH. Since the 2014/15 financial year, the electricity supplied by the non-recyclable waste incineration and energy generation plant in Leuna (Trea Leuna) to the chemicals park operator InfraLeuna has no longer been allocated to the sales department at MVV Energie AG, but rather directly to MVV Umwelt GmbH. As a result, electricity turnover in the Generation and Infrastructure reporting segment more than doubled compared with the previous year.

The fall in volumes in the Trading and Portfolio Management reporting segment was due to the shift within electricity trading from the long-term to the short-term market. This was accompanied by a reduction in volumes traded. This structural market factor led to a 15 % downturn in electricity turnover.

Year-on-year, electricity turnover in the Sales and Services reporting segment fell by 7 %. This reduction was due in particular to lower electricity turnover with industrial and commercial customers/secondary distributors, as well as with private and business customers. The downturn in our private and business customer business was attributable above all to the sale of our Secura Energie subsidiary in the 4th quarter of the previous year.

Electricity turnover in the Strategic Investments reporting segment showed slight year-on-year growth.

Heating energy turnover

Heating energy turnover of the MVV Energie Group from 1 October to 30 September

kWh million	2014/15	2013/14	% change
Generation and Infrastructure	1188	496	>+100
Trading and Portfolio Management	—	—	—
Sales and Services[1]	5065	5021	+1
Strategic Investments[2]	742	775	–4
Total	**6995**	**6292**	**+11**

1 correction in previous year
2 previous year's figures adjusted

Year-on-year, our heating energy turnover grew by 11 %. This increase was due above all to the fact that, as already reported, alongside electricity the Trea Leuna plant has been coupling out process steam as well since mid-2014. These supplies of process steam to InfraLeuna are reported as heating energy turnover in the Generation and Infrastructure reporting segment. As a result, heating energy turnover in this segment more than doubled compared with the previous year.

Cooler overall weather conditions compared with the previous year resulted in slightly higher district heating turnover in the Sales and Services reporting segment, albeit at a low level given the temperatures involved.

The main reason for the 4 % reduction in heating energy turnover in the Strategic Investments reporting segment was the decline in heating energy turnover in the Czech Republic.

Gas turnover

Gas turnover of the MVV Energie Group from 1 October to 30 September

kWh million	2014/15	2013/14	% change
Generation and Infrastructure	144	103	+40
Trading and Portfolio Management[1]	14637	15883	–8
Sales and Services	6563	6393	+3
Strategic Investments[1]	147	138	+7
Total	**21491**	**22517**	**–5**

1 previous year's figures adjusted

Gas turnover in the year under report was 5 % lower than in the previous year.

Due in particular to weather conditions, gas turnover in the Sales and Services reporting segment rose by 3 %. This factor was opposed by the aforementioned sale of Secura Energie in the previous year.

The 8 % reduction in gas turnover in the Trading and Portfolio Management reporting segment was essentially due to the increase in liquidity on gas trading markets, a development that has led to a decrease in gas trading volumes.

The Generation and Infrastructure reporting segment includes the gas turnover at our three biomethane plants in Saxony-Anhalt. The substantial increase of 40 % here is due to the fact that our new biomethane plants in Kroppenstedt and Stassfurt have only been feeding biomethane into the public natural gas grid since the 2nd quarter of the previous year and since May 2015 respectively.

Due above all to weather conditions, gas turnover in the Strategic Investments reporting segment grew by 7 % in the year under report.

Water turnover

Water turnover of the MVV Energie Group from 1 October to 30 September

m^3 million	**2014/15**	2013/14	% change
Generation and Infrastructure	—	—	—
Trading and Portfolio Management	—	—	—
Sales and Services[1]	45.4	46.3	– 2
Strategic Investments	0.9	0.9	–
Total	**46.3**	**47.2**	**– 2**

1 correction in previous year

Year-on-year, water turnover decreased by 0.9 million m^3 to 46.3 million m^3.

Combustible waste delivered at the MVV Energie Group

Combustible waste delivered at the MVV Energie Group from 1 October to 30 September

tonnes 000s	**2014/15**	2013/14	% change
Generation and Infrastructure	1 696	1 587	+ 7
Trading and Portfolio Management	—	—	—
Sales and Services[1]	226	230	– 2
Strategic Investments	119	123	– 3
Total	**2 041**	**1 940**	**+ 5**

1 correction in previous year

The volume of waste and timber delivered in the year under report was 5 % higher than in the previous year. This increase was largely due to the fact that we already received initial waste and timber deliveries during the trial operation phase at our new generation plants in the UK – the energy from waste plant in Plymouth and the biomass power plant at Ridham Dock. Both plants launched operations in the late summer of 2015.

Earnings Performance

The International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRS IC) have amended and newly adopted some standards and interpretations requiring mandatory application for the first time in the 2014/15 financial year. Among others, MVV Energie AG has implemented the IFRS 10 and IFRS 11 standards for the first time since 1 October 2014. This has resulted in a change in the consolidation method at the companies in our Stadtwerke Ingolstadt subgroup. These are no longer consolidated proportionately, but have rather been included in the consolidated financial statements using the equity method. This amendment requires retrospective application, as a result of which we have adjusted the previous year's figures. Further information about the amendments can be found in the ▶ *Notes to Consolidated Financial Statements from Page 117 onwards*.

In the 1st quarter of 2014/15, the MVV Energie Group acquired a 50.1 % stake in Juwi AG by way of a capital increase. We increased our shareholding to 63.1 % in the 4th quarter. The Juwi subgroup has been consolidated in the 2014/15 annual financial statements as a joint venture using the equity method.

Sales performance

The **SALES** of the MVV Energie Group excluding energy taxes fell year-on-year by Euro 295 million to Euro 3 422 million in the year under report. This corresponds to a reduction of 8 %. Of consolidated sales for the 2014/15 financial year, 97 % were generated in Germany and 3 % in the international business.

Alongside the sales performance of our reporting segments, in the following table we also present the sales generated with our core products of electricity, heating energy, gas and water.

Sales of the MVV Energie Group excluding energy taxes[1] from 1 October to 30 September

Euro million	**2014/15**	2013/14	% change
Generation and Infrastructure	454	403	+ 13
Trading and Portfolio Management	733	928	– 21
Sales and Services	2 133	2 278	– 6
Strategic Investments	99	104	– 5
Other Activities	3	4	– 25
Total	**3 422**	**3 717**	**– 8**
of which electricity sales	1 919	2 191	– 12
of which heating energy sales	393	378	+ 4
of which gas sales	698	748	– 7
of which water sales	98	100	– 2

1 previous year's figures adjusted

Sales in the **GENERATION AND INFRASTRUCTURE** reporting segment rose year-on-year by Euro 51 million to Euro 454 million (+ 13 %). This sales growth was chiefly driven by the expansion in our proprietary generation from renewable energies and by renewable energies project development business.

The reduction in electricity and gas trading volumes compared with the previous year led sales in the **TRADING AND PORTFOLIO MANAGEMENT** reporting segment to decrease by Euro 195 million (– 21 %) to Euro 733 million in the 2014/15 financial year.

At Euro 2 133 million, sales in the **SALES AND SERVICES** reporting segment were Euro 145 million (– 6 %) lower in the 2014/15 financial year than in the previous year. The main reason for this reduction involved lower electricity turnover with industrial and commercial customers/secondary distributors. We also reported lower electricity and gas sales volumes in our private and business customer business. This was due in part to the sale of our Secura Energie subsidiary in the 4th quarter of 2013/14.

At Euro 99 million, sales in the **STRATEGIC INVESTMENTS** reporting segment fell slightly short of the previous year's figure.

Development in further key items in the income statement

The change in **COST OF MATERIALS**, which fell year-on-year by 11 % to Euro 2 677 million in the year under report, was largely consistent with the development in sales.

Due above all to the growth in the workforce, **ADJUSTED EMPLOYEE BENEFIT EXPENSES** rose year-on-year by Euro 26 million to Euro 352 million. Further information about this can be found on ▶ *Page 80*.

At Euro 90 million, **OTHER OPERATING INCOME** excluding IAS 39 measurement items was Euro 6 million higher than in the previous year.

Excluding IAS 39 measurement items, **OTHER OPERATING EXPENSES** fell year-on-year by Euro 13 million to Euro 173 million in the 2014/15 financial year.

In the income statement, IAS 39 measurement items are included under other operating income and other operating expenses. Their net balance resulted in a negative item of Euro 7 million in the 2014/15 financial year, thus contrasting with a positive measurement item of Euro 23 million in the previous year. IAS 39 items reflect the development in market prices on the commodities and energy markets. IAS 39 measurement has no impact on payments, neither does it affect our operating business or the dividend.

At Euro 161 million in the year under report, **DEPRECIATION** hardly changed compared with the previous year.

Reconciliation with adjusted EBIT

In 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 positive and negative earnings items resulting from fair value measurement of financial derivatives as of the reporting date pursuant to IAS 39. These amounted to a net total of Euro – 7 Mio million as of 30 September 2015 and of Euro 23 million as of 30 September 2014. Furthermore, we eliminate the item for the structural adjustment in connection with part-time retirement, amounting to Euro – 3 million in the year under report and to Euro – 2 million in the previous year. We add interest income from finance leases, which is reported below EBIT in the income statement, to our adjusted EBIT figure. 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 2014/15 financial year with the more meaningful adjusted EBIT figure.

Reconciliation of EBIT (income statement) with adjusted EBIT from 1 October to 30 September

Euro million	**2014/15**	2013/14	+/– change
EBIT as reported in income statement[1]	162	187	– 25
Financial derivatives measurement item[1]	+ 7	– 23	+ 30
Structural adjustment for part-time early retirement	+ 3	+ 2	+ 1
Interest income from finance leases[1]	+ 3	+ 4	– 1
Adjusted EBIT	**175**	**170**	**+ 5**

1 previous year's figures adjusted

Earnings performance

ADJUSTED EBIT rose year-on-year by Euro 5 million (+ 3 %) to Euro 175 million in the 2014/15 financial year.

Adjusted EBIT of the MVV Energie Group by reporting segment from 1 October to 30 September

Euro million	2014/15	2013/14	+/– change
Generation and Infrastructure	133	124	+ 9
Trading and Portfolio Management	– 29	– 22	– 7
Sales and Services	42	31	+ 11
Strategic Investments[1]	21	28	– 7
Other Activities	8	9	– 1
Total	**175**	**170**	**+ 5**

1 previous year's figures adjusted

The 7 % increase in adjusted EBIT in the **GENERATION AND INFRASTRUCTURE** reporting segment was due above all to our grid business. Furthermore, the Group managed to assert receivables against subcontractors in connection with delays in one of our major investment projects.

At Euro – 29 million, adjusted EBIT in the **TRADING AND PORTFOLIO MANAGEMENT** reporting segment were Euro 7 million lower than in the previous year.

The increase in adjusted EBIT in the **SALES AND SERVICES** reporting segment to Euro 42 million was attributable on the one hand to IFRS measurement items resulting from the updating in earnings at a shareholding recognised at equity. On the other hand, segment earnings also benefited from cooler overall weather conditions compared with the previous year.

The main reason for the 25 % decrease in earnings in the **STRATEGIC INVESTMENTS** reporting segment to Euro 21 million was the lower volume of district heating turnover at our Czech subgroup.

The **ADJUSTED FINANCIAL RESULT** presents the net balance of financing income and financing expenses. At Euro – 43 million, this item hardly changed in the year under report compared with the previous year.

Net of the adjusted financial result, **ADJUSTED EBT** for the 2014/15 financial year amounted to Euro 132 million, as against Euro 127 million in the previous year. The tax rate based on adjusted EBT for the 2014/15 financial year amounted to 29.8 % (previous year: 26.7 %).

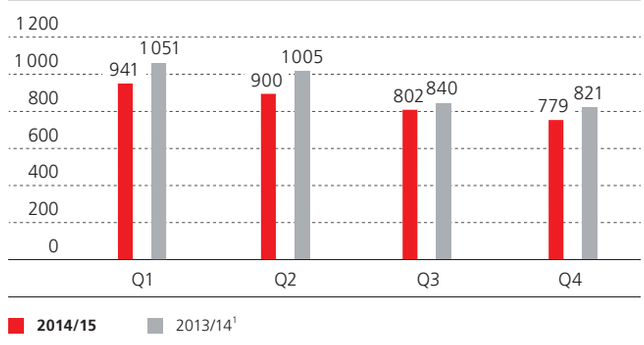
Adjusted taxes on income came to Euro 40 million in the year under report (previous year: Euro 34 million). Net of these taxes, **ADJUSTED ANNUAL NET INCOME** for the 2014/15 financial year amounted to Euro 92 million (previous year: Euro 93 million).

The MVV Energie Group reported **ADJUSTED ANNUAL NET INCOME AFTER MINORITY INTERESTS** of Euro 75 million for the 2014/15 financial year (previous year: Euro 86 million). Calculated on this basis, **ADJUSTED EARNINGS PER SHARE** amounted to Euro 1.14 (previous year: Euro 1.30). The number of shares was unchanged at 65.9 million. An overview of the adjusted key earnings figures can be found under ▶ *Key Figures in this Annual Report*.

Quarterly sales and earnings performance

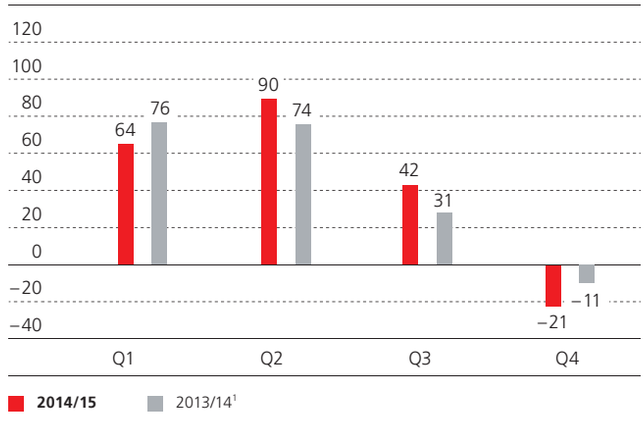
In the following charts, we show the quarterly performance in the sales excluding energy taxes and adjusted EBIT of the MVV Energie Group. As a general rule, our consolidated sales and our consolidated operating earnings for the 4th quarter are lower than in the preceding quarters. This is due to the lack of sales contributions from the heating energy business. Not only that, we prefer to perform maintenance and inspection work at our plants in the 4th quarter.

Sales of the MVV Energie Group excluding energy taxes by quarter in Euro million



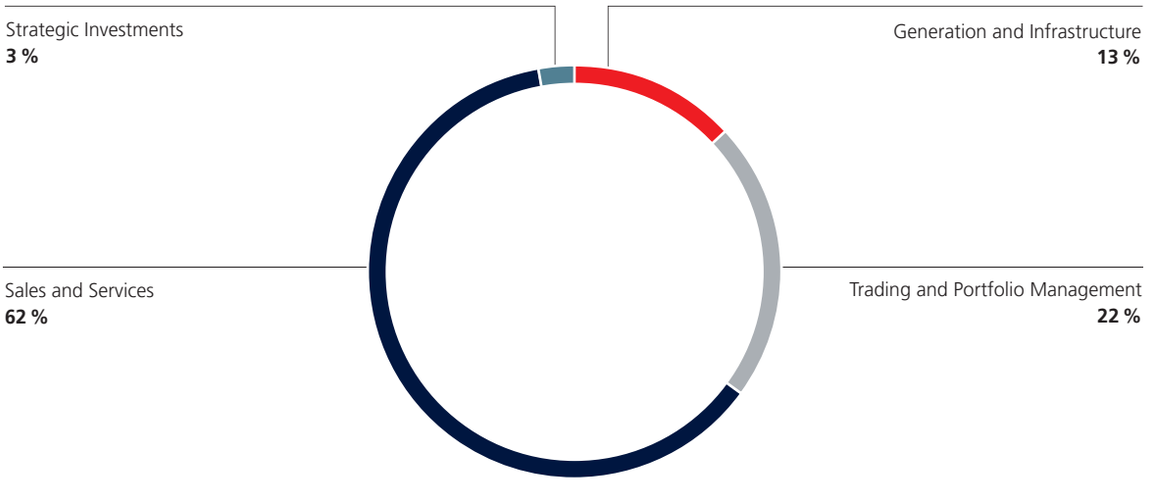
1 previous year's figures adjusted

Adjusted EBIT of the MVV Energie Group by quarter in Euro million

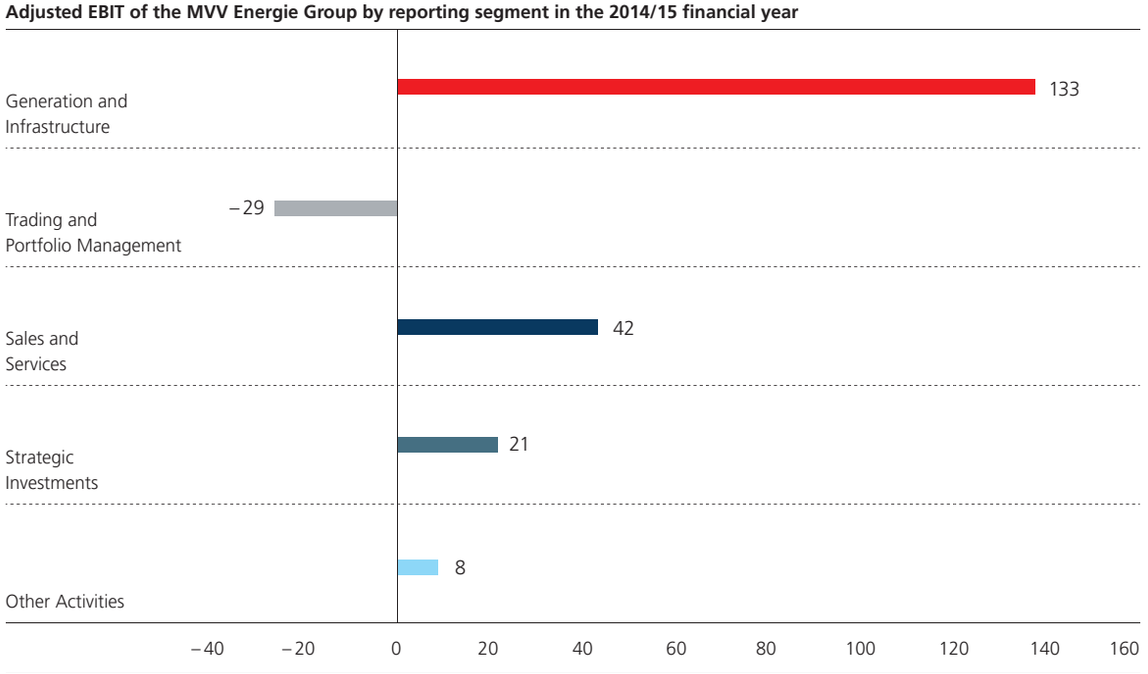


1 previous year's figures adjusted

Sales of the MVV Energie Group excluding energy taxes by reporting segment in the 2014/15 financial year

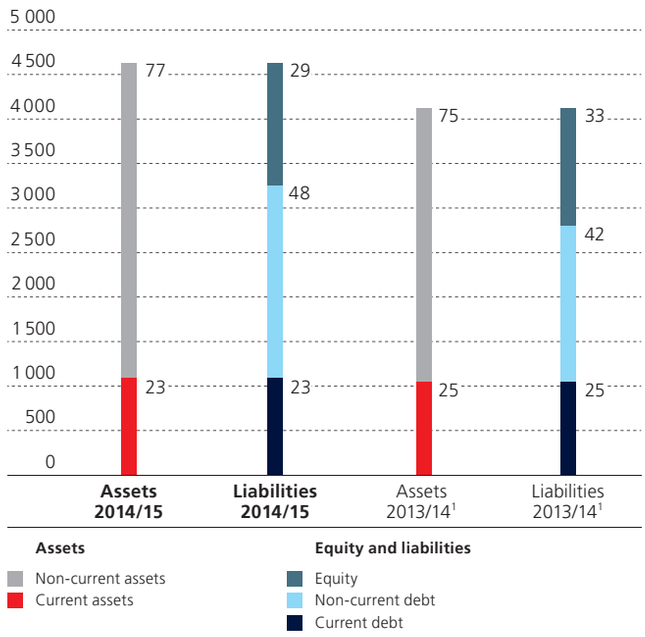


Adjusted EBIT of the MVV Energie Group by reporting segment in the 2014/15 financial year



Net Asset Position

Balance sheet structure of the MVV Energie Group in Euro million, % shares



1 previous year's figures adjusted

Balance sheet development

The International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRIS IC) have amended some existing and introduced some new standards and interpretations. Detailed information about the amended standards can be found in the ▶ *Notes to Consolidated Financial Statements from Page 117 onwards*.

At Euro 4 584 million, the **TOTAL ASSETS** of the MVV Energie Group as of 30 September 2015 were Euro 513 million higher than at the previous year's balance sheet date.

NON-CURRENT ASSETS rose to Euro 3 513 million, up Euro 457 million compared with the previous year's balance sheet date. Property, plant and equipment rose by Euro 27 million to Euro 2 531 million, equivalent to a share of around 55 % of total assets. Driven in particular by the acquisition of a 63.1 % stake in Juwi AG, interests in companies recognised at equity grew by Euro 159 million to Euro 347 million. The expansion in trading activities and resultant rise in the fair values of energy trading transactions recognised under IAS 39 led non-current other receivables and assets to increase by Euro 251 million to Euro 326 million.

CURRENT ASSETS rose to Euro 1 071 million, up Euro 56 million compared with 30 September 2014, and thus accounted for around 23 % of total assets.

Trade receivables were slightly lower at the balance sheet date than in the previous year. Current other receivables and assets increased to Euro 314 million, up Euro 125 million compared with 30 September 2014. This development was chiefly due to the higher fair values of energy trading transactions recognised under IAS 39. Receivables from security deposits to reduce counterparty risk amounted to Euro 54 million as of 30 September 2015, as against Euro 55 million as of 30 September 2014. Cash and cash equivalents fell by Euro 108 million to Euro 263 million. This reduction was chiefly due to the acquisition of the 63.1 % shareholding in Juwi AG and the takeover of assets in Windwärts Energie GmbH. Not only that, a purchase option for the non-recyclable waste incineration and energy generation plant in Leuna (Trea Leuna) was also exercised.

The **EQUITY** of the MVV Energie Group including non-controlling interests hardly changed compared with the previous year's balance sheet date and amounted to Euro 1 314 million as of 30 September 2015.

For Group management purposes, we adjust our consolidated balance sheet to eliminate cumulative IAS 39 measurement items. On the asset side, we eliminate the positive fair values of derivatives and allocable deferred taxes. As of 30 September 2015, these amounted to Euro 511 million (30 September 2014: Euro 156 million). On the equity and liabilities side, we eliminate negative fair values and allocable deferred taxes from liabilities. As of 30 September 2015, these amounted to Euro 572 million (30 September 2014: Euro 216 million). Under equity, we then eliminate the resultant net balance, which totalled Euro – 61 million as of 30 September 2015 (30 September 2014: Euro – 60 million). Calculated on this adjusted basis, adjusted equity amounted to Euro 1 376 million as of 30 September 2015 (30 September 2014: Euro 1 396 million). As a percentage of the adjusted total assets of Euro 4 073 million (30 September 2014: Euro 3 915 million), the adjusted equity ratio amounted to 33.8 % as of 30 September 2015, as against 35.7 % as of 30 September 2014.

NON-CURRENT DEBT rose to Euro 2 211 million, up Euro 501 million compared with 30 September 2014. Driven above all by the taking up of a foreign currency loan for the further financing of investments at a UK subsidiary and the taking up of promissory note loans, non-current financial debt grew by Euro 228 million. The increase in non-current other liabilities by Euro 285 million was chiefly due to the expansion in trading activities and resultant increase in the fair values of energy trading transactions recognised under IAS 39.

Compared with the previous year's balance sheet date, **CURRENT DEBT** rose by Euro 34 million to Euro 1 059 million. Given the expansion in trading activities and associated rise in the fair values of energy trading transactions recognised under IAS 39, current other liabilities increased by Euro 89 million. As of 30 September 2015, this item included security deposits (margins) of Euro 2 million to reduce counterparty risk, as against Euro 1 million as of 30 September 2014. Current financial debt, by contrast, decreased by Euro 58 million.

Investments

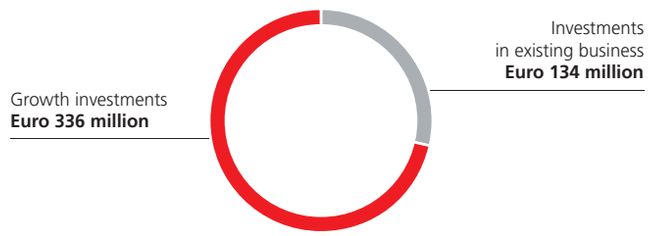
The MVV Energie Group invested a total of Euro 470 million in the 2014/15 financial year (previous year: Euro 310 million). Of total investments, a sum of Euro 336 million (71 %) was channelled into growth investments, while Euro 134 million (29 %) was invested in our existing business, i.e. to modernise our plants and grids

Our largest investment projects in the 2014/15 financial year included:

- The construction of the energy from waste plant in Plymouth and the biomass power plant at Ridham Dock, both in the UK
- The acquisition of a 63.1 % stake in Juwi AG
- The takeover of assets in Windwärts Energie GmbH
- The construction of our biomethane plant in Stassfurt
- The takeover of 74.9 % of the shares in MobiHeat GmbH and acquisition of MDW Muldendienst West GmbH by subsidiaries of Energieversorung Offenbach AG
- Measures to expand and increase the density of our district heating grids.

The shares newly acquired in companies are listed in the ▶ *Notes to Consolidated Financial Statements from Page 117 onwards*.

Investments of the MVV Energie Group in the 2014/15 financial year



Total: Euro 470 million

Investments of the MVV Energie Group

Euro million	2014/15	2013/14	% change
Generation and Infrastructure	417	270	+54
Trading and Portfolio Management	12	9	+33
Sales and Services	22	14	+57
Strategic Investments	5	4	+25
Other Activities	14	13	+8
Total	**470**	**310**	**+52**
of which growth investments	336	207	+62
of which investments in existing business	134	103	+30

Definition of investments in ▶ *Glossary on Page 192*

Financial Position

Cash flow statement

Due to the taking up of a foreign currency loan for the further financing of investments at a UK subsidiary and the taking up of promissory note loans, current and non-current financial debt rose to Euro 1 603 million, up Euro 170 million compared with 30 September 2014. Net financial debt (current and non-current financial debt less cash and cash equivalents) increased by Euro 278 million compared with the previous year's balance sheet date to Euro 1 341 million as of 30 September 2015.

The **CASH FLOW BEFORE WORKING CAPITAL AND TAXES** grew to Euro 375 million in the year under report, up Euro 27 million compared with the 2013/14 financial year. This increase was mainly driven by annual earnings before taxes on income, which exceeded the previous year's figure after the elimination of other non-cash income and expenses. Here, the elimination of IAS 39 items and non-cash at-equity movements had a substantial impact, being factored in at significantly lower values in the year under report than in the previous year.

The **CASH FLOW FROM OPERATING ACTIVITIES** fell by Euro 153 million to Euro 254 million in the year under report, with this reduction being due to year-on-year changes in working capital. Our intense working capital management had a more marked impact on the cash flow from operating activities in the 2013/14 financial year than in the year under report, in which the high level already achieved was maintained.

Due above all to the outgoing payments for the investment in Juwi AG and the takeover of assets in Windwärts Energie GmbH, the **CASH FLOW FROM INVESTING ACTIVITIES** decreased year-on-year by Euro 149 million to Euro 404 million in the 2014/15 financial year.

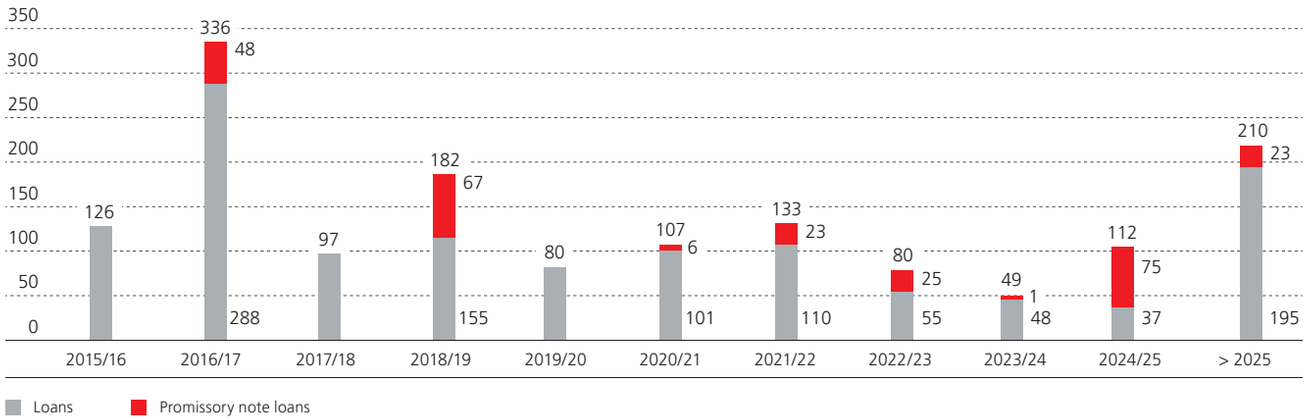
The **CASH FLOW FROM FINANCING ACTIVITIES** increased year-on-year by Euro 248 million from Euro – 201 million to Euro 47 million, a development chiefly driven by higher net new borrowing.

The MVV Energie Group reported cash and cash equivalents of Euro 263 million at 30 September 2015 (previous year: Euro 371 million).

Professional financial management

Given its good access to the capital markets, the MVV Energie Group has no difficulty in covering its liquidity requirements. In this, our Group benefits from its strong creditworthiness, its diversified business portfolio and its corporate strategy focused on profitable growth. In view of our strong liquidity resources, in the year under report we concluded and drew down only a small number of new financing agreements. Acting early to secure upcoming refinancing measures and benefit from low interest rates and margins, we have taken up promissory note loans with a volume of Euro 100 million. Our future repayment profile does not show any significant peaks and our investment financing has been secured with favourable interest terms and on a long-term basis. Furthermore, MVV Energie AG and the other companies within our Group also have bilateral credit lines.

Repayment profile of the MVV Energie Group in Euro million



The parent company MVV Energie AG manages a cash pool for itself and 30 other companies within our Group. In this capacity, it procures and safeguards both its own liquidity and the financial funds of the companies included in the cash pool. The capital required for investments is made available via shareholder loans. On account of the new generation plants in the UK, the euro/sterling exchange rate is an increasingly significant factor for our group earnings. Information about this can also be found in the ▶ *Opportunity and Risk Report on Page 97.*

Rating

Based on the information we receive in the regular rating talks held with our core banks, we understand that the MVV Energie Group continues to be stably classified at investment grade level. The MVV Energie Group is not rated by any external rating agency.

Executive Board Summary of 2014/15 Business Performance and Economic Position

As expected, the 2014/15 financial year at the MVV Energie Group was once again influenced by the difficult energy industry framework – and in particular by the further reduction in wholesale market electricity prices and persistently low generation margins. The Executive Board of MVV Energie can nevertheless look back on a year that, given the further progress made, was successful. After all, our group of companies reached major milestones on its way towards the energy system of the future and also stepped out in new directions. Particularly worth mentioning in this respect are the launch of operations at our new generation plants, the partnership with Juwi AG, the takeover of Windwärts Energie GmbH and the foundation of the joint venture Beegy GmbH.

Overall, the Executive Board is satisfied with the company's business performance in the year under report. With earnings of Euro 175 million, we slightly exceeded our updated earnings target. At the beginning of the year under report, we had still forecast full-year operating earnings (adjusted EBIT) of between Euro 180 million and Euro 195 million for the 2014/15 financial year. To account for the unusually mild weather conditions in the 1st quarter of 2014/15 (October to December 2014), in our financial reporting we already announced that achieving this target had become more ambitious. When delays also arose in the launch of operations at both our generation plants in the UK, we adjusted our forecast after the end of the 1st half of 2014/15. For the 2014/15 financial year as a whole, we thus intended to generate earnings at around the same level as in the previous year, for which we reported adjusted EBIT of Euro 170 million.

We met our sales forecast, which we also updated after the end of the 1st half of 2014/15. At Euro 3.4 billion, sales (excluding energy taxes) were 8 % down on the previous year's level. This gives no cause to draw conclusions about MVV Energie's competitive position, as the reasons for the reduction in sales mainly relate to structural market factors in the trading business.

Earnings before taxes (adjusted EBT) came to Euro 132 million, corresponding to an increase of 4 %. At Euro 75 million, adjusted net income after minority interests was Euro 11 million down on the previous year. This results in adjusted earnings per share of Euro 1.14, compared with Euro 1.30 in the previous year.

With an adjusted equity ratio of 33.8 % and a solid financing structure, we will be able to maintain a high pace of investment in future as well.

Notes to Annual Financial Statements of MVV Energie AG (HGB)

As the publicly listed parent company of the MVV Energie Group, MVV Energie AG prepares its annual financial statements in accordance with the requirements of the German Commercial Code (HGB) and the supplementary requirements of the German Stock Corporation Act (AktG) and the German Energy Industry Act (EnWG). In the consolidated financial statements of MVV Energie AG, which are prepared in line with International Financial Reporting Standards (IFRS) in the form requiring application in the European Union, income and expenses at consolidated subsidiaries are – unlike in the HGB separate financial statements – included in individual income and expense items in the consolidated income statement. Further differences between the separate financial statements of MVV Energie AG and the consolidated financial statements relate in particular to differences between the requirements of commercial law and those of IFRS international accounting standards in terms of the recognition and measurement of individual items.

The annual financial statements of MVV Energie AG, the consolidated financial statements of the MVV Energie Group and the combined management report for the 2014/15 financial year are published in the Federal Gazette. The complete 2014/15 annual financial statements of MVV Energie AG can be downloaded from our website at **www.mvv-investor.de**.

Earnings performance of MVV Energie AG

Income statement of MVV Energie AG from 1 October 2014 to 30 September 2015		
Euro 000s	**2014/15**	2013/14
Sales	1929419	2040990
less electricity and natural gas taxes	–123873	–123444
Sales after electricity and natural gas taxes	**1805546**	**1917546**
Increase or reduction in finished products and work in progress	–1410	1386
Other own work capitalised	7208	5801
Other operating income	166928	161224
Cost of materials	1687983	1802966
Employee benefit expenses	113457	109747
Depreciation and amortisation	23254	23703
Other operating expenses	99349	91774
Financial result	52958	30835
Result from ordinary business operations	**107187**	**88602**
Taxes	27267	9690
Annual net income	**79920**	**78912**
Profit carried forward from previous year	20140	40000
Allocation to other revenue reserves	39960	39456
Unappropriated net profit	**60100**	**79456**

Sales at MVV Energie AG decreased to Euro 1 806 million in the 2014/15 financial year (previous year: Euro 1 918 million). These sales were generated exclusively in Germany. This reduction was due above all to lower electricity and gas trading volumes, as well as to a decline in electricity turnover. With a 74 % share of total sales, the electricity business was the largest division in terms of sales at MVV Energie AG. Consistent with the development in sales, cost of materials fell year-on-year by 6 % to Euro 1 688 million.

Year-on-year, employee benefit expenses rose by Euro 3.7 million to Euro 113.5 million. This increase was mainly due to collectively agreed pay rises. As an annual average, the workforce of MVV Energie AG fell year-on-year by 39 employees to 1 387 employees in the 2014/15 financial year. As of 30 September 2015, MVV Energie AG had 1 400 employees, 11 fewer than at 30 September 2014.

Depreciation and amortisation hardly changed compared with the previous year. MVV Energie AG did not recognise any impairment losses on non-current assets in the year under report or in the previous year.

The increase in other operating expenses by Euro 7.6 million to Euro 99.4 million is mainly to be viewed in connection with the higher provisions.

The financial result grew year-on-year by Euro 22.1 million to Euro 53.0 million. Within this item, the reduction in expenses for the assumption of losses (Euro – 12.3 million), lower interest and similar expenses (Euro – 3.4 million) and higher income from profit and loss transfer agreements (Euro + 9.3 million) and from loans of financial assets (Euro + 6.1 million) were opposed by a reduction in income from shareholdings (Euro – 6.2 million) and other interest and similar income (Euro – 2.8 million).

The **RESULT FROM ORDINARY BUSINESS OPERATIONS** increased year-on-year by Euro 18.6 million to Euro 107.2 million.

Net of taxes, MVV Energie AG generated **ANNUAL NET INCOME** of Euro 80 million in the year under report (previous year: Euro 79 million). Based on the profit utilisation resolution adopted by the Annual General Meeting on 13 March 2015, we distributed Euro 59.3 million to shareholders and carried forward the unappropriated net profit of Euro 20.1 million for 2014/15. Consistent with § 58 (2) of the German Stock Corporation Act (AktG), an amount of Euro 40.0 million was allocated from the annual net income for the year under report to other revenue reserves.

MVV Energie AG reported **UNAPPROPRIATED NET PROFIT** of Euro 60.1 million in the 2014/15 financial year.

The Annual General Meeting will be held on 4 March 2016. This will decide on the dividend proposal adopted by the Executive and Supervisory Boards on 3 December 2015. The dividend for the 2013/14 financial year amounted to Euro 0.90 per share.

Net asset and financial position of MVV Energie AG

The balance sheet presentation has not changed compared with the previous year. Total assets grew year-on-year by Euro 164 million to Euro 2 358 million. The asset side of the balance sheet is largely shaped by financial assets. As of 30 September 2015, these amounted to Euro 1 562 million (previous year: Euro 1 360 million), equivalent to a 66 % share of total assets (previous year: 62 %). The growth in financial assets is attributable above all to the shareholding in Juwi AG.

Property, plant and equipment hardly changed compared with the previous year.

Chiefly due to the reduction in cash and cash equivalents, current assets decreased to Euro 441 million, down Euro 39 million compared with the previous year's balance sheet date.

Balance sheet of MVV Energie AG at 30 September 2015

Euro 000s	**30 Sep 2015**	30 Sep 2014
Assets		
Non-current assets		
Intangible assets	767	3 496
Property, plant and equipment	352 756	349 418
Financial assets	1 562 387	1 360 006
	1 915 910	**1 712 920**
Current assets		
Inventories	20 245	14 589
Receivables and other assets	288 643	281 887
Cash and cash equivalents	132 355	183 749
	441 243	**480 225**
Deferred expenses and accrued income	577	1 106
	2 357 730	**2 194 251**
Equity and liabilities		
Equity		
Share capital	168 721	168 721
Capital reserve	458 946	458 946
Revenue reserves	330 923	290 962
Unappropriated net profit	60 100	79 456
	1 018 690	**998 085**
Income grants received	41 670	38 816
Provisions	109 375	82 897
Liabilities	1 187 885	1 073 851
Deferred income and accrued expenses	110	602
	2 357 730	**2 194 251**

Equity grew by Euro 21 million to Euro 1 019 million. The increase in provisions by Euro 27 million to Euro 109 million was due above all to higher tax provisions and to services not yet invoiced as of the balance sheet date. Liabilities rose by Euro 114 million to Euro 1 188 million. This was due in particular to higher liabilities to banks and to associates. Trade payables and other liabilities, by contrast, reduced. The equity ratio amounted to 43 % at the balance sheet date (previous year: 45 %) and thus reflects the solid equity resources available at MVV Energie AG.

MVV Energie AG performs a financing function for associates in the MVV Energie Group. In this capacity, MVV Energie AG secures the operating liquidity of numerous companies and supplies these with shareholder loans, thus providing the long-term capital necessary for investments. Among others, these companies include: MVV Umwelt UK GmbH, MVV Umwelt Asset GmbH, MVV Windenergie Deutschland GmbH and MVV Enamic IGS Gersthofen GmbH. An adequate volume of committed credit lines is available to secure liquidity.

Activity statements for 2014/15

With its 2014/15 activity statements, MVV Energie AG has met its reporting obligations pursuant to § 6b of the German Electricity and Gas Supply Act (German Energy Industry Act – EnWG). Consistent with § 6b of this act, in our internal financial reporting we maintain separate accounts for the activities of electricity and gas distribution, for other activities within the electricity and gas sectors and for other activities outside the electricity and gas sectors. Furthermore, we also prepare balance sheets and income statements for our electricity and gas distribution activities. MVV Energie AG has supplemented the presentation of its activity statements as of 30 September 2015 compared with the previous year. Previously, in the electricity and gas distribution sections the activity statements only showed those lessor activities directly associated with direct use of the ownership rights. Alongside these activities, however, technical services and commercial support services also perform services for Netrion GmbH, the grid operator. These activities were previously mostly reported under other activities. In the activity statements for the year under report, the presentation has been extended in such a way as to make a distinction between services for the grid division and services for other divisions. In the interests of comparability, we have presented the corresponding previous year's figures in adjusted form.

Electricity distribution

The electricity distribution activity field reported sales of Euro 27.2 million in the year under report (previous year: Euro 26.1 million). Measured in terms of total electricity sales of Euro 1.3 billion (previous year: Euro 1.5 billion), sales in the electricity distribution activity field are of subordinate significance. Alongside income from the leasing of its electricity grids to Netrion GmbH, earnings in the electricity distribution activity field also include income from concession duties and income from technical services. Netrion manages and operates the distribution facilities and grids at MVV Energie AG and is responsible for their maintenance. Other operating income resulting from the charging on of the concession duty to Netrion GmbH through to 30 September 2015 was opposed by corresponding other operating expenses. Electricity distribution generated annual net income of Euro 6.0 million in the year under report (previous year: Euro – 0.1 million). This increase was chiefly due to lower expenses for the assumption of losses.

Total assets in the electricity distribution activity field amounted to Euro 114 million at the balance sheet date on 30 September 2015 (previous year: Euro 112 million), thus accounting for 38 % of total assets in the electricity sector at MVV Energie AG (previous year: 32 %). At Euro 107 million, property, plant and equipment in electricity distribution hardly changed compared with the previous year's balance sheet date and thus accounted for a 94 % share of total assets in this activity field (previous year: 95 %). On the equity and liabilities side, electricity distribution liabilities decreased from Euro 39 million to Euro 30 million.

Gas distribution

With sales of Euro 13.5 million (previous year: Euro 12.6 million), the gas distribution activity field is of subordinate significance when compared with the total gas sector sales of Euro 236 million (previous year: Euro 249 million). By analogy with the electricity sector, alongside income from the leasing of its grids to Netrion GmbH earnings in the gas distribution activity field at MVV Energie AG also include income from concession duties and income from technical services. Other operating income from charging on the concession duty to Netrion GmbH through to 30 September 2015 was countered by corresponding other operating expenses. The gas distribution activity field generated annual net income of Euro 6.8 million in the year under report (previous year: Euro 6.3 million).

Total assets in the gas distribution activity field came to Euro 89 million at the balance sheet date on 30 September 2015 (previous year: Euro 87 million). This corresponds to a share of around 70 % of the total assets of the gas sector at MVV Energie AG (previous year 64 %). At Euro 83 million, property, plant and equipment in gas distribution was at the same level as in the previous year and accounted for 93 % of total assets in this activity field (previous year: 95 %). On the equity and liabilities side, gas distribution liabilities decreased from Euro 16 million to Euro 14 million.

Corporate Governance Declaration (§ 289a HGB)

Publicly listed companies are obliged under § 289a of the German Commercial Code (HGB) to submit a Corporate Governance Declaration. In this, they report on their latest Declaration of Conformity with the German Corporate Governance Code pursuant to § 161 of the German Stock Corporation Act (AktG) and on corporate governance practices applied over and above legal requirements. Furthermore, they report on the mode of operation of the Executive and Supervisory Boards and on the composition and mode of operation of the Supervisory Board committees.

In its current Corporate Governance Declaration, MVV Energie AG has already voluntarily provided those disclosures that will be required on a mandatory basis in future by the "Law on Equal Participation of Men and Women in Private-Sector and Public-Sector Management Positions".

We published the Corporate Governance Declaration with the Declaration of Conformity on the internet at **www.mvv-investor.de** on 5 November 2015. This Declaration can also be found in the 2014/15 Annual Report in the ▶ *Corporate Governance Report on Pages 29 to 34.*

Declaration pursuant to § 312 AktG

The Executive Board has compiled a report on relationships with its associates for the 2014/15 financial year ("dependent company report") pursuant to § 312 of the German Stock Corporation Act (AktG). In this report, it declares that: "MVV Energie AG received commensurate compensation for each of the transactions listed in its report on its relationships with the City of Mannheim and associates based on the circumstances known to the Executive Board at the time at which the transactions were performed."

OPPORTUNITY AND RISK REPORT

Energy policy decisions and the massive changes in the energy industry framework have significantly influenced the course of business at companies operating in the energy industry in Germany in recent years. Consistent with this development, MVV Energie has also witnessed an increase in its business-related risks. Having said this, the transformation in the energy system also offers opportunities that we are consistently seizing. Against this backdrop, we attach great importance to professionally and actively managing risks and opportunities.

In this report, we first present our risk management system in detail and then show the development in the expected overall risk situation. We conclude by outlining the six categories into which we subdivide opportunities and risks. We report on a further key company management instrument – our internal control system in respect of the financial reporting process – from ▶ *Page 100 onwards*.

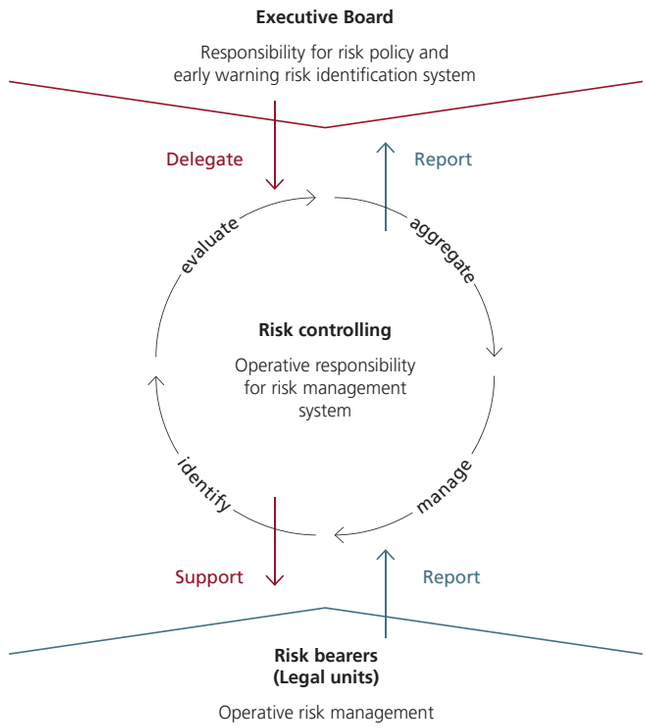
Explanation of risk management system

To avoid any material negative variances from our budgeted earnings and protect our companies against any potential risks to their continued existence, we adopt a deliberate approach to managing opportunities and risks. To this end, we make systematic use of our risk management system. We identify and evaluate opportunities and risks and aggregate these into an opportunity/risk profile, taking due account of the countermeasures taken (net analysis). Where appropriate, we take measures to minimise risks. This way, we monitor and manage developments within the financial year.

We basically record all risks relevant to our business. Even though we carefully assess opportunities and risks in our short and medium-term planning and account for these in our earnings forecast, unexpected developments and events may nevertheless lead adjusted EBIT to exceed or fall short of the budgeted value.

The Executive Board is responsible for determining the company's risk policy. It lays down the relevant processes and responsibilities, as well as the risk management limits. Our Risk Management Handbook is available to all employees on the intranet. Our group risk position is monitored by our central risk controlling function, where risks are continuously supervised. Our operative risk management is located within the business units. In our legal business units and business fields, responsibility lies with the managers liable for risks. These employees are also responsible for operating earnings at their respective business units. The managers liable for risks regularly review their current business situations and identify and evaluate material opportunities and risks. They assess the potential financial implications of opportunities and risks for budgeted adjusted EBIT and regularly report their assessments in standardised form to the central risk controlling function. Furthermore, the managers liable for risks are also responsible for implementing suitable measures to manage risks or exploit opportunities.

Risk management system at the MVV Energie Group



The central risk controlling function aggregates the opportunities and risks identified across the Group using probability calculation methods. The largest single risks are listed separately. We evaluate risks by combining the financial implications of the risks actually materialising with their probability of occurrence. On this basis, we aggregate risks in a total of six risk categories. To quantify the risk situation, we determine the potential impact on earnings of each risk category as a proportion of the Group's adjusted EBIT and then assign the risks to "low", "medium" or "high" risk classes.

The Group's opportunity/risk profile is presented to the Executive and Supervisory Boards in a quarterly risk report. In urgent cases, risks are reported immediately to the Executive Board, which then in turn informs the Supervisory Board.

The risk management system is regularly subject to internal reviews by the group internal audit function.

One key focus of our risk management involves reducing risks or passing them on to third parties. To this end, we develop suitable measures and monitor their implementation. Deliberately assuming risks may also form part of a successful risk strategy where such risks are manageable and offset by corresponding opportunities or other possibilities of compensation, for example, by way of diversification.

Executive Board summary

The business framework for companies in the energy industry has not changed materially compared with the previous year. Competitive pressure remains persistently high.

Major energy policy decisions are still outstanding. As a result, the industry remains subject to planning uncertainties. These relate in particular to investments in electricity generation plants, including those working with renewable energies. We expect energy companies to be confronted with further far-reaching changes and an unstable underlying framework. Not only that, energy markets remain volatile. Despite our well-balanced opportunity/risk profile, our future business activity therefore remains subject to risks.

From the perspective of the Executive Board of the MVV Energie Group, there were and are no indications that any risks, whether individually or as an aggregate total, could have endangered the continued existence of the overall company or of any material subgroup in the period under report or could do so in future.

Presentation of expected risk situation

We present material business-related risks for the MVV Energie Group in risk categories below. The "low", "medium" and "high" risk classes listed in the chart refer to the expected impact of the respective risk category in terms of the Group's planned adjusted EBIT (in %).

For the following risk categories, we continue to classify the expected risk situation as "medium":

- Price risks
- Volume risks
- Operating risks

We classify the risk situation as "low" for the other risk categories.

Price risks and opportunities

The price risks and opportunities category includes: price fluctuations in commodities on both procurement and sales markets, exchange rate movements and interest rate movements. We chiefly deploy financial instruments as a measure to limit interest rate, exchange rate and commodity risks. We report on these in detail in the ▶ *Notes to Consolidated Financial Statements from Page 157 onwards.*

Expected risk situation at the MVV Energie Group in the 2015/16 financial year

RISK CATEGORY	Price risks	Volume risks	Operating risks	Legislative risks	Financing risks	Strategic risks
	• Market prices: – Clean dark spread – Fluctuations in procurement prices – Waste and biomass prices • Exchange rates • Interest rates	• Fluctuations in turnover: – Weather conditions and wind volumes – Economic climate • Competition and efficiency • Procurement uncertainties for waste volumes and biomass	• Plant operation • Construction projects • Personnel • IT/model/ organisation/ security risks	• Regulation • Legal risks	• Receivables default • Refinancing • Liquidity • Countries	• Strategic decisions (incl. investments)
RISK CLASS (previus year's forecast for 2014/15)	medium (medium)	medium (medium)	medium (medium)	low (low)	low (low)	low (low)

Risk[1] in % of operating earnings (adjusted EBIT) at Group:
high >40 %
medium 10 % to ≤40 %
low 0 % to ≤10 %

1 budget variance in earnings: likely average maximum damages in the financial year in which the resultant charge on earnings may arise

FLUCTUATIONS IN THE CLEAN DARK SPREAD: The clean dark spread (CDS), i.e. the margin achieved from generating electricity from hard coal, is calculated as the difference between electricity revenues on wholesale markets and the generation costs incurred. Generation costs mainly comprise coal costs (including transport costs and currency translation differences) and CO_2 emission rights. We have a group-wide systematic approach in place to observe, evaluate and control the potential implications of price fluctuations for our generation portfolio management.

The CDS remained at a low level in the 2014/15 financial year. This had an adverse effect on adjusted EBIT, particularly in Trading and Portfolio Management, the reporting segment to which the marketing of our power plant capacities is allocated.

Opportunities may only arise once the generation margin has significantly improved.

FLUCTUATIONS IN MARKET PROCUREMENT PRICES: We procure the predominant share of the energy volumes required by our sales departments for customer supplies on the energy trading market and cover our needs up to three calendar years in advance. To this end, our energy trading subsidiary MVV Trading GmbH concludes the corresponding futures transactions in line with our applicable hedging regulations. This enables us to enhance earnings consistency in our Trading and Portfolio Management and Sales and Services reporting segments and to act early to reduce uncertainties for subsequent financial years. Our energy trading activities thus enable us to actively limit the volume of our risk position.

FLUCTUATIONS IN WASTE AND BIOMASS PRICES: We launched operations at our two new generation plants in the UK – the energy from waste plant with combined heat and power (CHP) generation in Plymouth and the biomass power plant with CHP capability at Ridham Dock – in the late summer of 2015. Since then, we have been monitoring and evaluating the risk of fluctuating waste prices in the British market as well. Furthermore, our increased biomethane generation capacity at our Stassfurt location has also sharpened our focus on the development in biomass prices across Europe.

CHANGES IN EXCHANGE RATES: Uncertainties arise here in connection with fuel procurement, our involvement in the Czech Republic, the new generation plants in the UK and the international renewable energies project development business. In previous years, opportunities and risks relating to changes in exchange rates were only of subordinate significance for us. In the year under report, they have come more closely into focus.

CHANGES IN INTEREST RATES: Our finance department continuously monitors interest rate risks and hedges these for new project financing and refinancing purposes. We are nevertheless exposed to risks resulting from a potential increase in interest rates, such as higher interest expenses or falling demand for renewable energies projects given that other forms of investment may become more attractive for investors if interest rates rise.

Volume risks and opportunities

Our operating earnings may be positively or negatively influenced by fluctuations in volumes on the generation, procurement and sales fronts.

VOLUME FLUCTUATIONS DUE TO WEATHER CONDITIONS AND WIND VOLUMES: Our business performance is closely linked to weather conditions, which affect district heating and gas turnover in the heating period (October to April). Wind volumes determine the electricity generation volumes at our wind turbines. Opportunities arise when the heating period is cooler than planned and/or when wind volumes exceed our expectations. Similar to the situation in the 2013/14 financial year, weather conditions in the heating period of the year under report were milder overall than anticipated in our planning. Wind volumes, and thus electricity production volumes at wind turbines, also fell short of our expectations. Both developments confirm our opportunity and risk assessment for the 2014/15 financial year – they are two of the substantial expected uncertainties to which the MVV Energie Group's earnings are exposed.

VOLUME FLUCTUATIONS DUE TO CHANGES IN ECONOMIC CONDITIONS: As a general rule, our Group is indirectly affected by macroeconomic developments. Should our major industrial and commercial customers scale back their production volumes due to economic circumstances, this may lead them to require less energy from us. Conversely, there are also opportunities for higher sales volumes should our customers step up their production due to economic developments.

VOLUME FLUCTUATIONS DUE TO COMPETITION OR EFFICIENCY MEASURES: Competitive pressure is rising year by year in the liberalised energy market. When customers opt to change provider, this leads to reductions in our sales volumes. Efficiency measures at customers, such as heat insulation, may also result in volume losses.

We seize the opportunities presented by the liberalised market by developing innovative, competitive products offering substantial customer benefits.

We do not expect any material risks in connection with the expiry of concession agreements, as we traditionally maintain strong, partnership-based relationships with the respective municipal owners.

PROCUREMENT OF WASTE VOLUMES AND BIOMASS: Commercial waste volumes may turn out higher or lower due to macroeconomic factors in the medium term and due to legal requirements in the longer term. We minimise potential volume risks for our plants by working with professional materials flow management. Even when capacity utilisation rates at our energy from waste plants are high, however, revenues may fall short of expectations, for example, when earnings are adversely affected by poor fuel quality. Having said this, lower waste calorific values do not automatically lead to losses of earnings. After all, larger volumes could then be incinerated. As waste prices are based on weight, this would lead to rising waste revenues.

The launch of operations at new generation and energy from waste plants in 2015 has increased the uncertainty surrounding the impact on earnings of volume fluctuations in the Generation and Infrastructure reporting segment. Moreover, following the launch of operations at the biomass power plant at Ridham Dock and the biomethane plant in Stassfurt, the uncertainty involved in biomass procurement has also increased. We reduce potential volume fluctuations with our materials flow management, our substrate and substitute procurement strategy and by managing reserve volumes.

Operating risks and opportunities

For MVV Energie, operating risks and opportunities chiefly arise in connection with the construction and operation of energy generation plants.

UNCERTAINTIES RESULTING FROM PLANT OPERATION: The main operating uncertainties for our Group result from the operation of energy generation plants in the Generation and Infrastructure reporting segment. Any unscheduled downtime at a plant would lead to a loss of production volumes. Furthermore, it may involve additional expenses, such as those incurred if the plant has to be repaired, if substitute supplies have to be procured for our customers, or contractual penalties paid. We reduce the risk of downtime at our plants by performing regular maintenance and monitoring measures. We nevertheless cannot exclude the possibility of downtime. We have therefore concluded insurance policies intended to limit the financial implications of any potential damages. Furthermore, we also monitor and evaluate potential clean-up projects on derelict land formerly occupied by plants from a risk and environmental protection perspective. Given that we launched operations at additional plants in the year under report, the potential impact of the "Uncertainties resulting from plant operation" risk item on budgeted adjusted EBIT has increased overall.

We can exploit opportunities when we succeed in optimising scheduled inspection times within our maintenance strategy, in using capacity at plants over and above the planned hours of use or in enhancing the efficiency of our plants. This way, we can achieve higher generation volumes and reduce our costs.

RISKS RESULTING FROM PROGRESS WITH CONSTRUCTION PROJECTS: One characteristic feature of energy-generating companies is the need to make high volumes of long-term investment. Large-scale generation plants require long planning and construction periods. Any delay in the completion of or launch of operations at our major projects or any cost overrun due to current developments may impact negatively on our budgeted adjusted EBIT. We therefore attach great value to ensuring that projects are robustly designed and budgeted in the planning stage. We involve the relevant specialist departments in our reviews. We limit delays during the construction stage and manage potential supplementary claims by working with suitable project management methods. Our new renewable energies project development business field faces risks in connection with missing or delayed building and operating permits and associated issues.

PERSONNEL DEVELOPMENTS: Well-qualified and highly motivated employees are the basis for our company's success. We work with numerous measures to enable us to find the right employees and to retain them in the long term. We are thus optimising our personnel development activities and offer employees various options to help them combine their family and work commitments. Further information about this can be found in the chapter ▶ *Employees from Page 53 onwards*. We also face risks in terms of personnel. Demographic change, for example, could lead to capacity risks and risks resulting from an ageing workforce at companies in the MVV Energie Group, with varying implications from location to location. We expect our employee acquisition and retention measures to be successful. This way, we increase our chances of attracting especially desirable specialists to our company. To ensure that we have suitable successors in place for key positions at an early stage, we offer our employees targeted further training.

Factors which could potentially result in pension obligation risks were already accounted for in pension surveys and have been factored into our budgets. Information about our pension obligations can be found in the ▶ *Notes to Consolidated Financial Statements (Provisions for pensions and similar obligations) on Pages 127, 128 and 167*.

IT, MODEL, ORGANISATION AND SECURITY RISKS: Virtually all of our business processes depend on secure data storage and interruption-free information technology. We minimise our IT risks with extensive technical and organisational measures. Among other steps, we perform permanent data reflections between production computers and geographically separate backup computers. We have redundant copies of all key hardware components. We also have a backup computer centre. We pay great attention to the security of our IT infrastructure and IT systems in order to detect and ward off any potential attacks at an early stage. From our perspective, there has been no change in the IT risks facing our Group. The same applies for model, organisation and security opportunities and risks.

Legislative risks

We pool risks relating to regulation and other legal topics under the heading of legislative risks.

REGULATORY RISKS: When authorities such as the Federal Network Agency (BNetzA) or cartel offices intervene in price structures, then regulation may result in risks for companies operating in the energy industry. In the past, this affected grid utilisation fees, for example, which were set by the BNetzA. Major energy policy decisions, such as the specific design of future subsidies for combined heat and power (CHP) generation plants, are still outstanding. The implications of these decisions may adversely affect our adjusted EBIT. We actively participate in the political opinion-forming process and thus counter this risk. Detailed information about this can be found in the ▶ *Business Report from Page 72 onwards.*

LEGAL RISKS: Legal risks may arise for MVV Energie in connection with court cases, product liability or onerous or unenforceable contracts. We limit such risks by having contracts suitably negotiated and drafted by our group legal department. Moreover, we also have a Compliance Management System in force across the Group that also serves to avoid infringements of the law. We report on this in our ▶ *Corporate Governance Report from Page 28 onwards.*

The business performance of MVV Energie is also exposed to risks resulting from legal pronouncements in respect of price adjustment clauses. For our company, this factor may result in uncertainties when it comes to designing future contracts.

Financing risks and opportunities

Financing risks primarily involve receivables default and refinancing and liquidity risks.

RECEIVABLES DEFAULT RISKS: Receivables defaults arise when customers or business partners do not settle our invoices, or only in part. All of our reporting segments are exposed to risks in this respect, which relate for example to our long-term supply relationships, such as contracting agreements. To limit these risks, we select our business partners with due commercial prudence. To avoid clusters of default risks, we are diversifying our portfolio. We perform detailed creditworthiness checks on our customers. Where necessary, we agree additional deposits of securities and guarantees.

REFINANCING AND LIQUIDITY RISKS: Refinancing and liquidity risk is taken as the risk of being unable to procure the necessary liquid funds, or only at increased cost. We benefit from our group-internal cash pooling, which enables us to reduce this risk and also to positively influence our interest result. We cover our long-term capital requirements with instruments including promissory note loans. Our greater activities in the renewable energies project development business field at Windwärts Energie GmbH and Juwi AG has increased the financing risks faced by MVV Energie. With regard to the envisaged construction of a gas-powered combined heat and power (CHP) plant in Kiel, the shareholders in Stadtwerke Kiel, namely MVV Energie and the state capital of Kiel, began compiling a financing concept in the year under report.

The low level of interest rates offers us opportunities in terms of our refinancing activities. Information about our repayment maturity profile can be found in the ▶ *Business Report on Page 90.*

COUNTRY RISKS: Country risks involve the potential inability or unwillingness of a state to meet its payment obligations and transfer risks. Given the international activities in our new renewable energies project development business field, the uncertainty relating to country risks will gain in significance. To date, however, we do not expect this factor to have any substantial impact on earnings.

Strategic risks and opportunities

The right strategic decisions form the basis for any company's sustainable success. We therefore closely review which markets, technologies, companies and projects we invest in, as well as the timing and scope of such investments. As is generally the case in the energy industry, our company channels large volumes of capital into long-term energy generation and distribution assets. To identify the potential offered by new markets and technologies, we deploy our strategic planning process – we take decisions based on in-depth market and competitive analyses with thorough viability calculations and taking account of associated opportunities and risks.

In close liaison with the Executive Board, our group strategy department continually monitors the Group's strategic alignment and adjusts this in line with any new circumstances.

One major strategic decision in the year under report was our agreement with the state capital of Kiel – as shareholders in Stadtwerke Kiel – to press ahead with the construction of a new gas-powered combined heat and power (CHP) plant as the follow-up solution for the large power plant in Kiel (Gemeinschaftskraftwerk Kiel – GKK), which is due to be decommissioned in the coming years. The basis for this agreement was provided by the increased prospects of improvements in the energy industry framework.

Within our MVV 2020 corporate strategy, we have implemented or reached binding decisions for investments totalling around Euro 2.5 billion since 2009. We review our investments in line with our internal guidelines and involve our specialist departments in this assessment. One key factor for our budgeted adjusted EBIT is that our

strategically important investments actually result in the expected earnings contributions. Despite careful inspection, any erroneous assessments in terms of planning processes, future profitability, the necessary financing framework and potential risks could result in downturns in our planned adjusted EBIT in future financial years. In our onshore wind turbine project development activities, for example, delays may arise in the sale of the projects in individual cases. In view of this, we monitor this business field particularly closely.

The transformation in the energy system in Germany means that our company continues to face a high level of planning uncertainty, for example as a result of outstanding political decisions, such as those relating to CHP subsidies or the introduction of smart meters.

Seizing opportunities

The far-reaching transformation in the energy supply system also offers us opportunities to generate profitable growth in the medium and long term. Our group companies have firm municipal and regional roots and our broad-based business portfolio is structured along the energy industry value chain. Given that we are consistently implementing our strategy, with its focus on sustainable growth, we are well positioned to benefit in economic terms from the opportunities arising. We have presented the strategy of the MVV Energie Group in the chapter ▶ *Corporate Strategy from Page 66 onwards*.

In our renewable energies business, we expect growth potential above all from project development activities in onshore wind power in Germany and photovoltaics abroad. In our renewable energies project development business field – also due to Windwärts Energie GmbH and Juwi AG – we have comprehensive expertise in project development and high competence in operations management. In the waste and biomass market, we see opportunities for our group of companies in the UK and France.

Via the joint venture Beegy GmbH, we are continually expanding our range of innovative solutions and our business model for decentralised energy management. We are further expanding district heating based on combined heat and power (CHP) generation, particularly at our locations in Mannheim and Offenbach, in order to exploit the associated growth opportunities. We have also reported on the opportunities available to our company in the ▶ *Outlook on Page 109*.

INTERNAL CONTROL SYSTEM(IKS)

Scope of the internal control system (IKS)

With its internal control system (IKS) in respect of the financial reporting process, the MVV Energie Group ensures that its financial reporting, including the preparation of its consolidated financial statements and the combined management report, is correct, reliable and uniform throughout the company pursuant to § 289 (5) and § 315 (2) No. 5 of the German Commercial Code (HGB). Our IKS system is an integral component of our accounting and financial reporting processes at all locations. It also serves to ensure that legal requirements and internal guidelines are complied with at the company.

All steps in the commercial processes that are important for the consolidated financial statements and the combined management report of the MVV Energie Group are transparently presented in the system. Our internal control system in respect of the financial reporting process covers financial reporting at the entire MVV Energie Group and includes principles, procedures, regulations and measures to ensure that business transactions are completely, accurately and promptly recorded in accordance with legal requirements. These include the principles of proper accounting, the requirements of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG), as well as the supplementary requirements of the Articles of Incorporation. As a publicly listed company, MVV Energie AG additionally complies with the requirements of the German Corporate Governance Code in its latest version. We provide information each year about our compliance with legal requirements in the chapter ▶ *Corporate Governance in our Compliance Management Report from Page 30 onwards*.

Members of the Executive Board, managing directors at our subsidiaries and select division and group division heads at the MVV Energie Group are internally required to submit a balance sheet oath on a quarterly basis.

Basic principles and organisation of IKS system

The consolidated financial statements of the MVV Energie Group are reviewed prior to adoption and publication by the Audit Committee and the Supervisory Board. The financial statements are centrally compiled by the Group's commercial division in Mannheim and are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the supplementary requirements of commercial law set out in § 315a (1) of the German Commercial Code (HGB). Key accounting matters are dealt with by the accounting and tax department at the Group, which is also available as a contact partner for subsidiaries.

The consolidated financial statements are prepared in a multi-stage process. The individual subsidiaries prepare their financial statements, which are audited by the respective auditor and sub-

sequently combined in the consolidated financial statements at MVV Energie AG. We have laid down our company's general consolidation processes in writing and monitor these when preparing the financial statements, a process in which we use SAP consolidation software. All companies included in our consolidated financial statements are subject to uniform accounting and reporting guidelines applicable for the Group's annual and interim financial statements. These guidelines on the one hand describe which accounting policies are applicable in accordance with IFRS and on the other hand present accounting requirements typical for our company, such as how our regulatory obligations have to be treated. Within our financial statement preparation process, we also collect information, both qualitative and quantitative, that is relevant to our accounting and the preparation of our financial statements. We regularly discuss this information with representatives of the relevant specialist departments in predetermined processes and also record it in our quality assurance process. This way, we ensure that all relevant data has been fully accounted for. We have subdivided our day-to-day accounting and the preparation of the annual financial statements into functional process steps and established automatic or manual checks for these. In terms of both its structures and its processes, our IKS system is governed by the following principles: the dual control principle, the consistent implementation of the separation of functions, and the supporting of guidelines, process instructions and approval processes with an internal information and communications systems.

Checks are performed across all hierarchical levels.

With our IKS system, we purse the objective of averting the risk of any material misstatements that could arise in our consolidated financial statements, combined management report and quarterly and half-year financial reports as a result of errors or fraud. To account for this, we have identified those risks which could counter the objective of publishing our consolidated financial statements in line with the respective norms by analysing all necessary processes and interfaces, training the employees involved and laying down the schedule in detail.

Uniform standards across all locations

The commercial division at MVV Energie AG is responsible for the internal control system (IKS) in respect of the financial reporting process and for preparing the separate financial statements of MVV Energie AG and the consolidated financial statements. Equivalent internal control systems with uniform standards are deployed across the MVV Energie Group. Our IKS system is precisely documented and comprehensible in all of its stages. The IKS managers at MVV Energie AG receive regular reports from the most important companies within the Group. These companies have their own IKS managers who monitor IKS documentation on company level in line with a standardised process. Compliance with this standardised approach at all locations is monitored by MVV Energie AG. We summarise the results in a report which serves as the basis for our IKS reporting.

We present process structures in the departments involved in preparing the financial statements of MVV Energie AG in a special software and publish this on our intranet. Regulations governing individual cases and describing the relevant processes in greater detail are deposited as additional information within the process description. The financial statements are prepared within a strict schedule which must be consistently complied with. We include all divisions required to supply data for the preparation of the various reports – whether the quarterly financial reports or the annual reports. We check whether the information has been supplied in good time within the respective deadlines and document the data. Both processes are standardised and comprehensible in all of their stages.

Our accounting activities are supported by an integrated Enterprise Resource Planning System (ERP) system. With the assistance of the validations set up in the ERP system, we check the validity of the data, thus facilitating system-based error avoidance from the outset. We have included a user authorisation concept in the ERP system that serves to exclude any unauthorised access to data and systems, or to system settings, entry and reporting functions.

Regular reporting

Our group controlling department continuously monitors compliance with the targets adopted by the Supervisory Board in the business plan. We document any variances to the budget and previous year's performance. The Executive Board is regularly provided with an extensive report presenting the business performance by reference to the comments received from individual business fields and subgroups. Based on the insights thereby gained, measures are then proposed. This is the basis on which the Executive Board manages the MVV Energie Group's business.

Supervision of IKS and risk management system

The Executive Board members and managing directors of consolidated subsidiaries are responsible for implementing, maintaining and supervising the internal control system (IKS) and the risk management system (RMS). They are supported in this by departments such as group internal audit, which regularly audits the IKS and RMS systems in place at the MVV Energie Group within its risk-based audit planning framework. This department identifies any weaknesses and also checks that improvements previously introduced have actually been implemented.

The appropriateness of the structure and functionality of the IKS and RMS systems is checked each year by the Supervisory Board and Audit Committee at MVV Energie AG and the supervisory boards of consolidated shareholdings as the superordinate bodies. These systems thus form a key component of the internal monitoring system within the MVV Energie Group.

COMPENSATION REPORT

In the Compensation Report, we set out the principles underlying our compensation system and provide information about the structure and level of compensation for members of the Executive and Supervisory Boards of MVV Energie AG. Furthermore, we also list those benefits foreseen for Executive Board members should they leave the company or retire.

The description of the basic principles of our compensation system and disclosures concerning the compensation of Executive and Supervisory Board members for the 2014/15 financial year take due account of the requirements of the German Commercial Code (HGB) and the recommendations made by the German Corporate Governance Code.

Change in composition of Executive Board

There was one change in the composition of the Executive Board in the period under report. Dr. Werner Dub retired from the Executive Board as of 31 December 2014. His position as Technical Director was assumed by Dr. Hansjörg Roll as of 1 January 2015.

Compensation structure

The members of the Executive Board of MVV Energie AG also act as managing directors of MVV RHE GmbH. The costs of the work performed in this function were charged on to MVV RHE GmbH. No separate compensation is paid.

The structure and level of Executive Board compensation is determined by the Supervisory Board of MVV Energie AG following preparation by the Personnel Committee and regularly reviewed. The compensation system is structured to reward the company's economic success and the sustainable, long-term development in its value. To account for this, the compensation paid to Executive Board members comprises both performance-related and non-performance-related components.

All Executive Board contracts include a provision ensuring that payments to Executive Board members in the event of premature termination of their Executive Board activities do not exceed the value of two years' compensation (severance pay cap) and compensate no more than the remaining term of the employment contract.

No transitional allowances are granted upon the premature termination or non-extension of the employment contract.

No further payments were either committed or made by third parties.

Non-performance-related compensation

The non-performance-related components consist of fixed compensation, fringe benefits and pension commitments.

Fixed compensation is paid in prorated monthly instalments in the form of a salary. Executive Board members receive additional fringe benefits that they tax individually in accordance with applicable requirements. These benefits mainly comprise contributions to insurance policies customary to the market and the non-cash benefit in kind resulting from company car use.

Executive Board members have been granted defined contribution pension commitments whose volume is based on the balances on virtual pension accounts at the time at which the benefits are claimed. The virtual pension accounts are credited with annual pension contributions. Annual interest is added to the pension accounts.

The pension commitment also includes a claim to benefits due to permanent inability to work and a claim to provision for surviving dependants.

Performance-related compensation

The one-year variable compensation paid to Executive Board members is determined by two components. To account for the operating performance of the MVV Energie Group, Executive Board members are granted an annual bonus. This is based on the adjusted EBIT of the MVV Energie Group. Furthermore, Executive Board members receive a sustainability bonus to compensate any increase in the company's profitability measured over a three-year period. This bonus is based on the average ROCE (Return on Capital Employed) before IAS 39 items of the MVV Energie Group for the past financial year and the two preceding financial years.

Suitable minimum thresholds and caps are in place for both components. Compared with the annual bonus, the sustainability bonus accounted for the overwhelming share of variable compensation in the 2014/15 financial year. No multiyear variable compensation is provided for.

Total compensation of Executive Board

Former members of the Executive Board received benefits of Euro 350 thousand in the year under report. Provisions totalling Euro 16 150 thousand have been stated for pension obligations towards former members of the Executive Board. A total of Euro 385 thousand was allocated to this item in the year under report.

The Executive Board received total compensation of Euro 2 446 thousand in the year under report (previous year: Euro 2 408 thousand).

The following tables show the benefits granted and actual incomes paid in the year under report in accordance with the German Corporate Governance Code and total compensation pursuant to German Accounting Standard 17 (DRS 17). Given the structure of the compensation system, the benefits granted and actual incomes paid are identical.

Benefits granted and incomes paid

Euro 000s	**Dr. Georg Müller** CEO			
	2014/15	Min 2014/15	Max 2014/15	2013/14
Fixed compensation[1]	482	482	482	460
Fringe benefits[2]	33	33	33	38
Other compensation[3]	17	17	17	17
Total	**532**	**532**	**532**	**515**
Variable compensation	283	0	964	297
Total pay	**815**	**532**	**1 496**	**812**
Pension expenses[4]	228	228	228	190
Total compensation	**1 043**	**760**	**1 724**	**1 002**

Euro 000s	**Udo Bekker** Personnel Director			
	2014/15	Min 2014/15	Max 2014/15	2013/14
Fixed compensation[1]	313	313	313	330
Fringe benefits[2]	27	27	27	30
Other compensation[3]	9	9	9	9
Total	**349**	**349**	**349**	**369**
Variable compensation	189	0	626	182
Total pay	**538**	**349**	**975**	**551**
Pension expenses[4]	129	129	129	121
Total compensation	**667**	**478**	**1 104**	**672**

Euro 000s	**Ralf Klöpfer** Sales Director			
	2014/15	Min 2014/15	Max 2014/15	2013/14
Fixed compensation[1]	288	288	288	275
Fringe benefits[2]	69	69	69	51
Other compensation[3]	9	5	5	5
Total	**366**	**362**	**362**	**331**
Variable compensation	189	0	576	198
Total pay	**555**	**362**	**938**	**529**
Pension expenses[4]	134	134	134	275
Total compensation	**689**	**496**	**1 072**	**804**

Euro 000s	**Dr. Hansjörg Roll** Technical Director (since 1 Jan 2015)			
	2014/15	Min 2014/15	Max 2014/15	2013/14
Fixed compensation[1]	216	216	216	—
Fringe benefits[2]	40	40	40	—
Other compensation[3]	8	5	5	—
Total	**264**	**261**	**261**	**—**
Variable compensation	142	0	432	—
Total pay	**406**	**261**	**693**	**—**
Pension expenses[4]	144	144	144	—
Total compensation	**550**	**405**	**837**	**—**

Euro 000s	**Dr. Werner Dub** Technical Director (until 31 Dec 2014)			
	2014/15	Min 2014/15	Max 2014/15	2013/14
Fixed compensation[1]	72	72	72	275
Fringe benefits[2]	7	7	7	27
Other compensation[3]	6	16	16	16
Total	**85**	**95**	**95**	**318**
Variable compensation	47	0	144	198
Total pay	**132**	**95**	**239**	**516**
Pension expenses[4]	24	24	24	151
Total compensation	**156**	**119**	**263**	**667**

1 annual fixed compensation including CEO allowance of Euro 194 thousand for Dr. Georg Müller

2 contributions to voluntary pension insurance, health insurance, nursing care insurance, voluntary contribution to employers' mutual insurance association, non-cash benefits/ benefits in kind

3 compensation for board activities at subsidiaries and shareholdings (entitlement in financial year)

4 service cost from commitments of pensions and other benefits pursuant to IAS 19

Pension obligations for the Executive Board members are presented in the following table:

Pension obligations

Euro 000s	Development in virtual pension accounts			Pension provision	Allocation to pension provision	
	Balance at 1 Oct 2014	Pension contribution	Balance at 30 Sep 2015[1]	Balance at 30 Sep 2015[2]	Service cost	Interest expenses
Dr. Georg Müller	1 582	153	1 810	2 742	228	59
Udo Bekker	196	115	320	482	129	8
Ralf Klöpfer	110	115	230	410	134	7
Dr. Hansjörg Roll	0	98	98	144	144	0
Total	**1 888**	**481**	**2 458**	**3 778**	**635**	**74**

1 including interest
2 equivalent to present value of vested claims

Compensation of related parties

Pursuant to IAS 24, related parties also include management staff performing key functions. Alongside the Executive Board, this group of persons at the MVV Energie Group also includes active heads of division and authorised company representatives of MVV Energie AG. This group of persons receives its compensation exclusively from MVV Energie AG. Compensation amounted to Euro 2 662 thousand in the year under report, with Euro 2 538 thousand of this total involving payments with current maturities.

Unless they are insured via municipal supplementary pension companies (ZVK), management staff performing key functions receive a defined contribution company pension of up to 8.6 % of their fixed compensation. Within the channels of execution offered within the Group, they can determine which biometric risks they would like to cover. Total expenses incurred for the aforementioned schemes amounted to Euro 124 thousand in the year under report.

Compensation of Supervisory Board members

The compensation of our Supervisory Board members is commensurate to their responsibilities and to the scope of their duties. The members of the Supervisory Board received annual compensation of Euro 10 thousand each in the year under report, with the Chairman of the Supervisory Board receiving twice and his deputy one and half times this figure. The Chairman of the Audit Committee received additional annual compensation of Euro 5 thousand and other members of this committee received additional annual compensation of Euro 2.5 thousand. Moreover, a meeting allowance of Euro 1 thousand was paid per person per meeting of the full Supervisory Board and of the committees. The Chairman of the Supervisory Board receives double the meeting allowance for meetings of the Supervisory Board, as does the Chairman of the Audit Committee for meetings of the Audit Committee. Total compensation amounted to Euro 456 thousand. The compensation for the employee representatives in the Supervisory Board (excluding Supervisory Board compensation) amounted to Euro 908 thousand in the year under report. The composition of the Supervisory Board has been presented in a separate overview on ▶ *Page 175.*

Supervisory Board compensation

Euro	Supervisory Board compensation	Meeting allowances
Dr. Peter Kurz	20 000	24 000
Johannes Böttcher	10 000	8 000
Timo Carstensen	10 000	6 000
Peter Dinges	17 500	16 000
Ralf Eisenhauer	10 000	9 000
Peter Erni	12 500	14 000
Detlef Falk	12 500	13 000
Reinhold Götz	10 000	9 000
Prof. Dr. Egon Jüttner	10 000	6 000
Heike Kamradt	10 000	8 000
Daniela Kirchner	10 000	9 000
Dr. Antje Mohr	10 000	9 000
Dr. Lorenz Näger	12 500	11 000
Wolfgang Raufelder	10 000	7 000
Christian Specht	10 000	9 000
Dr. Dieter Steinkamp	10 000	9 000
Carsten Südmersen	12 500	15 000
Katja Udluft	10 000	9 000
Prof. Heinz-Werner Ufer	15 000	22 000
Jürgen Wiesner	10 000	10 000
Total	**232 500**	**223 000**

TAKEOVER-RELATED DISCLOSURES

The combined management report includes takeover-related disclosures pursuant to § 289 (4) and § 315 (4) of the German Commercial Code (HGB). The Executive Board has examined these disclosures and offers the following explanatory comments:

Composition of share capital

The company's share capital amounted to Euro 168 721 397.76 in total at the balance sheet on 30 September 2015 and was divided into 65 906 796 individual non-par registered shares with a prorated amount in the share capital of Euro 2.56 per share. Each share entitles its holder to exercise one vote at the Annual General Meeting of MVV Energie AG, as well as to the rights and obligations accruing to it by law and in the Articles of Incorporation.

Restrictions on voting rights and transferability

There are no restrictions on voting rights or on transferability. No corresponding agreements between shareholders are known to the Executive Board. There are no shares with special rights lending powers of control.

Direct or indirect capital shareholdings exceeding 10 % of voting rights

The City of Mannheim indirectly held 50.1 % of the shares in MVV Energie AG at the balance sheet date, while EnBW Energie Baden-Württemberg AG, Karlsruhe, held a direct stake of 22.5 % and RheinEnergie AG, Cologne, directly held 16.3 % of the shares.

Control of voting rights

There is no control of voting rights as defined in § 289 (4) No. 5 and § 315 (4) No. 5 of the German Commercial Code (HGB).

Regulations for appointment and dismissal of Executive Board members and amendments to Articles of Incorporation

The appointment and dismissal of Executive Board members is based on § 76 et seq., and in particular on § 84 et seq. of the German Stock Corporation Act (AktG) and on § 30 et seq. of the German Codetermination Act (MitbestG). In line with the company's Articles of Incorporation, the Executive Board of the company consists of at least two members. The Supervisory Board is responsible for determining the number of members, as well as for their appointment and dismissal. Members are appointed for a maximum period of five years, with repeated appointments permitted.

Amendments to the Articles of Incorporation must be undertaken in accordance with § 133 and § 179 et seq. of the German Stock Corporation Act (AktG). Pursuant to § 11 (3) of the company's Articles of Incorporation, the Supervisory Board is authorised to approve amendments to the Articles of Incorporation that only affect the respective wording. Pursuant to § 19 (1) of the Articles of Incorporation, a simple majority of the share capital with voting entitlement participating in the adoption of a resolution is also sufficient to amend the Articles of Incorporation, unless mandatory legal provisions require a larger majority.

Powers of Executive Board to issue and buy back shares

By resolution on 13 March 2015, the Annual General Meeting authorised the Executive Board until 12 March 2020 to acquire treasury stock up to an amount of 10 % of existing share capital upon adoption of the resolution, i.e. Euro 16.9 million.

By resolution on 14 March 2014, the Annual General Meeting authorised the Executive Board until 13 March 2019, subject to approval by the Supervisory Board, to increase the share capital by a total of up to Euro 51.2 million by issuing up to 20 million new individual non-par registered shares on one or several occasions in return for cash and/or non-cash contributions.

The Executive Board of MVV Energie AG has not yet made any use of these authorisations.

Compensation agreements and change of control clauses

There are no provisions in material agreements at MVV Energie AG governing any change of control due to a takeover bid (change of control clauses). The company has also not concluded any compensation agreements with members of the Executive Board or employees for the event of a takeover bid.

EVENTS AFTER BALANCE SHEET DATE

No events of material significance for the business performance of the MVV Energie Group occurred between the balance sheet date on 30 September 2015 and the preparation of the 2014/15 consolidated financial statements.

OUTLOOK

Macroeconomic framework

In their autumn survey published in October 2015, Germany's leading economic research institutes forecast that the German economy will grow by 1.8 % in both 2015 and 2016. Growth momentum will be generated above all by private consumer spending, while capital expenditure will revive only gradually. Given the moderate growth in the global economy, the experts expect exports to rise only slightly, particularly as the stimulation resulting from the depreciation in the euro is beginning to ease. The main risks seen for the economy relate to the significant slowdown in the pace of growth in China and to the fact that future developments are difficult to assess.

Energy policy framework

Outstanding energy policy decisions – particularly the legislation governing the new electricity market design, the amendment to the German Combined Heat and Power (CHP) Act, the tender design for competitive auctions and potential new momentum for grid regulation – are especially relevant for the business performance of the MVV Energie Group. Further information can be found in the chapter ▶ *Business Framework from Page 72 onwards*.

Energy sector developments

The continuous decline in prices on wholesale electricity markets has sharply reduced the profitability of conventional power plants, and above all of power plants working with environmentally-friendly combined heat and power (CHP) generation. We currently see no indications that electricity prices, and especially the margin achieved from generating electricity from hard coal – the clean dark spread – will show any significant change.

Experts at VDMA Power Systems expect gross capacity of 4 000 MW to 4 500 MW to be added in the 2015 calendar year as a whole. For the period from 2016 to 2019, the Federal Ministry for Economic Affairs and Energy expects gross capacity of around 3 000 MW to be added each year. In its 2014 Amendment to the German Renewable Energies Act (EEG), the Federal Parliament laid down a net new capacity corridor of 2 400 MW to 2 600 MW a year. Compliance with this corridor is to be safeguarded by changing the form of promotion provided to a tender model from 2017 onwards.

Product costs for photovoltaics modules from China have decreased further in the course of 2015. According to the experts, any abolition of the trade restrictions, i.e. the minimum import prices, on photovoltaics modules from China will result in the addition of substantial new volumes of photovoltaics systems in Germany.

Executive Board summary of expected business performance

Given the fundamental transformation in the energy supply system in Germany and energy policy decisions, energy companies will continue to face great challenges in the years ahead as well. We are countering the resultant charges on earnings at the MVV Energie Group on the one hand with cost savings and continuous efficiency enhancements in our existing business and on the other hand by making targeted growth investments. Within our corporate strategy, since 2009 we have invested or reached binding investment decisions for around Euro 2.5 billion. In the coming years, we intend to invest a further Euro 3 billion in our existing business and in the growth of our group of companies.

Since the beginning of the current financial year, our largest investment projects in recent years – the waste-fired combined heat and power (CHP) plant in Plymouth and the biomass power plant with CHP capability at Ridham Dock – and our third biomethane plant in Saxony-Anhalt have been contributing their first full-year sales and earnings contributions. Furthermore, in the 1st quarter of 2015/16 we launched operations at a fourth biomethane plant in Barby, also in Saxony-Anhalt. These factors will be supplemented by sales and earnings contributions from Juwi AG, which we expect to fully consolidate from the 2015/16 financial year onwards. Overall, we expect our group of companies to generate profitable growth in the current financial year. This positive expectation is the result of our consistent strategic alignment.

Our strategic focuses

In our renewable energies business, together with Juwi AG we are focusing above all on expanding **ONSHORE WIND POWER**. We have all-round expertise when it comes to windfarm project development and great competence in the field of operations management. We are drawing on this to develop and implement projects that we primarily market to third parties. We also plan to include individual projects in our proprietary wind power portfolio.

Since 2012, we have been making targeted investments in **BIOMETHANE PLANTS**. At the end of the 2014/15 financial year we had three biomethane power plants in Saxony-Anhalt, and since November 2015 that number has risen to four. In the medium term, we expect to see a consolidation in the market, a development that could create opportunities to further round up our plant portfolio.

We are continuing to expand **DISTRICT HEATING WITH COMBINED HEAT AND POWER GENERATION** and increase the density of our grids, especially at our locations in Mannheim and Offenbach.

Business developments at our **KIEL SUBGROUP** will be shaped by the phasing out of operations at the joint power plant in Kiel (Gemeinschaftskraftwerk Kiel – GKK). The construction of a gas-powered CHP plant is planned as the follow-up generation solution. A decision as to the plant's construction is expected to be taken in 2016.

While the German waste and biomass market does not offer any growth potential for new plants, we see these markets in **THE UK AND FRANCE** as harbouring growth opportunities. In France, our subsidiary MVV Umwelt GmbH is bidding for operations management tenders at energy from waste plants together with the French Semardel Group.

We are further developing our **DECENTRALISED ENERGY MANAGEMENT** business models and innovative solutions, not least via our joint venture Beegy GmbH.

ENERGY EFFICIENCY SOLUTIONS AND PROPRIETARY SUPPLY SOLUTIONS are increasingly gaining in significance, especially for industrial, commercial and real estate companies. In view of this, we will continue expanding our range of energy-related services. We are promoting the market integration of renewable energies and flexible solutions close to customers' needs by consistently expanding this innovative marketing concept in areas such as direct marketing and reserve capacity marketing, among others.

We are actively participating in the **COMPETITION FOR CONCESSIONS** and submitting targeted bids for attractive newly tendered concessions. We aim to retain and successfully continue our existing partnerships with municipalities.

Expected sales performance

The growth investments made in recent years will impact on the sales performance of the **GENERATION AND INFRASTRUCTURE** reporting segment in particular. Above all, we expect the expansion in the renewable energies project development business field to result in a sharp increase in sales. This factor will be supplemented by sales from our new generation plants in the UK and the new biomethane plants in Saxony-Anhalt.

Mainly due to the development in prices, we expect sales in the **TRADING AND PORTFOLIO MANAGEMENT** reporting segment to show a moderate reduction. We expect sales in the **SALES AND SERVICES** reporting segment to match the previous year's level.

Overall, from a current perspective and assuming normal weather conditions, we expect the **SALES (EXCLUDING ENERGY TAXES) OF THE MVV ENERGIE GROUP** in the 2015/16 financial year (October 2015 to September 2016) to rise sharply compared with the previous year (Euro 3.4 billion) and to exceed Euro 4.0 billion.

Expected earnings performance

The expansion in the renewable energies project development business field and the launch of operations at our generation plants in the UK and Saxony-Anhalt will lead to a sharp increase in adjusted EBIT in the **GENERATION AND INFRASTRUCTURE** reporting segment.

Earnings in the **TRADING AND PORTFOLIO MANAGEMENT** reporting segment will be affected above all by the development in wholesale electricity market prices and the clean dark spread (CDS). The CDS is at a low level and there are currently no signs of any recovery. We therefore expect adjusted EBIT at the previous year's level.

We assume that adjusted EBIT in the **SALES AND SERVICES** reporting segment will fall significantly short of the previous year's level as our earnings in this area are affected by the high intensity of competition.

Overall, from an operating perspective, we expect the **ADJUSTED EBIT OF THE MVV ENERGIE GROUP** in the 2015/16 financial year to increase by around 15 % compared with the previous year (Euro 175 million). The earnings performance is chiefly dependent on weather conditions, electricity and waste prices and the CDS. Moreover, postponements in projects and in the recognition of the resultant earnings may arise in the renewable energies project development business field.

Expected performance of MVV Energie AG in separate financial statements (HGB)

On the level of the separate financial statements of MVV Energie AG prepared in accordance with the German Commercial Code (HGB), we expect sales (excluding energy taxes) in the 2015/16 financial year to more or less match the previous year's figure (Euro 1.8 billion). As a general rule, sales and sales volumes in the district heating and gas businesses are influenced by weather conditions, especially in the heating period. Operating earnings at MVV Energie AG are mainly determined by the grid business, sales activities and income from the interests held in group shareholdings. Overall, we therefore expect annual net income after taxes for the 2015/16 financial year to fall moderately short of the previous year's figure (Euro 80 million). This development is due to the fact that the results of our growth investments will not yet be reflected in annual net income at MVV Energie AG as determined in accordance with the German Commercial Code (HGB).

Stable dividend

With our continuity-based dividend policy, we aim to offer a solid return for our shareholders. In view of this, the Executive Board has planned a dividend of Euro 0.90 per share for the 2014/15 financial year, and thus unchanged on the previous year. The Executive and Supervisory Boards will decide on the dividend to be proposed to the 2016 Annual General Meeting in December 2015.

Planned investments

Based on the information currently available, we will be investing around Euro 300 million in the 2015/16 financial year. Of this total, around Euro 130 million will be channelled into growth investments and approximately Euro 170 million will be invested in our existing business. Decisions have already been taken for around half of the growth investments.

Alongside the expansion in renewable energies, one key focus of our investment activities involves expanding and increasing the density of our district heating grids in Mannheim and Offenbach. With our investments in the existing business, we will optimise our generation plants and grids and thus maintain their substance. This also includes the planned construction of a gas-powered combined heat and power (CHP) plant in Kiel, for example.

Capital resources and financing structure

Given its ongoing good access to the financial market, the MVV Energie Group has no difficulty in covering its liquidity needs. Our adjusted equity ratio of 34 % will enable us to maintain a high pace of investment in the 2015/16 financial year as well. We finance investments in our existing business primarily from depreciation. For our growth projects, we draw on the operating cash flow and on optimised project-specific financing facilities. We pool structurally similar projects with comparable terms and take up the necessary funds on the capital markets or use our liquid resources. We are monitoring other sources of financing, including the promissory note loan market, as alternatives to the bank market. We have defined key figures as guidelines for debt-financed growth and adhere to these. This way, we ensure an implicit rating on investment grade level for MVV Energie.

Future opportunities and risks

We have presented the risk categories relevant to the MVV Energie Group and the opportunities and risks for the 2015/16 financial year in detail in the ▶ *Opportunity and Risk Report from Page 95 onwards*. Our earnings are regularly affected by incalculable factors (involving both opportunities and risks), such as weather conditions, wind volumes, or fluctuations in sales and procurement prices.

The acquisition of Windwärts Energie GmbH and our investment in Juwi AG have increased the uncertainty surrounding earnings in our renewable energies project development business compared with previous years.

The conversion in the German energy system harbours both opportunities and risks.

From a current perspective, there are no indications of any risks that could threaten the company's continued existence in the course of the 2015/16 financial year or beyond.

Forward-looking statements and forecasts

Our combined management report for the MVV Energie Group (IFRS) and MVV Energie AG (HGB) includes forward-looking statements based on current assumptions and estimates. Although the Executive Board is convinced that these assumptions and budgets are accurate, the great uncertainty currently surrounding energy policy and numerous internal and other external factors mean that actual future developments and actual future results may deviate from these forecasts.

CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT

from 1 October 2014 to 30 September 2015

Income statement of the MVV Energie Group

Euro 000s	1 Oct 2014 to 30 Sep 2015	1 Oct 2013 to 30 Sep 2014	Notes
Sales[1]	3 593 426	3 906 961	
less electricity and natural gas taxes[1]	171 899	190 332	
Sales less electricity and natural gas taxes	**3 421 527**	**3 716 629**	1
Changes in inventories[1]	–6 310	785	2
Own work capitalised[1]	17 908	15 609	3
Other operating income[1]	389 457	184 482	4
Cost of materials[1]	2 677 320	3 014 262	5
Employee benefit expenses[1]	355 259	327 962	6
Other operating expenses[1]	479 910	263 572	7
Income from companies recognised at equity[1]	10 836	31 596	8
Other income from shareholdings[1]	2 007	3 088	8
EBITDA	**322 936**	**346 393**	
Depreciation[1]	161 239	159 277	9
EBITA	**161 697**	**187 116**	
EBIT	**161 697**	**187 116**	
of which result of IAS 39 derivative measurement[1]	–6 676	22 612	
of which EBIT before result of IAS 39 derivative measurement	168 373	164 504	
Financing income[1]	11 572	30 551	10
Financing expenses[1]	51 848	78 731	11
EBT	**121 421**	**138 936**	
Taxes on income[1]	36 189	37 540	12
Annual net income	**85 232**	**101 396**	
of which non-controlling interests[1]	13 325	8 907	
of which earnings attributable to MVV Energie AG shareholders (annual net income after minority interests)	**71 907**	**92 489**	13
Basic and diluted earnings per share (Euro)	**1.09**	**1.40**	

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

STATEMENT OF COMPREHENSIVE INCOME

from 1 October 2014 to 30 September 2015

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

Euro 000s	1 Oct 2014 to 30 Sep 2015	1 Oct 2013 to 30 Sep 2014
Annual net income	**85 232**	**101 396**
Cash flow hedges	–6 615	14 930
Currency translation differences	–5 450	–14 059
Reclassifiable share of companies recognised at equity	1 990	—
Items that may subsequently be reclassified to profit or loss	**–10 075**	**871**
Actuarial gains and losses[1]	708	–8 087
Non-reclassifiable share of companies recognised at equity[1]	–22 006	9 657
Items that will not be reclassified to profit or loss	**–21 298**	**1 570**
Total comprehensive income	**53 859**	**103 837**
Non-controlling interests[1]	14 205	11 009
Total comprehensive income attributable to MVV Energie AG shareholders	**39 654**	**92 828**

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

BALANCE SHEET
at 30 September 2015

Balance sheet of the MVV Energie Group

Euro 000s	30 Sep 2015	30 Sep 2014	1 Oct 2013	Notes
Assets				
Non-current assets				
Intangible assets[1]	226 885	201 717	198 275	14
Property, plant and equipment[1]	2 531 407	2 504 334	2 395 043	15
Investment property	—	284	294	16
Interests in companies recognised at equity[1]	346 667	187 518	162 679	17, 18
Other financial assets[1]	62 108	63 959	83 478	20
Other receivables and assets[1]	325 722	75 224	119 904	21
Deferred tax assets[1]	20 300	22 572	22 346	34
	3 513 089	**3 055 608**	**2 982 019**	
Current assets				
Inventories[1]	74 003	61 881	46 945	22
Trade receivables[1]	367 406	376 019	444 551	23
Other receivables and assets[1]	314 067	189 470	250 882	21
Tax receivables	13 315	13 466	23 983	24
Securities	601	1 293	1 949	
Cash and cash equivalents[1]	262 710	370 694	418 234	25
Assets held for sale	38 789	2 305	—	26
	1 070 891	**1 015 128**	**1 186 544**	
	4 583 980	**4 070 736**	**4 168 563**	
Equity and liabilities				
Equity				27
Share capital	168 721	168 721	168 721	
Capital reserve	455 241	455 241	455 241	
Accumulated net income[1]	593 776	578 979	545 707	
Accumulated other comprehensive income[1]	–106 849	–73 597	–73 936	
Capital of the MVV Energie Group	**1 110 889**	**1 129 344**	**1 095 733**	
Non-controlling interests[1]	203 437	206 291	207 242	
	1 314 326	**1 335 635**	**1 302 975**	
Non-current debt				
Provisions[1]	168 434	163 408	144 271	28, 29
Tax provisions	2 969	2 508	—	28, 29
Financial debt[1]	1 382 912	1 154 602	1 105 474	30
Other liabilities[1]	536 008	251 226	330 074	31
Deferred tax liabilities[1]	120 766	138 558	133 756	34
	2 211 089	**1 710 302**	**1 713 575**	
Current debt				
Other provisions[1]	101 459	98 329	103 413	28, 29
Tax provisions	25 162	12 948	8 073	28, 29
Financial debt[1]	220 452	278 650	394 793	30
Trade payables[1]	386 455	402 201	383 095	32
Other liabilities[1]	321 435	232 040	262 450	31
Tax liabilities	303	631	189	33
Liabilities held for sale	3 299	—	—	26
	1 058 565	**1 024 799**	**1 152 013**	
	4 583 980	**4 070 736**	**4 168 563**	

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

STATEMENT OF CHANGES IN EQUITY

from 1 October 2014 to 30 September 2015

Statement of changes in equity of the MVV Energie Group

	Equity contributed		Equity generated						
				Accumulated other comprehensive income					
Euro 000s	Share capital of MVV Energie AG	Capital reserve of MVV Energie AG	Accumulated net income	Currency translation differences	Fair value measurement of financial instruments	Actuarial gains and losses	**Capital of MVV Energie Group**	Non-controlling interests	**Total capital**
Balance at 1 Oct 2013[1]	**168 721**	**455 241**	**545 707**	**16 860**	**–50 884**	**–39 912**	**1 095 733**	**207 242**	**1 302 975**
Other income and expenses recognised in equity[1]	—	—	—	–13 676	11 088	2 927	339	2 102	2 441
Result of business operations[1]	—	—	92 489	—	—	—	92 489	8 907	101 396
Total comprehensive income	**—**	**—**	**92 489**	**–13 676**	**11 088**	**2 927**	**92 828**	**11 009**	**103 837**
Dividends paid	—	—	–59 316	—	—	—	–59 316	–19 417	–78 733
Capital increase/ reduction at subsidiaries	—	—	—	—	—	—	—	7 361	7 361
Change in scope of consolidation	—	—	99	—	—	—	99	96	195
Balance at 30 Sep 2014[1]	**168 721**	**455 241**	**578 979**	**3 184**	**–39 796**	**–36 985**	**1 129 344**	**206 291**	**1 335 635**
Balance at 1 Oct 2014	**168 721**	**455 241**	**578 979**	**3 184**	**–39 796**	**–36 985**	**1 129 344**	**206 291**	**1 335 635**
Other income and expenses recognised in equity	—	—	—	–3 414	–7 192	–21 647	–32 253	880	–31 373
Result of business operations	—	—	71 907	—	—	—	71 907	13 325	85 232
Total comprehensive income	**—**	**—**	**71 907**	**–3 414**	**–7 192**	**–21 647**	**39 654**	**14 205**	**53 859**
Dividends paid	—	—	–59 316	—	—	—	–59 316	–15 346	–74 662
Capital increase/ reduction at subsidiaries	—	—	—	—	—	—	—	1 865	1 865
Change in scope of consolidation	—	—	2 206	– 12	– 987	—	1 207	–3 578	–2 371
Balance at 30 Sep 2014	**168 721**	**455 241**	**593 776**	**– 242**	**–47 975**	**–58 632**	**1 110 889**	**203 437**	**1 314 326**

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

CASH FLOW STATEMENT

from 1 October 2014 to 30 September 2015

Cash flow statement of the MVV Energie Group

Euro 000s	1 Oct 2014 to 30 Sep 2015	1 Oct 2013 to 30 Sep 2014
Annual net income before taxes on income[1]	121 421	138 936
Amortisation of intangible assets, depreciation of property, plant and equipment and investment property[1]	161 239	159 277
Financial result[1]	40 276	48 180
Interest received[1]	5 414	9 323
Change in non-current provisions[1]	21 192	28 331
Other non-cash income and expenses[1]	27 862	– 36 636
Result of disposal of non-current assets[1]	– 2 204	423
Cash flow before working capital and taxes	**375 200**	**347 834**
Change in other assets[1]	– 638 937	17 164
Change in other liabilities[1]	570 018	85 613
Change in current provisions[1]	– 15 329	– 20 227
Income taxes paid[1]	– 36 606	– 23 179
Cash flow from operating activities	**254 346**	**407 205**
Payments for investments in intangible assets, property, plant and equipment and investment property[1]	– 262 489	– 305 223
Proceeds from disposals of intangible assets, property, plant and equipment and investment property[1]	28 481	19 686
Proceeds from subsidy payments[1]	31 277	19 353
Proceeds from sale of fully consolidated companies	2 615	2 406
Proceeds from sale of other financial assets[1]	5 062	16 346
Payments for acquisition of fully consolidated companies and other business units	– 30 709	—
Payments for other financial assets[1]	– 177 907	– 7 157
Cash flow from investing activities	**– 403 670**	**– 254 589**
Proceeds from taking up of loans[1]	408 636	315 982
Payments for redemption of loans[1]	– 229 196	– 381 938
Dividends paid	– 59 316	– 59 316
Dividends paid to non-controlling interests	– 15 346	– 19 417
Change due changes in capital at minority shareholders	– 308	7 456
Interest paid[1]	– 57 548	– 64 044
Cash flow from financing activities	**46 922**	**– 201 277**
Cash-effective changes in cash and cash equivalents[1]	– 102 402	– 48 661
Change in cash and cash equivalents due to currency translation	1 652	1 023
Change in cash and cash equivalents due to changes in scope of consolidation	– 7 234	98
Cash and cash equivalents at 1 October 2014 (2013)[1]	370 694	418 234
Cash and cash equivalents at 30 September 2015 (2014)[1]	**262 710**	**370 694**
of which cash and cash equivalents at 30 September 2015 (2014) with restraints on disposal	1 228	4 127

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

Cash flow – aggregate presentation

Euro 000s	**1 Oct 2014 to 30 Sep 2015**	1 Oct 2013 to 30 Sep 2014
Cash and cash equivalents at 1 October 2014 (2013)[1]	**370 694**	**418 234**
Cash flow from operating activities	254 346	407 205
Cash flow from investing activities	–403 670	–254 589
Cash flow from financing activities	46 922	–201 277
Change in cash and cash equivalents due to currency translation	1 652	1 023
Change in cash and cash equivalents due to changes in scope of consolidation	–7 234	98
Cash and cash equivalents at 30 September 2015 (2014)[1]	**262 710**	**370 694**

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

NOTES TO 2014/15 CONSOLIDATED FINANCIAL STATEMENTS

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of MVV Energie Group

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Information about the company

MVV Energie AG has its legal domicile in Mannheim, Germany. Its registered company headquarters is at Luisenring 49 in 68159 Mannheim. As the parent company of the MVV Energie Group, MVV Energie AG acts as an energy generator, distributor and service provider. Its business is managed in the reporting segments of Generation and Infrastructure, Trading and Portfolio Management, Sales and Services, Strategic Investments and Other Activities.

Basis of preparation

The consolidated financial statements of the MVV Energie Group have been prepared pursuant to § 315a (1) HGB in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations of the IFRS Interpretations Committee (IFRS IC). The consolidated financial statements fully conform with the IFRS and IFRIC published by the IASB to the extent that these had been adopted by the European Union by the end of the period under report and required mandatory application as of 30 September 2015.

The consolidated financial statements have been prepared as of the balance sheet date for the annual financial statements of MVV Energie AG and refer to the 2014/15 financial year (1 October 2014 to 30 September 2015). The consolidated financial statements have been compiled in euros. Unless otherwise indicated, all amounts have been stated in thousand euros (Euro 000s).

Alongside the income statement, statement of comprehensive income and balance sheet, the statement of changes in equity and the cash flow statement have been presented separately. The income statement has been prepared using the total cost method. In the interests of clarity, individual items have been presented in summarised form in the income statement and balance sheet and outlined separately in the notes.

The Executive Board of MVV Energie AG is responsible for the preparation, completeness and accuracy of the consolidated financial statements and the combined management report. The consolidated financial statements and combined management report were prepared by the Executive Board on 10 November 2015 and subsequently forwarded to the Supervisory Board for adoption.

Changes in accounting policies

The International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRS IC) have revised or newly adopted some standards and interpretations which require mandatory application for the first time in the 2014/15 financial year. These are listed in the following table:

AMENDED STANDARDS AND INTERPRETATIONS		EU ENDORSEMENT	EFFECTIVE DATE[1]	CONTENT	IMPLICATIONS
IAS 36	Disclosures for Non-Financial Assets	19 Dec 2013	1 Jan 2014	The amendment to IAS 36 clarifies and extends the note disclosures required in respect of IFRS 13 for impaired assets.	None
IFRIC 21	Levies	13 Jun 2014	17 Jun 2014	The new requirements becoming effective due to IFRIC 21 refer to the recognition of public levies paid to the state that are not taxes on income as defined in IAS 12.	None
IAS 39	Novation of Derivatives and Continuation of Hedge Accounting	19 Dec 2013	1 Jan 2014	The amendment to this standard permits the continuation of hedge accounting, provided that certain criteria are met, in cases where the novated derivative is transferred to a central counterparty due to a legislative amendment.	None
IAS 32	Financial Instruments – Presentation: Offsetting Financial Assets and Financial Liabilities	13 Dec 2012	1 Jan 2014	The amendments specify more detailed requirements for the offsetting of financial assets and financial liabilities.	None
IFRS 10	Consolidated Financial Statements	11 Dec 2012	1 Jan 2014	This standard introduces a uniform definition for the concept of control, and thus a uniform basis for the existence of a parent/subsidiary relationship and the resultant delineation of the scope of consolidation. IFRS 10 supersedes the previously relevant control and consolidation guidelines set out in IAS 27 and SIC 12.	None

AMENDED STANDARDS AND INTERPRETATIONS		EU ENDORSEMENT	EFFECTIVE DATE[1]	CONTENT	IMPLICATIONS
IFRS 11	Joint Arrangements	11 Dec 2012	1 Jan 2014	This standard governs the accounting treatment of situations in which a company exercises joint control over a joint venture or a joint operation. IFRS 11 supersedes IAS 31 and SIC 13, the standards previously stipulating the relevant requirements governing the accounting treatment of joint ventures. The most significant amendment in IFRS 11 compared with IAS 31 is the abolition of proportionate consolidation for joint ventures. In future, these will in all cases have to be accounted for using the equity method.	The implications of the new IFRS 11 standard will be outlined subsequently.
IFRS 12	Disclosures of Interests in Other Entities	11 Dec 2012	1 Jan 2014	This standard stipulates the disclosures required of companies that report in accordance with the two new standards IFRS 10 "Consolidated Financial Statements" and IFRS 11 "Joint Arrangements".	Extended note disclosures
IAS 27	Separate Financial Statements	11 Dec 2012	1 Jan 2014	The consolidation requirements previously included in IAS 27 (2008) have been revised and are now included in IFRS 10 "Consolidated Financial Statements". The requirements for separate financial statements remain unchanged.	None
IAS 28	Investments in Associates and Joint Ventures	11 Dec 2012	1 Jan 2014	The revised version of IAS 28 includes follow-up amendments resulting from the publication of IFRS 10, IFRS 11 and IFRS 12.	None
IFRS 10, IFRS 11, IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance	4 Apr 2013	1 Jan 2014	The amendments to the standards specify the transition requirements in greater detail and offer additional relief upon the first-time adoption of all three standards.	
IFRS 10, IFRS 12, IAS 27	Investment Entities	20 Nov 2013	1 Jan 2014	Once the amendments to IFRS 10 and the corresponding amendments to the other standards affected become effective, so-called investment entities will be exempted from the obligation to include subsidiaries they control in their consolidated financial statements by way of full consolidation. Such interests held by investment entities must be recognised in the consolidated financial statements at fair value through profit or loss pursuant to IFRS 9 or IAS 39.	None

1 applicable in financial years beginning on or after the date stated

IFRS 10 "Consolidated Financial Statements" was applied retrospectively for the first time in the 2014/15 financial year. This standard has replaced the guidelines previously included in IAS 27 "Consolidated and Separate Financial Statements" and SIC-12 "Consolidation – Special Purpose Entities" concerning the control and consolidation of companies. IFRS 10 creates a uniform definition of the "control" concept, one that could lead to an amended delineation of the scope of consolidation. For the MVV Energie Group, however, this did not result in any amendments.

IFRS 11 "Joint Arrangements" has superseded IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly Controlled Entities – Non-Monetary Contributions by Venturers". IFRS 11 will make a distinction in future between two types of joint arrangements, namely joint ventures and joint operations. The assessment is based in all cases on the criterion of joint control pursuant to IFRS 10. Where the entity is a joint venture, it must be recognised using the equity method. If it is a joint operation, the prorated share of assets, liabilities, income and expenses are directly attributable to the participating companies.

First-time application of IFRS 11 has led to the classification of the companies in the Stadtwerke Ingolstadt subgroup as joint ventures. This has resulted in an amendment in the consolidation method. In future, these companies will no longer be proportionately consolidated but will rather be included in the consolidated financial statements using the equity method. The previous year's figures in the "scope of consolidation" table have been adjusted accordingly, a measure which has reduced the number of proportionately consolidated companies at the Group to zero and increased the number of companies recognised at equity by one. The amended method

of inclusion has resulted in a reduction in individual assets and liabilities in the consolidated balance sheet, a reduction in individual income statement items and an increase in income from companies recognised at equity. These changes are apparent in summarised form in the following table.

Adjustments to the income statement of the MVV Energie Group

Euro 000s	Change on 30 Sep 2014
Sales after electricity and natural gas taxes	–76 518
EBIT	–4 330
Basic and diluted earnings per share	**0**

Adjustments to the balance sheet of the MVV Energie Group

Euro 000s	Change on 30 Sep 2014	Change on 1 Oct 2013
Assets		
Non-current assets	–55 576	–50 184
Current assets	–14 110	–19 927
Equity and liabilities		
Non-current liabilities	–40 027	–37 670
Current liabilities	–29 780	–32 562

Application of IFRS 10 and IFRS 11 has not necessitated any other amendments in the consolidation method used.

The IASB and the IFRS IC have published the following standards and interpretations not yet requiring mandatory application in the 2014/15 financial year and of which no voluntary premature application has been made:

AMENDED STANDARDS AND INTERPRETATIONS		EU ENDORSEMENT	EFFECTIVE DATE[1]	CONTENT
Improvement Project 2010–12 and "Omnibus Standard Amending Various IFRSs"		17 Dec 2014	1 Feb 2015	Within the framework of annual adjustments, the IASB pooled minor amendments and clarifications to various standards in an omnibus standard.
Improvement Project 2011–13 and "Omnibus Standard Amending Various IFRSs"		18 Dec 2014	1 Jan 2015	Within the framework of annual adjustments, the IASB pooled minor amendments and clarifications to various standards in an omnibus standard.
Improvement Projekt 2012–14 and "Omnibus Standard Amending Various IFRSs"		outstanding	1 Jan 2016	Within the framework of annual adjustments, the IASB pooled minor amendments and clarifications to various standards in an omnibus standard.
IAS 19	Employee Benefits	17 Dec 2014	1 Feb 2015	The background to the amendments to this standard relate to the accounting treatment of employee contributions for defined benefit commitments. Here, the new requirements have simplified the recognition of employee contributions not linked to the number of years of service. In this case, the service cost for the period in which the corresponding work is performed may be reduced, irrespective of the pension plan formula.
IFRS 9	Financial Instruments: Classification and Measurement of Financial Assets	outstanding	1 Jan 2018	The new standard includes new requirements governing the classification and measurement of financial assets and liabilities. Furthermore, new requirements are introduced for the impairment of financial assets and for hedge accounting.
IFRS 14	Regulatory Deferral Accounts	outstanding	1 Jan 2016	IFRS 14 allows companies adopting IFRS for the first time to continue presenting rate-regulated activities in accordance with the accounting policies previously applied. This is intended to make financial statements comparable with the IFRS financial statements of other companies already applying IFRS and therefore not permitted to present any regulatory deferral accounts. The standard thus represents an interim solution until the IASB reaches agreement on the recognition of regulatory deferral accounts.
IFRS 15	Revenue from Contracts with Customers	outstanding	1 Jan 2018	IFRS 15 prescribes when and at what amount IFRS reporters are required to recognise revenues. Furthermore, financial statement preparers are called on to offer financial statement users more informative and relevant disclosures than previously. For this, the standard offers a single, principle-based five-stage model applicable to all contracts with customers.

AMENDED STANDARDS AND INTERPRETATIONS		EU ENDORSEMENT	EFFECTIVE DATE[1]	CONTENT
IAS 16, IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	outstanding	1 Jan 2016	The amendment to the two standards IAS 16 and IAS 38 clarifies when it is acceptable to use a revenue-based method of depreciation or amortisation.
IFRS 11	Acquisition of an Interest in a Joint Operation	outstanding	1 Jan 2016	This amendment to IFRS 11 requires application of IFRS 3 "Business Combinations" when a business is acquired upon the acquisition of an interest in a joint operation.
IAS 16, IAS 41	Agriculture: Bearer Plants	outstanding	1 Jan 2016	According to the amendments, bearer plants should be recognised in future like property, plant and equipment pursuant to IAS 16, as their use is comparable. Their fruits, by contrast, must be recognised pursuant to IAS 41 in future as well.
IAS 27	Equity Method in Separate Financial Statements	outstanding	1 Jan 2016	With this amendment to IAS 27, the equity method is once again permitted as an accounting option for interests in subsidiaries, joint ventures and associates in the investor's separate financial statements.
IFRS 10, IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	outstanding	1 Jan 2016	Due to the amendment to IFRS 10 and IAS 28, the entire gain or loss on a transaction should in future only be recognised when the assets sold or contributed constitute a business as defined in IFRS 3 and irrespective of whether the transaction is structured as a share or asset deal. Where the assets do not constitute a business, only a prorated share of the gain or loss may be recognised.
IAS 1	Presentation of Financial Statements	outstanding	1 Jan 2016	The amendments to IAS 1 have introduced minor revisions and clarifications concerning the materiality of note disclosures, comments on the aggregation/disaggregation of items in the balance sheet and statement of comprehensive income, clarification as to how interests in the other comprehensive income of companies recognised at equity should be presented in the statement of comprehensive income and the deletion of a standard notes structure in favour of company-specific consideration of note disclosure relevance.
IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception	outstanding	1 Jan 2016	The amendment to the standards hereby listed serves to clarify three issues concerning application of the consolidation exception under IFRS 10 when the parent meets the definition of an investment entity.

1 applicable in financial years beginning on or after the date stated

The implications of the first-time application of the other standards not yet requiring mandatory application for the consolidated financial statements of the MVV Energie Group are currently under review. The amendments will be applied at the latest as of the date of mandatory application.

Scope of consolidation and changes in the scope of consolidation

In addition to MVV Energie AG, all material German and foreign subsidiaries in which MVV Energie AG directly or indirectly holds a majority of the voting rights have been included in the consolidated financial statements of the MVV Energie Group for the 2014/15 financial year. The relevant control concept requires the parent company to exercise a controlling influence in the case of full consolidation. This is the case for all companies fully consolidated. Material associates and joint ventures are recognised using the equity method. There are no joint operations at the MVV Energie Group.

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

Scope of consolidation

	Companies fully consolidated	Companies recognised at equity
30 September 2014[1]	82	18
Additions	11	2
Disposals	4	1
30 September 2015	**89**	**19**

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

The companies included in the consolidated financial statements of the MVV Energie Group as of 30 September 2015 are presented in the list of shareholdings in Note 41.

In the 1st quarter of 2014/15, the MVV Energie Group acquired a 50.1 % stake in the German renewable energies market leader Juwi AG, Wörrstadt, by way of a capital increase. In the 4th quarter this stake was increased by a further 13.02 % to 63.12 %. This shareholding is held by MVV Alpha fünfzehn GmbH, Mannheim, a wholly-owned subsidiary of MVV Energie AG, Mannheim, that has been fully consolidated for this purpose. The Juwi subgroup has been consolidated as a joint venture using the equity method.

To enable the Group in future to offer one-stop solutions and services for private, retail, commercial and industrial customers, in the 1st quarter of 2014/15 a wholly-owned subsidiary of MVV Energie AG, Mannheim, was founded with the name Beegy GmbH, Mannheim. Following the entry into force of the joint venture agreement and the entry of other partners, the shareholding held by MVV Energie AG reduced to 34.8 %. This company has since been consolidated as a joint venture using the equity method.

As of the 1st quarter of 2014/15, the assets of the insolvent company Windwärts Energie GmbH, Hanover, were taken over by the newly founded Windwärts Energie GmbH, Mannheim, in the context of an asset deal. In the course of the Windwärts asset deal, 100 % stakes were also acquired in Vents d'Oc Énergies Renouvelables SARL, Montpellier, with its project companies and in Windwärts erste Verwaltungsgesellschaft mbH, Hanover. The French company will be fully consolidated, while Windwärts erste Verwaltungsgesellschaft mbH is reported under other majority shareholdings and will not be consolidated. In the 2nd quarter of 2014/15, Windwärts Energie GmbH founded the two Hanover-based companies Windwärts erste Verwaltungsgesellschaft mbH & Co. KG Coppenbrügge II KG and Windwärts erste Verwaltungsgesellschaft mbH & Co. KG Sylda II KG to implement further wind projects. These companies were fully consolidated through to their sale in the 4th quarter of 2014/15.

The company EVO Alpha eins GmbH, Frankfurt am Main, was founded by FRASSUR GmbH Umweltschutz-Dienstleistungen, Mörfelden-Walldorf, and fully consolidated in the 1st quarter of 2014/15. Following the takeover of utility businesses in an asset deal framework, the company was renamed as MDW Muldendienst West GmbH.

The company SWKiel Speicher GmbH, Kiel, was founded by Stadtwerke Kiel AG, Kiel, and fully consolidated in the 1st quarter of 2014/15.

The exercising of a purchase option in connection with a lease agreement means that the basis for the full consolidation of ZEDER Verwaltungsgesellschaft mbH & Co. Vermietungs KG, Pullach, no longer applied. This company was therefore deconsolidated in the 1st quarter of 2014/15. This led to earnings of Euro 393 thousand at the Group.

TradeSoft RM GmbH, Cologne, a company consolidated using the equity method, was sold in the 2nd quarter of 2014/15. This led to earnings of Euro 6 thousand at the Group.

Biomethananlage Barby GmbH, Regensburg, was included in the consolidated financial statements of the MVV Energie Group as a fully consolidated subsidiary in the 3rd quarter of 2014/15. The 74.9 % shareholding in this company was acquired by MVV Energie AG, Mannheim.

MVV Windpark Freudenberg GmbH, Freudenberg am Main, and MVV Windpark Hain-Ost GmbH, Mannheim, two wind power companies newly founded by MVV Energie AG, Mannheim, have been fully consolidated since the 3rd quarter of 2014/15.

Due to its subordinate materiality, decon international GmbH, Bad Homburg v.d.H., a company newly founded by MVV decon GmbH, Mannheim, in the 3rd quarter of 2014/15, has been included in the consolidated financial statements under other majority shareholdings.

The company 24sieben Nordwatt GmbH, Kiel, was merged into Stadtwerke Kiel Aktiengesellschaft, Kiel, in the 3rd quarter of 2014/15. This merger did not have any material implications for the Group's net asset, financial or earnings position. Prior to its merger, 24sieben Nordwatt GmbH was recognised under other shareholdings.

Biokraft Naturbrennstoffe GmbH, Offenbach am Main, acquired a 74.9 % stake in MobiHeat GmbH, Friedberg, in the 4th quarter of 2014/15. Mobi-Heat has been included as a fully consolidated subsidiary in the consolidated financial statements.

Windpark Albisheim GmbH & Co. KG, Wörrstadt, acquired 100 % of the shares in Juwi Wind Germany 104 GmbH & Co. KG, Wörrstadt, in the 4th quarter of 2014/15. The company thereby acquired has been fully consolidated.

The fully consolidated company MVV enservis a.s. i. L., Česká Lípa, Czech Republic, is in liquidation and was deconsolidated in the 4th quarter of 2014/15.

The fair values upon acquisition of the identifiable assets and liabilities acquired in the context of the aforementioned asset and share deals have been presented in the following table. In the case of the Windwärts asset deal, these involve remeasurements of the assets and liabilities acquired from the insolvency estate.

Identifiable assets and liabilities

	Windwärts asset deal	**MDW asset deal**	**MobiHeat GmbH, Friedberg**		**Juwi Wind Germany 104 GmbH & Co. KG, Wörrstadt**	
Euro 000s	Recognised upon acquisition	Recognised upon acquisition	Recognised upon acquisition	Carrying amount	Recognised upon acquisition	Carrying amount
Intangible assets	1 412	670	3 448	77	—	—
Property, plant and equipment	974	1 064	4 559	4 559	—	—
Financial assets	1 810	—	—	—	—	—
Inventories	9 600	15	742	574	—	—
Trade receivables	—	—	487	487	—	—
Other receivables	140	—	936	936	—	—
Cash and cash equivalents	288	—	24	24	1	1
Deferred expenses and accrued income	6	—	70	70	—	—
Provisions	233	—	281	281	—	—
Trade payables	11	—	372	372	—	—
Other liabilities	259	—	3 207	3 207	—	—
Deferred tax liabilities	—	—	1 489	486	—	—
Fair value of net assets	**13 727**	**1 749**	**4 917**	**2 381**	**1**	**1**
Goodwill	6 073	2 056	7 521		4	

The measurement of the assets and liabilities taken over is of a preliminary nature as the purchase price allocations have not yet been completed.

The assets and liabilities identified upon acquisition have been measured using the purchase method. The values applicable as of the acquisition date have been recognised. Value differences have been fully disclosed, i.e. assets, liabilities and contingent liabilities at the subsidiary that are eligible for recognition have been recognised at fair value in the consolidated balance sheet irrespective of any non-controlling interests. Brand names have been measured using the licence price analogy method. To determine the fair value of customer relationships and orders on hand, the residual value method has been used to measure the respective items. Inventories have been measured using the market price method. Hidden reserves on shareholdings have been disclosed by means of indicative company valuations based on the capitalised earnings method. The discount rate is based on the group-internal WACC, with due account taken of the specific parameters involved.

The purchase prices for the companies shown in the "identifiable assets and liabilities" table that do not include any contingent purchase price components have been settled with cash and cash equivalents. Since their initial consolidation, the aforementioned acquired companies contributed sales of Euro 9 493 thousand and earnings of Euro –3 055 thousand. If the acquisition date had been at the beginning of the financial year under report, then the companies acquired would have contributed Euro 13 241 thousand to sales and Euro –2 687 thousand to earnings.

Material joint ventures

MVV Energie AG operates joint ventures together with partners. Due to their size and their influence on the Group, the following companies have been identified as material joint ventures: Juwi AG, Wörrstadt, Gemeinschaftskraftwerk Kiel GmbH, Kiel, and Stadtwerke Ingolstadt Beteiligungen GmbH, Ingolstadt.

Juwi AG operates worldwide as a windfarm and solar park project developer and thus complements the Group's value chain. At the end of the financial year under report, the MVV Energie Group held 63.1 % of the shares in Juwi AG. The structure of the respective company agreements provides for unanimous adoption of resolutions concerning all significant operations, a factor that results in joint management and in inclusion of the company as a joint venture using the equity method.

Gemeinschaftskraftwerk Kiel GmbH operates a hard coal power plant in Kiel jointly with the shareholders E.ON Kraftwerke GmbH and Stadtwerke Kiel AG, a subsidiary of MVV Energie AG. Stadtwerke Kiel AG owns 50 % of the shares in Gemeinschaftskraftwerk Kiel GmbH. All significant decisions have to be taken jointly by the shareholders, as a result of which the company has been included in the consolidated financial statements as a joint venture using the equity method.

Stadtwerke Ingolstadt is responsible for the energy supply in the Ingolstadt region. MVV Energie AG owns 48.4 % of the shares in Stadtwerke Ingolstadt Beteiligungen GmbH, a financial holding company that pools several subsidiaries. All significant decisions have to be taken jointly by the shareholders, as a result of which the company has been included in the consolidated financial statements as a joint venture using the equity method.

Material associates

MVV Energie AG has identified Grosskraftwerk Mannheim AG as a material associate given its size and its influence on the Group.

Grosskraftwerk Mannheim AG operates what is one of Europe's most efficient hard coal power plants in Mannheim. MVV RHE GmbH, a 100 % subsidiary of MVV Energie AG, owns a total of 28 % of the shares in the company. Grosskraftwerk Mannheim AG is a joint power plant with the shareholders RWE Generation SE, Essen, EnBW Energie Baden-Württemberg AG, Karlsruhe, and MVV RHE GmbH, Mannheim. Due to its seats on the Supervisory Board and its votes at the shareholders' meeting, MVV RHE GmbH exerts significant influence on the company and has therefore been included in the consolidated financial statements of MVV Energie AG as an associate using the equity method.

Consolidation methods

The financial statements included in consolidation have been prepared on the basis of uniform accounting policies as of 30 September 2015.

Subsidiaries are fully consolidated upon acquisition, i.e. from the time at which the Group gains control. Their inclusion in the consolidated financial statements ends as soon as they are no longer controlled by the parent company. Capital consolidation is performed using the purchase method. This involves the costs of acquisition relating to the business combination being allocated to the identifiable assets acquired and the identifiable liabilities and contingent liabilities assumed on the basis of their fair value upon acquisition. Any remaining credit difference is recognised under intangible assets as goodwill. Capitalised goodwill is not subject to scheduled amortisation, but is rather tested for impairment once a year or if there are any indications of impairment. Goodwill remaining at a given cash generating unit upon deconsolidation is accounted for in the proceeds on disposal. Any debit differences arising are recognised through profit or loss following a renewed review of the purchase price allocation.

Non-controlling interests represent the share of earnings and net assets not attributable to the Group. Non-controlling interests are recognised separately in the consolidated income statement and consolidated balance sheet. In the consolidated balance sheet, they are recognised within equity, separately from the equity attributable to shareholders in the parent company.

Interests in associates and joint ventures are consolidated using the equity method.

Shareholdings in companies not included by way of full or proportionate consolidation or by application of the equity method have been accounted for pursuant to IAS 39.

Receivables and liabilities between consolidated companies have been offset against each other, as have income and expenses. Material intercompany results have also been eliminated.

Currency translation

Transactions in foreign currencies at consolidated companies are recognised at the spot rate applicable at the time of the transaction. Monetary assets and liabilities stated in foreign currency are translated at each balance sheet date at the rate valid on the balance sheet date. Currency translation differences have been recognised either within operating earnings or in the financial result in line with their respective allocation.

Annual financial statements of foreign group companies are translated into euros (the reporting currency of the Group) in accordance with the functional currency concept and using the modified reporting date method. The functional currency is the respective national currency at all companies thereby affected in view of the fact that they conduct their businesses in their national currencies as independent entities within the Group in financial economic and organisational terms. Assets and liabilities are translated from their respective national currencies into euros at the mean exchange rate valid on the balance sheet date (reporting date rate). Income and expense items are translated using annual average exchange rates. Currency differences resulting from the use of different exchange rates for the balance sheet and the income statement are recognised directly in equity as revenue reserves (currency translation differences).

Currency translation has been based on the following exchange rates:

Currency translation

	Reporting date rate		Average rate	
1 Euro	**30 Sep 2015**	30 Sep 2014	**1 Oct 2014 to 30 Sep 2015**	1 Oct 2013 to 30 Sep 2014
Czech crown (CZK)	27.187	27.500	27.424	27.292
British pound (GBP)	0.738	0.777	0.743	0.819

Source: European Central Bank

Accounting policies

Assets and liabilities are measured at amortised cost in all cases with the exception of certain assets, liabilities and derivative financial instruments which IAS 39 and IFRS 13 require to be measured at fair value and where this can be reliably determined. Non-current receivables and debt are recognised at present value. Assets and liabilities are netted where the relevant requirements are met. Assets and liabilities with different dates of transaction and financial performance are recognised as of the transaction date. Income and expenses derived from assets and liabilities are recognised under earnings from operations or in the financial result depending on the respective balance sheet item. Period deferrals are accounted for where necessary. Items are recognised directly in equity where International Accounting Standards so require and are presented separately in the statement of changes in equity.

The underlying principles of recognition and measurement applied when preparing the consolidated financial statements of the MVV Energie Group are set out below.

Intangible assets

Intangible assets were mainly acquired in return for payment and are carried at cost. Apart from goodwill, they are subject to straight-line amortisation based on their pattern of consumption. With the exception of goodwill and one registered trademark, there are no intangible assets with useful lives classified as indefinite. CO_2 emission rights with holding periods longer than one year and requiring purchase by the MVV Energie Group are recognised as intangible assets at cost, while rights allocated free of charge are recognised at Euro 0. Where subsequent measurement is required, application is made of the floating average method.

Development expenses are capitalised where a newly developed product or process can be clearly delineated, is technically feasible and is intended for own use or sale. A further condition for capitalisation is sufficient likelihood that the development expenses will lead to future inflows of funds. Capitalised development expenses are subject to scheduled amortisation over the estimated period of sale of the products. Research expenses are not eligible for capitalisation and are expensed directly in the period in which they are incurred.

Property, plant and equipment

Property, plant and equipment is stated at cost, less proportionate depreciation to account for the decline in value of the assets. In the case of internally generated property, plant and equipment, the costs of manufacture are based on allocable direct costs and a commensurate share of directly allocable overhead expenses. Borrowing costs are recognised as a component of costs when they can be directly attributed to the acquisition or manufacture of a qualifying asset. Such costs are recognised as soon as the asset in question requires a significant period of time to be prepared for its intended use or sale. During the commissioning phase, the net balance of income and expenses incurred is capitalised. Income in excess of the expenses incurred is recognised not as a reduction to cost of acquisition or manufacturing, but through profit or loss.

The costs of assets are reduced by public subsidies received (investment grants). Public subsidies are recognised when it is reasonably certain that the subsidies will be granted and the relevant conditions have been met. Investment grants relate exclusively to asset-based subsidies. These grants are reported separately from investments in the non-current asset schedule.

Items of property, plant and equipment have been subject to straight-line depreciation consistent with their pattern of consumption. Depreciation is undertaken pro rata temporis in the year of addition. Scheduled depreciation is based on the following useful lives:

Useful lives in years	
Buildings	2 – 100
Technical equipment and machinery	1 – 54
Transmission grids	1 – 50
Plant and office equipment	1 – 40

Investment property

The investment property item includes real estate held for the purpose of generating rental income or long-term value growth and which is not used for operating purposes. Such property is measured at amortised cost. Transaction expenses are included in initial measurement. The fair values are determined in regular impairment tests undertaken in the form of independent surveys based on internationally recognised methods. As the fair values do not constitute observable market prices, measurement is allocable to Level 3 of the IFRS 13 measurement hierarchy.

Impairments of intangible assets, property, plant and equipment and investment property

The carrying amounts of intangible assets, property, plant and equipment and investment property are assessed for impairment at each balance sheet date. An impairment test pursuant to IAS 36 is undertaken should there be any indication of impairment. Goodwill and intangible assets with indefinite useful lives are not subject to scheduled amortisation, but are rather tested for impairment every year. Where the carrying amount of an asset is higher than its recoverable amount (the higher of its fair value less disposal costs or its value in use), the carrying amount is written down to the recoverable amount. The fair value represents the best estimate of the recoverable amount. The recoverable amount must be determined for each asset, unless the asset does not generate any largely independent cash flows. In this case, the amount should be stated for which an independent third party would acquire the cash generating unit at the balance sheet date. The fair value/value in use of the cash generating units are determined based on the cash flow forecasts approved by the management and supervisory boards of MVV Energie AG. Such cash flow forecasts are based on the experience and results in previous financial years, as well as on expectations as to future market developments. The cash flow forecasts refer to the expected development in key macroeconomic figures derived from economic and financial studies. Key assumptions used in the forecasts concern the development in the price of crude oil, natural gas and coal on the global markets, the price of electricity and gas on the wholesale and end consumer markets and the development in market shares and the relevant regulatory framework. The cash flow forecasts cover a detailed budgeting period of three years. Figures for subsequent financial years are based on an extrapolation of the results of the final financial year in the detailed budget period. Reference is made to current estimates of growth rates. These growth rates correspond to the average long-term growth rates in the markets in which the companies operate and are consistent with external sources of information concerning market expectations. Impairment losses are recognised when the recoverable amount of the asset (value in use) falls short of its carrying amount. Where the recoverable amount exceeds the carrying amount in subsequent periods, the assets are written up to a maximum of amortised cost.

Goodwill is not written up. Should the carrying amount of a cash generating unit to which goodwill has been allocated exceed its recoverable amount, then the goodwill thereby allocated is written down first. Any further write-down requirement is then accounted for by means of a prorated reduction in the carrying amounts of the other assets at the cash generating unit. However, assets are not written down below their respective present values.

The MVV Energie Group leases specific items of property, plant and equipment. Lease contracts for items in which the MVV Energie Group bears the principal risks and rewards resulting from ownership of the leased item are classified as finance leases. Assets in connection with finance leases are capitalised at the beginning of the leasing term at the lower of the fair value of the leased item and the present value of the minimum leasing payments, with equivalent leasing liabilities being recognised under non-current and current liabilities.

Each leasing instalment is divided into its respective interest and principal components in such a way that the leasing liabilities charge consistent interest. The interest component of the leasing instalment is recognised through profit or loss in the income statement. Items of property, plant and equipment governed by finance leases are depreciated over the shorter of their economic useful life or the term of the lease.

Interests in companies recognised at equity

Interests in associates and joint ventures are recognised using the equity method and are measured initially at cost and subsequently at the amortised value of the prorated net assets. The carrying amounts are increased or reduced annually to account for prorated earnings, dividend distributions and other changes in equity. Any goodwill thereby recognised is included in the value of the shareholding, rather than being reported separately. Impairment losses are recognised on the at-equity carrying amount when the recoverable amount falls short of the carrying amount. The carrying amount is correspondingly written up through profit or loss when the reasons for impairment losses previously recognised no longer apply.

Other financial assets

Other financial assets consist of loans, leasing receivables, securities, other majority shareholdings and other shareholdings, which are measured and categorised as follows: Loans are classified under loans and receivables and leasing receivables under leases. These items are measured at amortised cost, less impairments where applicable. Other shareholdings and other majority shareholdings that are available for sale have also been allocated to other financial assets. Other majority shareholdings and other shareholdings are measured at amortised cost, corrected where necessary to account for impairments due to a reduction in the expected cash flows or to existing default risks. Finance leases where all of the risks and rewards of ownership are transferred to the lessee are recognised as receivables at the present value of the minimum leasing payments (net investment value). Securities are recognised at fair value.

Any default risks identifiable for financial assets are accounted for with write-downs. These write-downs are recognised under income from shareholdings or in the financial result.

Due to their immaterial significance, other majority shareholdings have not been included as fully consolidated subsidiaries in the consolidated financial statements of the MVV Energie Group.

Receivables and other assets

Receivables and other assets include trade receivables, other receivables and assets and tax receivables. Apart from derivative financial instruments, these are measured at amortised cost. Initial measurement is undertaken as of the performance date. Any write-downs required are based on the expected level of default risk. The value of receivables is generally corrected by means of a write-down account. Current other assets also include the current portion of leasing receivables and loans. Measurement of the current portion of leasing receivables and loans is based on the same principles as measurement of the non-current portions. These principles are outlined under financial assets.

Trade receivables include accruals/deferrals to cover energy and water sales not yet read or invoiced as of the balance sheet date. Part-payments made in the context of annual consumption invoicing are deducted from the receivables. Receivables from customers are recognised at amortised cost. Default risks existing at the balance sheet date are covered by adequate write-downs. Receivables are derecognised immediately upon becoming uncollectible. The carrying amounts reported are basically equivalent to their respective fair values.

CO_2 emission rights with remaining terms of less than one year and requiring purchase or exchange by the MVV Energie Group are recognised at cost as other assets, while rights allocated free of charge have been recognised at Euro 0.

Customer-specific construction contracts

Customer-specific construction contracts are recognised at percentage of completion. This means that prorated sales and the cost of sales incurred are recognised at the percentage of completion, based on the contractual arrangements with the customers, reached by the balance sheet date and as soon as the results of the construction contract can be reliably estimated. Percentage of completion is calculated on the basis of the project costs incurred by the balance sheet date as a proportion of the total costs of the project. In the balance sheet, the sales posted in line with their percentage of completion are reduced by advance payments received and recognised under trade receivables. As soon as the result of a construction contract cannot be reliably estimated, the revenues from the contract are only recognised at the level of contract costs incurred and probably collectible. Losses on contracts are immediately expensed in full as soon as they are expected.

Inventories

Inventories consist of raw materials and supplies, unfinished and finished products and services, advance payments made for such and commodity trading assets. They are measured at the lower of cost or net sale value. The commodity trading assets are measured at fair value less disposal costs. Cost of acquisition or manufacture for raw materials and supplies has been calculated using the average cost method. The manufacturing costs of unfinished and finished products and services include allocable direct costs and a commensurate share of the material and production overheads required based on normal capacity utilisation rates and thus include production-related full costs. Risks resulting from any impairment in utility are accounted for by way of suitable deductions.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and credit balances at banks with original terms of less than three months.

Assets and liabilities held for sale

Non-current assets which can be sold in their current state and whose sale is highly probable are recognised as assets held for sale. These may involve individual non-current assets, groups of assets or business divisions. Liabilities due to be dispensed with in a transaction together with assets are reported separately as liabilities held for sale.

Where the relevant specific standards do not require application, non-current assets held for sale are no longer subject to scheduled depreciation and amortisation, but are rather recognised at fair value less expected disposal costs, where this is lower than the carrying amount. Gains or losses resulting from the measurement of individual non-current assets held for sale or disposal groups are recognised under earnings from continuing operations until their ultimate disposal. Gains or losses resulting from the measurement of discontinued operations at fair value less disposal costs are recognised as earnings from discontinued operations.

Deferred taxes

Deferred taxes are stated for temporary differences between the tax balance sheets and IFRS balance sheets at individual companies arising from the measurement of assets and liabilities for tax purposes on the one hand and for external IFRS accounting on the other, as well as from consolidation processes impacting on earnings. Moreover, deferred tax assets have also been recognised for tax reduction claims resulting from the expected utilisation in subsequent years of existing losses carried forward. Such claims are capitalised if the utilisation of these losses carried forward is certain on the basis of existing business plans. Deferred taxes have been calculated based on the tax rates valid or expected at the individual organisational units upon realisation. Account is taken of the tax regulations valid or already adopted at the balance sheet date. The calculation of deferred taxes in Germany has been based on the tax rates applicable at individual companies. For corporations, this tax rate results from the unchanged corporate income tax rate of 15 %, the unchanged solidarity surcharge of 5.5 % and the respectively applicable trade tax rate (currently 12 % to 16 %). The equivalent calculations for foreign companies are based on the respective national tax rates, amounting to 19 % in the Czech Republic, 20 % in the UK and 33.3 % in France. Where the requirements of IAS 12 are met, deferred tax assets and liabilities are stated on a net basis for each company or fiscal unit.

Provisions

Provisions are recognised for all legal or constructive obligations to third parties at the balance sheet date as a result of past events, when it is probable that a future outflow of resources will be required to settle the obligations and the amounts can be reliably estimated. Provisions are recognised at their expected performance amounts and are not netted with refund claims. Provisions based on a large number of events of the same nature are recognised at the expected value of the potential results.

All non-current provisions have been recognised at their expected performance amounts discounted as of the balance sheet date. The discount rate is set on a group-wide basis at 0.2 % for provisions with terms of one to five years and 0.6 % for provisions with terms of five years or more.

Provisions for pensions and similar obligations are stated exclusively for defined benefit plans. Pursuant to IAS 19, these pension provisions are calculated using the projected unit credit method. As well as pensions and vested claims known of at the balance sheet date, this method also accounts for pay rises and pension increases expected in future. The calculation made application of the 2005 G mortality tables published by Prof. Dr. Klaus Heubeck. As the Group does not have any plan assets, its pension obligations are covered in full by provisions. Actuarial gains and losses resulting from changes in the assumptions underlying the calculation are fully recognised in the period in which they arise. These are reported outside the income statement in the statement of income and expenses recognised in group equity.

The key parameters used to calculate the defined benefit plans as of 30 September 2015 were:

	30 Sep 2015	30 Sep 2014
Discount rate	2.4 %	2.4 %
Future pay rises	0.0 – 3.0 %	1.0 – 3.0 %
Future pension increases	1.6 – 2.0 %	1.0 – 2.75 %

The pension scheme for employees of the MVV Energie Group is largely arranged in line with collective wage and salary agreements specific to the respective companies. This results in indirect pension obligations to employees which are covered almost exclusively by municipal supplementary pension companies (ZVKs). This requires allocations to be made for retirement periods. The payments made in this context serve to finance current pension outlays. According to IFRS requirements, this type of pension plan represents a defined benefit plan, as the individual benefits provided by the ZVK to former employees of member companies are not dependent on the level of contributions paid into the pension fund. Moreover, as the employees of several member companies are insured by the ZVKs, this type of pension plan is to be considered a multi-employer plan and thus requires the application of special regulations.

Given the redistribution of the benefits provided by the ZVKs among its member companies and the lack of adequate information about the age structures, personnel turnover rates and salaries of the employees thereby covered, no information is available on the proportion of future payment obligations (economic obligation) accruing to the MVV Energie Group. In view of this, IFRS does not permit recognition of the provisions and the scheme has to be treated as defined contribution plan.

A quantitative evaluation of the amounts, maturities and uncertainties for defined benefit pension plans can be found in Note 29.

Liabilities

Following initial recognition, liabilities are measured at amortised cost using the effective interest rate method.

Liabilities from finance leases are carried at the present value of future leasing payments. Apart from derivative financial instruments, other liabilities are measured at amortised cost, which is basically equivalent to their fair values.

Trade payables are measured at amortised cost. Due to their immaterial significance, medium to long-term trade payables have been reported under other liabilities.

Contingent liabilities

Contingent liabilities involve potential obligations to third parties or existing obligations for which an outflow of resources is unlikely or whose amount cannot be reliably determined. Contingent liabilities are not recognised in the balance sheet. The volume of obligations stated in the notes for contingent liabilities corresponds to the scope of liability at the balance sheet date.

Financial instruments

PRIMARY FINANCIAL INSTRUMENTS: Shareholdings, loans, securities, trade receivables, other cash receivables and cash and cash equivalents are reported as financial assets on the asset side of the balance sheet. Primary financial instruments are measured at fair value upon addition, taking due account of transaction costs.

Financial assets are subsequently measured either at fair value or at amortised cost. The subsequent measurement of financial assets in the "financial assets available for sale" category is generally based on their fair values. Pursuant to IAS 39, changes in fair values are recognised directly in equity, taking due account of deferred taxes. Upon retirement, these are taken into the income statement. The asset is written down through profit or loss if there are any objective indications of impairment. Permanent recoveries in value are recognised with write-ups up to amortised cost. Assets whose fair values cannot be reliably estimated are measured at amortised cost. The subsequent measurement of financial assets in the "loans and receivables" and "financial instruments held to maturity" categories is based on amortised cost, with application of the effective interest rate method where appropriate. The amortised cost of a financial asset is equivalent to the fair value of the consideration provided, adjusted to account for impairments, interest payments and principal repayments. Impairment losses are recognised for any identifiable risks, especially those resulting from expected payment defaults or reductions in expected cash flows. Impairment losses are recognised directly in period earnings.

Purchases and sales of financial assets executed on customary market terms are recognised on the date of the transaction, i.e. on the date on which the company assumed the liability to purchase or sell the assets. Purchases and sales executed on customary market terms require transfer of the assets within a period determined by market regulations or conventions.

The fair values of financial instruments traded on organised markets are determined by reference to the bid prices listed on the stock market on the balance sheet date. The fair values of financial instruments for which there is no active market are estimated with due application of valuation techniques. These methods are based on recent transactions performed on customary market terms, on the current value of other instruments which are essentially the same instruments, on analysis of discounted cash flows or on option price models. Pursuant to IFRS 13, due account is also taken of market and credit risks when determining fair values.

Financial assets are retired when the contractual rights to cash flows from the asset expire or when the financial asset is transferred, provided that all principal risks and rewards relating to ownership of the asset are also transferred and the power to dispose over the asset has been ceded.

Financial debt, trade payables and other liabilities are reported as financial liabilities on the liabilities side of the balance sheet. Financial liabilities are mainly recognised at amortised cost, with application of the effective interest rate method where appropriate. In the case of financial debt, cost is equivalent to the amount disbursed. In the case of trade payables and other liabilities, cost is equivalent to the fair value of the consideration received.

Financial liabilities are retired when the underlying obligation has been met or terminated, or has expired.

As in the previous year, no use was made of the option of allocating financial assets and financial liabilities to the "measured at fair value through profit or loss" category.

DERIVATIVE FINANCIAL INSTRUMENTS: Derivative financial instruments include interest rate and currency derivatives, as well as commodity derivatives, in this case mainly for electricity, gas, coal and CO_2 emission rights. Derivative financial instruments are measured at fair value both upon initial recognition and in subsequent periods and are reported under other assets or other liabilities. The amounts recognised are derived from market values or using generally recognised valuation methods (present value method or option pricing models based on current market parameters). Changes in the value of interest rate and currency derivatives are recognised as income or expenses in the financial result. Changes in the value of all other derivative financial instruments are recognised as income or expenses under other operating income and expenses. Derivatives deployed in cash flow hedges are treated separately. Cash flow hedges serve to hedge future cash flows from financial assets or financial liabilities. Where they additionally meet the hedge accounting requirements set out in IAS 39, changes in the fair value of the effective portion of the hedging instrument are recognised directly in equity under fair value measurement of financial instruments. When the underlying transaction is recognised in the income statement, the hedge is also recognised through profit and loss and thus compensates for the impact of the underlying transaction. Alongside cash flow hedge accounting, risks may also be hedged with fair value hedges. Here, changes in the fair value of derivatives serving to hedge a fair value and qualifying as fair value hedges are recognised through profit or loss at the same time as the risk thereby hedged.

IAS 39 sets out hedge accounting requirements. In particular, it requires hedge relationships to be extensively documented and effective, i.e. both prospective and retrospective changes in the fair value of the hedge have to lie within a range of 80 % to 125 % of the opposing changes in the fair value of the hedged item. Only the effective portion of a hedging relationship may be recognised in equity. The ineffective portion must be credited or charged directly to earnings in the income statement.

Interest rate risks are limited by drawing in particular on interest swaps. These instruments secure the cash flows from interest-bearing non-current financial liabilities by means of cash flow hedges.

Pending transactions intended to secure market prices in the field of energy trading fall within the scope of IAS 39 and have to be recognised as derivative financial instruments, while the hedged items (sales contracts) are generally not covered by IAS 39. The accounting treatment under IAS 39 relates in particular to commodities futures transactions. To limit volatility, application is made of the own use exemption or of cash flow hedge accounting, particularly in the electricity and gas businesses.

For closed foreign currency positions, fair value hedges were also used for the first time in the 2014/15 financial year. These have been recognised in accordance with fair value hedge accounting requirements.

Measurement uncertainties

Discretionary decisions have to be made when applying the accounting policies. Moreover, the preparation of consolidated financial statements in accordance with IFRS requires assumptions and estimates to be made which could impact on the values stated for the assets and liabilities, income and expenses thereby recognised, as well as on the disclosure of contingent liabilities.

Discretionary decisions in the application of accounting policies

The exercising of discretion in the application of accounting policies has not had any material influence on the values of the assets and liabilities as reported in the financial statements.

Uncertainties involved in estimates

The following section provides information on the most important forward-looking assumptions and major sources of uncertainty involved in estimates made at the balance sheet date, as a result of which there is a risk that a material adjustment will be required in the carrying amounts of assets and liabilities in the coming financial year.

The fair values of assets and liabilities and the useful lives of assets have been determined on the basis of management assessment. The same applies to the calculation of any impairments of assets.

The MVV Energie Group tests its goodwill and assets for impairment at least once a year and when any events or circumstances indicate that this might be the case. This requires an estimation of the value in use of the cash generating unit to which the goodwill or asset is allocated. To estimate the value in use, the MVV Energie Group has to estimate the cash flow surpluses expected to be generated by the cash generating unit in future and furthermore to select an appropriate discount rate to calculate the present value of the cash flow. All assumptions and estimates are based on circumstances and assessments at the balance sheet date or at the date during the financial year on which event-specific impairment becomes necessary. Any deviation in the underlying framework could result in differences arising between such estimates and actual values. Appropriate amendments are made in such cases to the assumptions and if necessary to the carrying amount of the goodwill and the assets.

Moreover, assumptions also have to be made when calculating actual and deferred taxes. In particular, the possibility of generating corresponding future taxable income plays a major role in the assessment as to whether it will be possible to use deferred tax assets.

The principal estimates involved in the measurement of provisions for pensions and similar obligations include the discount factor, biometric probabilities and trend assumptions. Any deviation in the development of these estimates could result in differences between the amounts recognised and the obligations actually arising over time. Actuarial gains and losses have been fully recognised in the period in which they arise. This means that any amendments in estimates have direct implications for the MVV Energie Group.

The measurement of sales and cost of materials is dependent on estimates to the extent that consumption deferrals have been undertaken as of the balance sheet date for trade receivables and payables already incurred but not yet invoiced.

Compensation liabilities for partnerships are recognised at pro-rated fair value. This is determined by compiling a company valuation, taking due account of current budgets and the yield curve.

When assessing these measurement uncertainties, reference is always made to the best information available concerning circumstances at the balance sheet date. Actual amounts may differ from estimates. The carrying amounts recognised in the financial statements which are subject to these uncertainties have been stated in the balance sheet and the accompanying information provided in the notes.

The amendments made to estimates in the 2014/15 financial year due to IAS 8 did not lead to any notable adjustments in the relevant income, expenses, assets or liabilities.

Notes to Income Statement

1 Sales after electricity and natural gas taxes

Sales include all revenues generated by the typical business activities of the Group. They are recognized upon the transfer of significant risks and rewards to customers or upon performance of the respective services, provided that payment can reliably be expected. The composition of sales broken down into individual segments can be found in the Segment Report in Note 37.

Compared with our main products, namely electricity, heating energy, gas, water and waste, other sales are of subordinate significance.

The sales of our foreign subsidiaries amounted to Euro 94 835 thousand in group currency (previous year: Euro 85 873 thousand).

2 Changes in inventories

Changes in inventories mainly relate to unfinished projects, project rights and house connection services not yet invoiced.

3 Own work capitalised

Own work capitalised relates in particular to the construction and expansion of distribution grids.

4 Other operating income

Other operating income

Euro 000s	**2014/15**	2013/14
Income from IAS 39 derivatives[1]	299 859	100 336
Income from emission rights	15 130	14 555
Reimbursements of damages claims[1]	10 537	2 633
Reversals of write-downs and receipts of receivables already retired[1]	7 888	16 007
Agency agreements and personnel supplies[1]	7 376	5 157
Income from sales of assets[1]	6 467	2 840
Reversals of provisions	5 842	10 230
Credits and refunds	4 764	2 951
Exchange rate gains	4 752	2 763
Benefits to employees	3 052	3 094
Rental income[1]	3 002	2 375
Other[1]	20 788	21 541
	389 457	**184 482**

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

Other operating income particularly relates to positive measurement items for energy trading transactions requiring measurement under IAS 39. Measurement items relating to energy trading transactions have been reported on a gross basis. This valuation-dependent income is offset by corresponding expenses.

Reimbursements of damages claims mainly involve damages payments for downtime at power plants.

The reduction in income from reversals of write-downs and receipts of receivables already retired is attributable to the successful working capital management in previous years.

5 Cost of materials

Cost of materials

Euro 000s	**2014/15**	2013/14
Raw materials, supplies and purchased goods[1]	2 269 274	2 597 830
Purchased services[1]	408 046	416 432
	2 677 320	**3 014 262**

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

The reduction in raw materials and supplies was primarily driven by lower business volumes due to volume and price factors and the resultant reduction in energy procurement costs.

Expenses for purchased services mainly relate to expenses for grid utilisation fees, concession duties and disposal costs for residual waste and third-party services.

6 Employee benefit expenses

Employee benefit expenses

Euro 000s	**2014/15**	2013/14
Wages and salaries[1]	286 907	264 305
Social security expenses and welfare expenses	48 957	45 265
Pension expenses	19 395	18 392
	355 259	**327 962**

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

Employee benefit expenses include items of Euro 3 228 thousand resulting from the change in the scope of consolidation.

The MVV Energie Group had an annual average of 5 243 employees (previous year – adjusted: 5 132). This personnel total includes 11 executives (previous year: 11), 4 873 employees (previous year – adjusted: 4 755), 319 trainees (previous year – adjusted: 318) and 40 interns/students (previous year – adjusted: 48).

7 Other operating expenses

Other operating expenses

Euro 000s	**2014/15**	2013/14
Expenses for IAS 39 derivatives[1]	306 535	77 723
Contributions, fees and duties[1]	22 726	20 926
Rental, leasehold and leasing expenses[1]	19 117	17 262
Additions to write-downs and receivables defaults[1]	15 808	20 477
Legal, consulting and surveyor expenses[1]	12 938	14 081
Operating taxes (including energy taxes)[1]	12 501	10 217
Maintenance, repair and IT service expenses[1]	11 293	15 774
Personnel supplies[1]	9 179	9 857
Public relations expenses[1]	8 385	8 357
Employee benefit and welfare expenses[1]	8 162	8 587
Expenses for emission rights	6 699	8 786
Service contracts[1]	5 958	5 447
Facility management[1]	4 699	4 447
Losses incurred on sales of assets[1]	4 263	3 263
Exchange rate losses	2 940	2 450
Hospitality expenses[1]	2 107	2 096
Accounting and year-end expenses[1]	1 969	1 902
Office materials and specialist literature[1]	1 327	1 236
Other[1]	23 304	30 684
	479 910	**263 572**

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

Other operating expenses include negative measurement items for energy trading transactions requiring measurement under IAS 39. Measurement items relating to energy trading transactions have been reported on a gross basis. These valuation-dependent expenses are countered by other operating income offsetting this item.

The reduction in additions to write-downs and receivables defaults is attributable to the successful working capital management in previous years.

8 Income from companies recognised at equity and other income from shareholdings

Income from companies recognised at equity and other income from shareholdings

Euro 000s	**2014/15**	2013/14
Income from companies recognised at equity[1]	10 836	31 596
Income from other shareholdings[1]	1 758	1 688
Expenses/income from sales of financial assets[1]	249	1 400
	12 843	**34 684**

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

The changes in the scope of consolidation in the year under report led to a reduction in income from companies recognised at equity. We do not expect this one-off factor to recur in the subsequent financial year.

9 Depreciation and amortisation

Depreciation and amortisation

Euro 000s	**2014/15**	2013/14
Depreciation and amortisation[1]	161 239	159 277
of which impairment losses	985	1 675

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

The impairment losses recognised in the 2014/15 financial year mainly involved impairment losses of Euro 329 thousand for buildings (previous year: Euro 68 thousand), Euro 420 thousand for technical equipment and machinery (previous year: Euro 1 598 thousand) and Euro 140 thousand for intangible assets (previous year: Euro 0 thousand). The impairment losses are divided among several companies with immaterial amounts in each case.

10 Financing income

Financing income

Euro 000s	2014/15	2013/14
Income from currency translation in connection with financing facilities	3 723	20 088
Interest income from finance leases[1]	3 106	3 386
Interest income from current account, overnight and fixed-term deposits[1]	522	1 239
Income from general loans	58	81
Income from IAS 39 measurement	1 142	571
Other interest and similar income[1]	3 021	5 186
	11 572	**30 551**

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

The hedging of closed foreign currency positions (further details in Note 36 Financial instruments) resulted in shifts within the financial result that are reflected in the income and expenses from currency translation and the result of IAS 39 measurement.

11 Financing expenses

Financing expenses

Euro 000s	2014/15	2013/14
Interest expenses on overdraft facilities, non-current and current loans	44 897	51 196
Expenses from currency translation in connection with financing facilities	5 477	7 527
Compounding of provisions[1]	3 654	8 099
Expenses for IAS 39 measurement	1 065	8 917
Other interest and similar expenses[1]	–3 245	2 992
	51 848	**78 731**

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

Financing expenses include expenses from currency translation mainly resulting from the financing of the UK projects.

The capitalisation of borrowing costs of Euro 16 163 thousand has led to the recognition of income under other interest and similar expenses.

12 Taxes on income

Taxes on income

Euro 000s	2014/15	2013/14
Actual taxes[1]	52 609	36 519
Deferred taxes[1]	–16 420	1 021
	36 189	**37 540**

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

Current tax expenses include the payable trade tax and corporate income tax charge (including the solidarity surcharge), as well as foreign taxes on income.

The deferred tax income results from tax expenses of Euro 1 234 thousand (previous year: tax expenses of Euro 3 278 thousand) that are attributable to the changes in the write-down on losses carried forward and the utilisation through profit or loss of losses carried forward, as well as from deferred tax income of Euro 17 654 thousand (previous year: Euro 2 257 thousand) attributable to the arising and/or reversal of temporary differences.

Actual tax expenses were reduced by Euro 3 154 thousand by using tax losses not previously recognised (previous year: Euro 3 825 thousand).

The reconciliation of expected tax expenses with those actually reported is presented in the following table. The tax rate of 30.3 % applicable for the tax reconciliation (previous year: 30.3 %) consists of the unchanged corporate income tax rate of 15.0 %, the unchanged solidarity surcharge of 5.5 % and an average trade tax rate of 14.5% (previous year 14.5 %).

Reconciliation of income tax expenses

Euro 000s	2014/15	2013/14
Earnings before taxes (EBT)[1]	**121 421**	**138 936**
Expected tax expenses based on tax rate of 30.3 % (previous year: 30.3 %)[1]	**36 791**	**42 098**
Deviations resulting from trade tax assessment base[1]	2 685	2 900
Deviations from expected tax rate[1]	–2 942	–2 923
Utilisation of losses carried forward, change in write-downs for losses and losses for which no deferred taxes are recognised[1]	1 224	3 278
Non-deductible expenses[1]	1 920	2 199
Tax-exempt income	–7 418	–8 393
Income from shareholdings recognised at equity[1]	4 197	–4 018
Permanent differences[1]	1 469	1 960
Taxes for previous years	–1 777	–1 421
Other	40	1 860
Effective tax expenses[1]	**36 189**	**37 540**
Effective tax rate in %[1]	**29.8**	**27.0**

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

The reduction in the "Utilisation of losses carried forward, change in write-downs for losses and losses for which no deferred taxes are recognised" item is due to the reduction in write-downs of deferred tax assets on losses carried forward. This item is countered by opposing items resulting from the utilisation of losses carried forward.

The decline in tax-exempt income is due to lower income from shareholdings in unconsolidated subsidiaries and to a reduction in tax-exempt hidden contributions.

The change of sign for income from companies measured at equity is attributable to the reduction in the at-equity result.

13 Share of earnings attributable to MVV Energie AG and earnings per share

Share of earnings attributable to MVV Energie AG shareholders and earning per share

	1 Oct 2014 to 30 Sep 2015	1 Oct 2013 to 30 Sep 2014
Share of earnings attributable to MVV Energie AG shareholders (Euro 000s)[1]	71 907	92 489
Number of shares (weighted average in 000s)	65 907	65 907
Earnings per share (Euro)[1]	1.09	1.40
Dividend per share (Euro)	0.90	0.90

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

The number of individual registered shares in MVV Energie AG amounts to 65 906 796. The weighted annual average is calculated to the nearest day.

The dividend for the 2014/15 financial year is based on the proposal made by the Executive Board and is subject to approval by the Annual General Meeting on 4 March 2016. This proposal involves the distribution of a total dividend of Euro 59 316 thousand. The appropriation of earnings proposed for the 2013/14 financial year was approved by the Annual General Meeting on 13 March 2015. A total dividend of Euro 59 316 thousand was distributed. As there were no option rights to shares in MVV Energie AG at the balance sheet date, it is not necessary to account for any dilution effects.

Notes to Balance Sheet

14 Intangible assets

Intangible assets include concessions, industrial property rights, customer lists and similar rights and values, goodwill and advance payments.

The requirements governing the capitalisation of development expenses were not met in the 2014/15 financial year. Like research expenses, these have therefore been recognised as expenses in the period in which they were incurred. The volume of expenses qualifying as research and development expenses under IFRS amounted to Euro 809 thousand in the 2014/15 financial year (previous year: Euro 2 205 thousand). Research and development expenses mainly relate to activities aimed at achieving ongoing improvements in working processes, product development and technological enhancements.

Concessions, industrial property rights and similar rights and values consist of software and contractually agreed grants to customers and suppliers. The useful lives of such rights are based on the relevant economic aspects or contractual requirements and range from 1 to 50 years.

The impairment tests performed in the 2014/15 financial year were based on determining the recoverable amount/value in use. This involved discounting expected cash flows at the shareholdings with discount rates (weighted costs of capital) of 4.5 % to 5.9 % after taxes. The weighted costs of capital before taxes ranged from 6.4 % to 8.1 %. The discount rates were determined on the basis of available market data. The budget period for the underlying cash flows generally amounted to three years. Growth rates of up to 0.5 % were used in the budgets for the impairment tests performed in the 2014/15 financial year.

Within the framework of a sensitivity analysis, the impairments resulting from any increase/reduction in the capitalisation discount rate by 0.5 % were calculated. This did not result in any notable changes in the ongoing values.

The carrying amounts stated for goodwill are structured as follows:

Goodwill carrying amounts

Euro 000s	**30 Sep 2015**	30 Sep 2014
Energieversorgung Offenbach subgroup	71 689	65 796
MVV Enamic subgroup	36 611	36 611
MVV Energie CZ subgroup	5 897	5 862
MVV Umwelt subgroup	5 591	5 586
Windwärts subgroup	6 073	—
Other subgroups	1 038	1 018
	126 899	**114 873**

For the purposes of performing impairment tests, goodwill was allocated to cash generating units. The cash generating units basically correspond to the legal subgroups, which consist of legal units that belong together in geographical or material terms. No impairment losses were recognised for goodwill in the 2014/15 financial year.

The inclusion of the shares in MobiHeat GmbH and of Juwi Wind Germany GmbH in the scope of consolidation of the MVV Energie Group and the MDW asset deal have resulted in goodwill of Euro 5 893 thousand at the Energieversorgung Offenbach subgroup.

Due to the deconsolidation of the company enservis a.s. i. L., goodwill at the MVV Energie CZ subgroup has reduced by Euro 40 thousand.

The inclusion of assets in connection with the Windwärts asset deal resulted in goodwill of Euro 6 073 thousand at the Windwärts subgroup.

The merger of the company 24sieben Nordwatt GmbH into Stadtwerke Kiel Aktiengesellschaft resulted in goodwill of Euro 20 thousand at the other subgroups, as this company was an unconsolidated other shareholding prior to the merger.

Furthermore, currency translation effects of Euro 80 thousand were reported for the MVV Energie CZ and MVV Umwelt subgroups (previous year: Euro –3 thousand).

Intangible assets

Euro 000s	Concessions, industrial property rights and similar rights and values	Goodwill	Advance payments	**Total**
Gross value at 1 October 2013[1]	250 026	121 649	4 771	376 446
Currency adjustments	–137	–615	37	–715
Additions[1]	12 746	—	2 892	15 638
Disposals[1]	–2 730	—	—	–2 730
Reclassifications[1]	5 312	9 889	–3 915	11 286
Reclassifications pursuant to IFRS 5	–73	—	—	–73
Gross value at 30 September 2014[1]	**265 144**	**130 923**	**3 785**	**399 852**
Amortisation at 1 October 2013[1]	–171 850	–6 318	–3	–178 171
Currency adjustments	104	157	–1	260
Scheduled amortisation[1]	–11 807	—	—	–11 807
Disposals[1]	1 458	—	—	1 458
Reclassifications	–8	–9 889	–12	–9 909
Reclassifications pursuant to IFRS 5	34	—	—	34
Amortisation at 30 September 2014[1]	**–182 069**	**–16 050**	**–16**	**–198 135**
Net value at 30 September 2014[1]	**83 075**	**114 873**	**3 769**	**201 717**
Gross value at 1 October 2014	265 144	130 923	3 785	399 852
Change in scope of consolidation	5 530	11 937	—	17 467
Currency adjustments	42	106	35	183
Additions	15 566	—	4 873	20 439
Disposals	–284	—	–52	–336
Reclassifications	3 424	—	–3 448	–24
Gross value at 30 September 2015	**289 422**	**142 966**	**5 193**	**437 581**
Amortisation at 1 October 2014	–182 069	–16 050	–16	–198 135
Change in scope of consolidation	—	9	—	9
Currency adjustments	–22	–26	–1	–49
Scheduled amortisation	–12 643	—	—	–12 643
Impairment losses	–140	—	—	–140
Disposals	281	—	6	287
Reclassifications	–37	—	12	–25
Amortisation at 30 September 2015	**–194 630**	**–16 067**	**1**	**–210 696**
Net value at 30 September 2015	**94 792**	**126 899**	**5 194**	**226 885**

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

15 Property, plant and equipment

Property, plant and equipment

Euro 000s	Land, leasehold rights and buildings, including buildings on third-party land	Technical equipment and machinery	Other assets, plant and office equipment	Advance payments and construction in progress	**Total**
Gross value at 1 October 2013[1]	751 417	4 006 717	194 365	305 358	5 257 857
Currency adjustments	–8 066	–10 651	–131	8 046	–10 802
Additions[1]	4 372	105 852	7 345	172 016	289 585
Subsidy payments received	–89	–8 349	–9	–463	–8 910
Disposals[1]	–4 791	–31 921	–4 281	–314	–41 307
Reclassifications[1]	2 564	85 526	845	–90 332	–1 397
Reclassifications pursuant to IFRS 5	–429	–8 397	–83	—	–8 909
Gross value at 30 September 2014[1]	**744 978**	**4 138 777**	**198 051**	**394 311**	**5 476 117**
Depreciation at 1 October 2013[1]	–360 609	–2 367 112	–135 093	—	–2 862 814
Currency adjustments	3 004	6 354	128	—	9 486
Scheduled depreciation[1]	–15 958	–119 625	–10 202	—	–145 785
Impairment losses	–68	–1 598	–9	—	–1 675
Disposals[1]	2 807	15 475	4 060	—	22 342
Reclassifications	413	–410	17	—	20
Reclassifications pursuant to IFRS 5	205	6 381	57	—	6 643
Depreciation at 30 September 2014[1]	**–370 206**	**–2 460 535**	**–141 042**	**—**	**–2 971 783**
Net value at 30 September 2014[1]	**374 772**	**1 678 242**	**57 009**	**394 311**	**2 504 334**
Gross value at 1 October 2014	744 978	4 138 777	198 051	394 311	5 476 117
Change in scope of consolidation	426	6 649	1 510	170	8 755
Currency adjustments	1 603	2 433	49	6 484	10 569
Additions	4 639	60 636	7 573	169 203	242 051
Subsidy payments	–20	–15 907	–106	–1 429	–17 462
Disposals	–7 756	–42 726	–6 429	371	–56 540
Reclassifications	36 369	180 473	1 316	–218 134	24
Reclassifications pursuant to IFRS 5	–213	–50 379	–96	–145	–50 833
Gross value at 30 September 2015	**780 026**	**4 279 956**	**201 868**	**350 831**	**5 612 681**
Depreciation at 1 October 2014	–370 206	–2 460 535	–141 042	—	–2 971 783
Change in scope of consolidation	–12	–1 920	—	—	–1 932
Currency adjustments	–566	–1 175	–29	—	–1 770
Scheduled depreciation	–15 098	–122 044	–10 462	—	–147 604
Impairment losses	–329	–420	–96	—	–845
Disposals	5 446	19 226	5 918	—	30 590
Reclassifications	—	—	25	—	25
Reclassifications pursuant to IFRS 5	91	11 929	25	—	12 045
Depreciation at 30 September 2015	**–380 674**	**–2 554 939**	**–145 661**	**—**	**–3 081 274**
Net value at 30 September 2015	**399 352**	**1 725 017**	**56 207**	**350 831**	**2 531 407**

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

Impairment losses mainly involve technical equipment and machinery, as well as land and buildings.

Borrowing costs of Euro 16 248 thousand were capitalised in the 2014/15 financial year (previous year: Euro 11 328 thousand). The financing cost rates thereby assumed ranged from 3.1 % to 3.5 % (previous year: 3.8 % to 5.0 %).

Property, plant and equipment up to an equivalent value of Euro 86 million (previous year: Euro 88 million) has been provided as security for financial debt. This mostly involves land and buildings, as well as technical equipment and machinery. Property, plant and equipment subject to restrictions on disposal amounts to Euro 29 million (previous year – adjusted: Euro 103 million).

The subsidy payments received in the 2014/15 financial year chiefly relate to the installation of various distribution facilities. There are no conditions that have not been met or other performance uncertainties in connection with these subsidy payments.

An amount of Euro 76.6 million was recognised in the 2014/15 financial year as advance payments and construction in progress for the energy from waste plant in Plymouth and the biomass power plant in Ridham, both in the UK (previous year: Euro 108.3 million).

16 Investment property

Investment property related exclusively to a residential and commercial building let out in Köthen. This was sold in the 3rd quarter of 2014/15. Rental income amounted to Euro 23 thousand in the year under report (previous year: Euro 35 thousand). Direct operating expenses (excluding scheduled depreciation) amounted to Euro 1 thousand (previous year: Euro 1 thousand). The property reported was subject to straight-line depreciation over a 50-year period.

Investment property

Euro 000s	**2014/15**	2013/14
Gross value at 1 October	448	448
Disposals	–448	—
Gross value at 30 September	**—**	**448**
Depreciation at 1 October	–164	–154
Scheduled depreciation	–7	–10
Disposals	171	—
Depreciation at 30 September	**—**	**–164**
Net value at 30 September	**—**	**284**

17 Joint ventures

The assets, liabilities, equity, sales, net income and other income and expenses presented in the following tables are attributable to material joint ventures:

Statement of comprehensive income for material joint ventures

Euro 000s	Juwi AG, Wörrstadt		Gemeinschaftskraftwerk Kiel GmbH, Kiel		Stadtwerke Ingolstadt Beteiligungen GmbH, Ingolstadt	
	1 Jan 2015 to 30 Sep 2015	1 Oct 2013 to 30 Sep 2014	**1 Oct 2014 to 30 Sep 2015**	1 Oct 2013 to 30 Sep 2014	**1 Oct 2014 to 30 Sep 2015**	1 Oct 2013 to 30 Sep 2014
Sales excluding energy taxes	370 116	—	91 840	106 620	200 823	224 395
Scheduled amortisation and depreciation	–10 230	—	–3 100	n.a.	–11 971	n.a.
Interest income	818	—	135	n.a.	90	n.a.
Interest expenses	–6 673	—	–5 521	n.a.	–1 079	n.a.
Annual net income	–31 943	—	1 534	–464	13 989	18 822
Other income and expenses	3 140	—	—	—	–71	–166
Total comprehensive income for period	**–28 803**	**—**	**1 534**	**–464**	**13 918**	**18 656**
Dividends received from material joint ventures	—	—	767	767	9 848	9 800

Further key financial figures for material joint ventures

Euro 000s	Juwi AG, Wörrstadt		Gemeinschaftskraftwerk Kiel GmbH, Kiel		Stadtwerke Ingolstadt Beteiligungen GmbH, Ingolstadt	
	30 Sep 2015	30 Sep 2014	**30 Sep 2015**	30 Sep 2014	**30 Sep 2015**	30 Sep 2014
Assets	**538 853**	**—**	**101 001**	**95 661**	**227 956**	**222 569**
Non-current assets	143 376	—	13 047	15 420	187 753	187 356
Current assets	395 477	—	87 954	80 241	40 203	35 213
of which cash and cash equivalents	55 622	—	34 572	n.a.	36	n.a.
		—				
Equity and liabilities	**538 853**	**—**	**101 001**	**95 661**	**227 956**	**222 569**
Equity	92 687	—	16 873	16 873	64 135	70 565
Non-current provisions	9 169	—	50 704	46 511	3 349	3 061
Non-current liabilities and other liability items	136 679	—	—	n.a.	85 651	81 806
of which non-current financial debt	93 388	—	—	n.a.	21 581	n.a.
Current provisions	72 451	—	31 111	28 537	145	435
Current liabilities and other liability items	227 867	—	2 313	3 740	74 676	66 702
of which current financial debt	9 350	—	—	n.a.	37 883	n.a.

Reconciliation of summarised key financial figures with carrying amounts of material joint ventures

Euro 000s	Juwi AG, Wörrstadt		Gemeinschaftskraftwerk Kiel GmbH, Kiel		Stadtwerke Ingolstadt Beteiligungen GmbH, Ingolstadt	
	1 Jan 2015 to 30 Sep 2015	1 Oct 2013 to 30 Sep 2014	**1 Oct 2014 to 30 Sep 2015**	1 Oct 2013 to 30 Sep 2014	**1 Oct 2014 to 30 Sep 2015**	1 Oct 2013 to 30 Sep 2014
Net assets at 1 October	51 490	—	16 873	18 870	70 565	71 027
Profit/loss for period	–31 943	—	1 534	–464	13 989	18 822
Dividends paid	—	—	–1 534	–1 533	–20 348	–19 277
Other income and expenses	3 140	—	—	—	–71	–7
Capital increase	70 000	—	—	—	—	—
Net assets at 30 September	**92 687**	**—**	**16 873**	**16 873**	**64 135**	**70 565**
Group share of net assets	58 504	—	8 437	8 437	31 041	34 153
Other items	—	—	322	322	–154	–154
Goodwill	106 716	—	—	—	53 759	53 759
Carrying amount of interest in joint ventures	**165 220**	**—**	**8 759**	**8 759**	**84 646**	**87 758**

The assets, liabilities, equity, sales, annual net income and other income and expenses presented in the following tables are attributable to non-material joint ventures:

Statement of comprehensive income for non-material joint ventures

Euro 000s	**1 Oct 2014 to 30 Sep 2015**	1 Oct 2013 to 30 Sep 2014
Sales excluding energy taxes	151 329	157 501
Scheduled amortisation and depreciation	–12	n.a
Interest income	425	n.a
Interest expenses	–1 163	n.a
Annual net income	2 621	13 479
Total comprehensive income for period	**2 621**	**13 479**
Dividends received from non-material joint ventures	5 389	6 378

Further key financial figures for non-material joint ventures

Euro 000s	**30 Sep 2015**	30 Sep 2014
Assets	**225 472**	**219 405**
Non-current assets	157 960	156 074
Current assets	67 512	63 331
of which cash and cash equivalents	10 849	n.a.
Equity and liabilities	**225 472**	**219 405**
Equity	110 906	95 539
Non-current provisions	1 870	2 125
Non-current liabilities and other liability items	53 929	57 489
of which non-current financial debt	46 662	n.a.
Current provisions	22 893	26 009
Current liabilities and other liability items	35 874	38 243
of which current financial debt	8 778	n.a.

Summarised key financial figures for non-material joint ventures

Euro 000s	**1 Oct 2014 to 30 Sep 2015**	1 Oct 2013 to 30 Sep 2014
Profit/loss for period	2 621	13 479
Total comprehensive income for period	2 621	13 479
Carrying amount of interest in non-material joint ventures	**50 000**	**44 308**

18 Associates

The assets, liabilities, equity, sales, annual net income and other income and expenses presented in the following tables are attributable to material associates:

Statement of comprehensive income for material associates

Euro 000s	**Grosskraftwerk Mannheim AG, Mannheim**	
	1 Oct 2014 to 30 Sep 2015	1 Oct 2013 to 30 Sep 2014
Sales excluding energy taxes	492 825	502 281
Scheduled depreciation and amortisation	–23 451	n.a.
Interest income	—	n.a.
Interest expenses	–20 600	n.a.
Annual net income	51 452	59 166
Other income and expenses	–78 439	34 501
Total comprehensive income for period	**–26 987**	**93 667**
Dividends received from material associates	1 861	1 861

Further key financial figures for material associates

Euro 000s	**Grosskraftwerk Mannheim AG, Mannheim**	
	30 Sep 2015	30 Sep 2014
Assets	**2 156 948**	**1 907 881**
Non-current assets	1 968 173	1 731 868
Current assets	188 775	176 013
of which cash and cash equivalents	536	n.a.
Equity and liabilities	**2 156 948**	**1 907 881**
Equity	133 761	149 168
Non-current provisions	672 521	558 694
Non-current liabilities and other liability items	1 139 971	1 044 304
of which non-current financial debt	1 070 000	986 000
Current provisions	95 631	62 801
Current liabilities and other liability items	115 064	92 914
of which current financial debt	69 727	12 952

Reconciliation of summarised key financial figures with carrying amount of material associates

Euro 000s	**Grosskraftwerk Mannheim AG, Mannheim**	
	1 Oct 2014 to 30 Sep 2015	1 Oct 2013 to 30 Sep 2014
Net assets at 1 October	149 168	115 875
Profit/loss for period	51 452	59 166
Dividends paid	–6 647	–6 647
Other income and expenses	–78 439	34 501
Other Group adjustment	18 227	–53 727
Net assets at 30 September	**133 761**	**149 168**
Group share of net assets	37 453	41 767
Other items	1 897	1 897
Carrying amount of investment in associate	**39 350**	**43 664**

The assets, liabilities, equity, sales, annual net income and other income and expenses presented in the following tables are attributable to non-material associates:

Statement of comprehensive income for non-material associates

Euro 000s	**1 Oct 2014 to 30 Sep 2015**	1 Oct 2013 to 30 Sep 2014
Sales excluding energy taxes	2 669	2 546
Scheduled amortisation and depreciation	–385	n.a.
Interest income	1	n.a.
Interest expenses	–19	n.a.
Annual net income	—	—
Total comprehensive income for period	**34**	**—**
Dividends received from non-material associates	8	—

Further key financial figures for non-material associates

Euro 000s	**30 Sep 2015**	30 Sep 2014
Assets	**9 199**	**7 328**
Non-current assets	5 361	3 606
Current assets	3 838	3 722
of which cash and cash equivalents	566	n.a.
Equity and liabilities	**9 199**	**7 328**
Equity	7 889	7 071
Non-current provisions	—	n.a.
Non-current liabilities and other liability items	315	n.a.
of which non-current financial debt	—	n.a.
Current provisions	64	4
Current liabilities and other liability items	931	253
of which current financial debt	108	n.a.

Summarised key financial figures for non-material associates

Euro 000s	**1 Oct 2014 to 30 Sep 2015**	1 Oct 2013 to 30 Sep 2014
Profit/loss for period	34	—
Total comprehensive income for period	34	—
Carrying amount of investment in non-material associates	**3 795**	**3 606**

Earnings recognised in equity include items resulting from the measurement of pension obligations and from currency translation differences.

The investment income received by the MVV Energie Group from associates in the 2014/15 financial year amounted to Euro 1 869 thousand (previous year: Euro 1 861 thousand).

Our share of the contingent liabilities of companies measured at equity amounts to Euro 1 413 thousand (previous year: Euro 1 295 thousand).

The associates included in consolidation have deviating financial years ending on 31 December. Their results have been recognized at the Group accordingly. As in the previous year, no publicly listed market prices were available.

19 Subsidiaries with non-controlling interests of material significance to the Group

On account of their size and influence on the Group, the following companies have been identified as material subsidiaries: Stadtwerke Kiel AG, Kiel, and Energieversorgung Offenbach AG, Offenbach am Main.

The statements of comprehensive income and further key financial figures concerning the non-controlled interests in both companies are presented in the following tables.

The figures stated represent the amounts prior to consolidation.

Statement of comprehensive income for non-controlled interests in Energieversorgung Offenbach AG

Euro 000s	**1 Oct 2014 to 30 Sep 2015**	1 Oct 2013 to 30 Sep 2014
Sales excluding energy taxes	438 346	494 936
Annual net income	12 640	16 485
Other income and expenses	990	–3 019
Total comprehensive income for period	**13 630**	**13 466**
Total comprehensive income attributable to non-controlling interests	6 815	6 733
Dividends paid (to non-controlling shareholders)	7 350	8 067

Further key financial figures for non-controlled interests in Energieversorgung Offenbach AG

Euro 000s	**30 Sep 2015**	30 Sep 2014
Assets	**419 012**	**468 380**
Non-current assets	298 933	342 529
Current assets	120 079	125 851
of which cash and cash equivalents	33 746	70 063
Equity and liabilities	**419 012**	**468 380**
Equity	155 413	156 484
Non-current provisions	27 711	26 685
Non-current liabilities and other liability items	136 910	213 983
of which non-current financial debt	101 548	155 702
Current provisions	10 188	17 340
Current liabilities and other liability items	88 790	53 888
of which current financial debt	17 874	4 257

Statement of comprehensive income for non-controlled interests in Stadtwerke Kiel AG

Euro 000s	1 Oct 2014 to 30 Sep 2015	1 Oct 2013 to 30 Sep 2014
Sales excluding energy taxes	795 406	747 384
Annual net income	18 228	21 295
Other income and expenses	467	–961
Total comprehensive income for period	**18 695**	**20 334**
Total comprehensive income attributable to non-controlling interests	9 161	9 964
Dividends paid (to non-controlling shareholders)	6 076	9 506

Further key financial figures for non-controlled interests in Stadtwerke Kiel AG

Euro 000s	30 Sep 2015	30 Sep 2014
Assets	**664 150**	**639 609**
Non-current assets	551 704	522 992
Current assets	112 446	116 617
of which cash and cash equivalents	143	278
Equity and liabilities	**664 150**	**639 609**
Equity	206 604	200 310
Non-current provisions	31 420	32 229
Non-current liabilities and other liability items	221 085	186 904
of which non-current financial debt	173 383	141 771
Current provisions	20 612	20 848
Current liabilities and other liability items	184 429	199 318
of which current financial debt	89 819	106 948

Total non-controlled interests in subsidiaries in the period under report amounted to Euro 203 437 thousand, of which Euro 93 034 thousand related to Stadtwerke Kiel AG, Kiel, Euro 76 653 thousand to Energieversorgung Offenbach AG, Offenbach am Main, and Euro 33 750 thousand to non-material subsidiaries.

20 Other financial assets

Other financial assets include other majority shareholdings, other shareholdings, general loans, loans in connection with finance leases and securities.

Write-downs and the development in other financial assets have been reported in the following table, as well as under income from companies recognised at equity and other income from shareholdings (Note 8), financing income (Note 10) and financing expenses (Note 11).

Loans and loans in connection with finance leases have fixed interest rates, with an average interest rate of 5.2 % (previous year – adjusted: 5.2 %). The average period for which interest rates remain fixed amounts to 5.0 years in the case of fixed-rate loans (previous year – adjusted: 7.0 years) and to 5.9 years in the case of finance leases (previous year – adjusted: 6.7 years). Reclassifications mainly involve reclassifications of the aforementioned items to current financial assets in line with their respective maturities.

Further information about financial instruments can be found in Note 36.

The other shareholdings recognised under other financial assets involve minority shareholdings, associates and joint ventures not included in MVV Energie's consolidated financial statements due to materiality considerations.

Securities chiefly consist of shareholdings in funds, in most cases held to secure part-time early retirement credit balances.

As in the previous year, there were no restrictions on disposal or other encumbrances.

Other financial assets also include the non-current share of finance leases. In several contracting projects, the MVV Energie Group acts as lessor in the context of finance lease agreements. In finance lease agreements, the major risks and rewards are assigned to the lessee. The respective assets are recognised at the present value of the minimum leasing payments. The reconciliation of these payments with gross investments in leases is as follows:

Reconciliation

Euro 000s	30 Sep 2015	30 Sep 2014
Present value of minimum leasing payments with maturities < 1 year[1]	**4 493**	**4 345**
Present value of minimum leasing payments with maturities > 1 year		
1 to 5 years[1]	18 312	17 788
longer than 5 years[1]	24 133	27 442
Present value of minimum leasing payments with maturities > 1 year	**42 445**	**45 230**
Total present value of minimum leasing payments	**46 938**	**49 575**
Financing income not yet realised	18 209	20 547
Gross investments in finance leases[1]	**65 147**	**70 122**

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

Other financial assets

Euro 000s	Other majority shareholdings	Other shareholdings	General loans	Loans in connection with finance leases	Securities	**Total**
Gross value at 1 October 2013[1]	5 194	14 193	1 854	63 790	1 951	86 982
Currency adjustments	–30	—	—	—	—	–30
Additions[1]	40	—	413	4 687	96	5 236
Disposals[1]	–2 042	–100	–454	–13 283	–2 040	–17 919
Reclassifications[1]	—	—	–184	–8 176	655	–7 705
Gross value at 30 September 2014	**3 162**	**14 093**	**1 629**	**47 018**	**662**	**66 564**
Amortisation at 1 October 2013	–3 360	–76	—	–33	–35	–3 504
Currency adjustments	30	—	—	—	—	30
Impairment losses	–18	—	–648	—	—	– 666
Disposals	1 534	1	—	—	—	1 535
Amortisation at 30 September 2014	**–1 814**	**–75**	**–648**	**–33**	**–35**	**–2 605**
Net value at 30 September 2014	**1 348**	**14 018**	**981**	**46 985**	**627**	**63 959**
Gross value at 1 October 2014	3 162	14 093	1 629	47 018	662	66 564
Change in scope of consolidation	2 969	23	1 749	—	—	4 741
Currency adjustments	5	—	—	—	—	5
Additions	114	15	543	2 687	—	3 359
Disposals	–3 144	–126	–976	–391	–1 328	–5 965
Reclassifications	—	—	–128	–5 466	692	–4 902
Gross value at 30 September 2015	**3 106**	**14 005**	**2 817**	**43 848**	**26**	**63 802**
Amortisation at 1 October 2014	–1 814	–75	–648	–33	–35	–2 605
Currency adjustments	–5	—	—	—	—	–5
Disposals	158	75	648	—	35	916
Amortisation at 30 September 2015	**–1 661**	**—**	**—**	**–33**	**—**	**–1 694**
Net value at 30 September 2015	**1 445**	**14 005**	**2 817**	**43 815**	**26**	**62 108**

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

21 Other receivables and assets

Other receivables and assets have been broken down into their respective contents and counterparties in the following tables. The hedging relationship has also been stated in the case of derivative financial instruments.

Other receivables and assets

	30 September 2015			30 September 2014		
Euro 000s	**Non-current**	**Current**	**Total**	Non-current	Current	Total
Derivative financial instruments[1]	300 775	189 512	490 287	59 039	74 497	133 536
Other tax receivables[1]	—	14 437	14 437	—	15 120	15 120
Receivables from security deposits for energy trading transactions	—	54 016	54 016	—	54 811	54 811
Deferred expenses and accrued income[1]	13 194	8 495	21 689	11 233	9 649	20 882
Receivables in connection with finance leases[1]	—	4 877	4 877	—	4 708	4 708
Suppliers with debit balances	—	2 742	2 742	—	2 226	2 226
Emission rights	—	496	496	—	640	640
Loans	—	361	361	—	493	493
Receivables from employees	—	406	406	—	561	561
Escrow accounts	—	104	104	—	84	84
Miscellaneous other assets[1]	11 753	38 621	50 374	4 952	26 681	31 633
	325 722	**314 067**	**639 789**	**75 224**	**189 470**	**264 694**

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

Derivative financial instruments

	30 September 2015			30 September 2014		
Euro 000s	**Non-current**	**Current**	**Total**	Non-current	Current	Total
Derivative financial instruments[1]	300 775	189 512	490 287	59 039	74 497	133 536
of which without IAS 39 hedges[1]	292 747	187 305	480 052	51 118	67 717	118 835
of which cash flow hedges[1]	8 028	2 207	10 235	7 921	6 780	14 701

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

The increase in derivative financial instruments was due to extended trading activities. These items relate to interest, currency and commodity derivatives for electricity, gas, coal, CO_2 and other rights.

Other tax receivables mainly include input tax and energy tax credits.

Further information about financial instruments can be found in Note 36.

Other receivables and assets

	30 September 2015			30 September 2014		
Euro 000s	**Non-current**	**Current**	**Total**	Non-current	Current	Total
Other receivables and assets						
from third parties[1]	325 722	313 752	639 474	75 224	189 223	264 447
from other majority shareholdings	—	254	254	—	189	189
from associates	—	61	61	—	58	58
	325 722	**314 067**	**639 789**	**75 224**	**189 470**	**264 694**

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

The write-downs and maturity structures for other receivables and assets have been presented in Note 36.

To minimise the counterparty risk involved in highly fluctuating fair values of energy trading derivatives, security deposits are exchanged with external trading partners. These involve margins. To reduce counterparty risks, payments are made both with the European Energy Exchange (EEX) and in some cases within the framework of bilateral agreements. These are reflected in the receivables from security deposits for energy transactions. Receivables from security deposits amounted to Euro 54 016 thousand (previous year: Euro 54 811 thousand).

There were no indications of impairment requirements in the case of non-impaired other receivables and assets. All write-downs undertaken were calculated following individual consideration of each case and were not based on any general allowance.

22 Inventories

Inventories

Euro 000s	**30 Sep 2015**	30 Sep 2014
Raw materials and supplies[1]	35 694	30 142
Finished and unfinished products and services and merchandise[1]	35 407	26 246
Advance payments	656	720
Commodity trading assets	2 246	4 773
	74 003	**61 881**

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

Write-downs of Euro 193 thousand were recognised for raw materials and supplies (previous year – adjusted: Euro 37 thousand). This figure includes write-ups of Euro 67 thousand on raw materials and supplies due to an increase in the net disposal price (previous year: Euro 46 thousand).

The commodity trading assets item comprises inventories relating to special gas storage transactions. Their fair value amounts to Euro 2 246 thousand (previous year: Euro 4 773 thousand). These items have been measured by reference to wholesale prices as of the balance sheet date and thus involve Level 2 measurement.

There were no restrictions on disposal or other encumbrances (apart from retentions of title).

23 Trade receivables

Trade receivables

Euro 000s	**30 Sep 2015**	30 Sep 2014
Trade receivables[1]	367 406	376 019
of which due from other majority shareholdings	107	58
of which due from at-equity companies	9 636	10 960
of which due from other shareholdings	527	503

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

The table shows those trade receivables with terms of under one year. Trade receivables with terms of more than one year are of immaterial significance at the Group and have been recognised under other receivables and assets.

The trade receivables recognised as of 30 September 2015 include receivables of Euro 988 thousand (previous year: Euro 4 886 thousand) for the settlement of construction contracts in line with their percentage of completion. Revenues of Euro 698 thousand were recognised for construction contracts in the year under report (previous year: Euro 2 299 thousand). Total costs incurred as of the balance sheet date amounted to Euro 797 thousand (previous year: Euro 2 028 thousand). Construction contracts resulted in a loss of Euro 99 thousand (previous year: profit of Euro 271 thousand). Advance payments received for construction contracts amounted to Euro 0 thousand at the balance sheet date (previous year: Euro 2 015 thousand).

Receivables with fixed volumes were sold in the year under report as well under factoring agreements concluded in the 2013/14 financial year. These receivables were fully retired. Their carrying amount totalled Euro 466 thousand (previous year: Euro 3 540 thousand). Due to the acquisition of a fully consolidated subsidiary, in the 2014/15 financial year there was also for the first time a factoring agreement in which a bank is obliged to acquire the trade receivables for all existing items at that subsidiary. No expiry date has been contractually determined for this agreement. The receivables were fully retired. Their carrying amount totalled Euro 29 thousand.

The write-downs and maturity structures for trade receivables have been presented in Note 36. Receivables are written down on the basis of their actual age. Furthermore, large receivables are assessed individually to determine their specific write-down requirements. There were no indications of write-down requirements for non-impaired trade receivables.

24 Tax receivables

The tax receivables of Euro 13 315 thousand (previous year: Euro 13 466 thousand) mainly relate to input tax and energy tax claims, as well as to receivables for other taxes, which have been recognised at nominal value and where necessary at present value.

25 Cash and cash equivalents

Cash and cash equivalents primarily consist of credit balances at banks. Cash and cash equivalents amounting to Euro 1 250 thousand are subject to restrictions on disposal (previous year: Euro 4 127 thousand).

Within the framework of short-term liquidity management structures, credit balances are exclusively deposited at banks of impeccable creditworthiness. As in the previous year, such balances bear interest at interbank levels.

26 Assets held for sale

In the context of a disposal project involving non-current assets, various non-current asset items and associated building cost grants have been classified as held for sale. These assets are expected to be sold in the 1st quarter of 2015/16.

27 Equity

The structure and development of equity have been presented in the statement of changes in equity.

SHARE CAPITAL: The share capital of MVV Energie AG amounts to Euro 168 721 thousand and is divided into 65 906 796 individual registered shares of Euro 2.56 each. All registered shares are paid up in full. The City of Mannheim indirectly owned 50.1 % of the share capital as of 30 September 2015, while RheinEnergie AG held 16.3 %, EnBW Energie Baden-Württemberg AG held 22.5 % and GDF SUEZ Energie Deutschland GmbH held 6.3 % of the shares. The remaining 4.8 % of the shares were in free float.

AUTHORISED CAPITAL II: By resolution dated 14 March 2014, the Annual General Meeting of MVV Energie AG authorised the Executive Board until 13 March 2019 to increase the share capital on one or several occasions by a total of Euro 51 200 thousand. Shareholders must generally be granted subscription rights; however, the Executive Board may exclude such rights on one or several occasions, in full or in part, for a total of Euro 13 180 thousand. The Executive Board of MVV Energie AG has not yet made any use of this authorisation.

AUTHORISATION TO BUY BACK TREASURY STOCK: By resolution dated 13 March 2015, the Annual General Meeting authorised the Executive Board until 12 March 2020 to acquire treasury stock on a scale of up to 10 % of existing share capital upon adoption of the resolution. The Executive Board of MVV Energie AG has not yet made any use of this authorisation.

CAPITAL RESERVE: The capital reserve relates to MVV Energie AG. This reserve includes external flows of funds requiring inclusion under § 272 of the German Commercial Code (HGB).

EQUITY GENERATED: In addition to the prorated revenue reserves and accumulated annual net income of MVV Energie AG and of the other consolidated companies since the date of initial consolidation, equity generated also includes accumulated changes recognised directly in equity as a result of the fair value measurement of financial instruments, mainly relating to hedging relationships recognised under IAS 39, as well as currency translation differences arising upon the translation of foreign financial statements and actuarial gains and losses for defined benefit plans. Expenses of Euro 7 192 thousand were recognised directly in equity in the financial year under report in connection with the fair value measurement of financial instruments (previous year – adjusted: income of Euro 11 088 thousand).

PROPOSED APPROPRIATION OF EARNINGS: The Executive Board proposes appropriating the unappropriated net profit of MVV Energie AG for the 2014/15 financial year as follows:

Distribution of a dividend of Euro 0.90 per individual share for the 2014/15 financial year (total: Euro 59 316 116.40). The Annual General Meeting on 4 March 2016 will decide on the dividend proposal.

28 Provisions

Provisions

Euro 000s	Balance at 1 Oct 2014	Change in scope of consolidation	Currency adjustments	Utilised	Reversed	Added	Reclassified	Interest component	**Balance at 30 Sep 2015**
Non-current provisions									
Pensions and similar obligations	**72 232**	**—**	**—**	**–2 438**	**—**	**1 072**	**—**	**1 700**	**72 566**
Tax provisions	**2 508**	**—**	**—**	**—**	**416**	**877**	**—**	**—**	**2 969**
Other provisions									
Early retirement	16 233	—	—	–45	44	6 221	–7 956	537	14 946
Employee benefit expenses	29 202	–12	—	–196	32	2 538	–1 242	676	30 934
Restructuring obligations	2 812	—	—	–1	—	3 440	–2 419	102	3 934
Refurbishment measures	8 279	—	—	–5	122	634	–641	149	8 294
Miscellaneous contingencies	34 650	—	5	–60	975	6 583	–2 933	490	37 760
Total other provisions	**91 176**	**–12**	**5**	**–307**	**1 173**	**19 416**	**–15 191**	**1 954**	**95 868**
Total non-current provisions	**165 916**	**–12**	**5**	**–2 745**	**1 589**	**21 365**	**–15 191**	**3 654**	**171 403**
Current provisions									
Tax provisions	**12 948**	**–2**	**—**	**–8 444**	**142**	**20 802**	**—**	**—**	**25 162**
Other provisions									
Early retirement	9 519	—	—	–9 540	5	64	7 956	—	7 994
Employee benefit expenses	25 172	233	4	–23 742	766	24 014	1 242	—	26 157
Services not yet invoiced	8 410	—	—	–6 172	680	844	—	—	2 402
Restructuring obligations	3 272	—	—	–2 173	—	—	2 419	—	3 518
Refurbishment measures	1 344	—	1	–353	46	—	641	—	1 587
Miscellaneous contingencies	50 612	87	107	–19 230	3 171	28 463	2 933	—	59 801
Total other provisions	**98 329**	**320**	**112**	**–61 210**	**4 668**	**53 385**	**15 191**	**—**	**101 459**
Total current provisions	**111 277**	**318**	**112**	**–69 654**	**4 810**	**74 187**	**15 191**	**—**	**126 621**
Total provisions	**277 193**	**306**	**117**	**–72 399**	**6 399**	**95 552**	**—**	**3 654**	**298 024**

Provisions broken down by maturity

	30 September 2015			30 September 2014		
Euro 000s	**Non-current**	**Current**	**Total**	Non-current	Current	Total
Provisions for pensions and similar obligations[1]	72 566	—	72 566	72 232	—	72 232
Tax provisions	2 969	25 162	28 131	2 508	12 948	15 456
Employee benefit expenses[1]	30 934	26 157	57 091	29 202	25 172	54 374
Early retirement[1]	14 946	7 994	22 940	16 233	9 519	25 752
Services not yet invoiced	—	2 402	2 402	—	8 410	8 410
Restructuring obligations	3 934	3 518	7 452	2 812	3 272	6 084
Refurbishment measures	8 294	1 587	9 881	8 279	1 344	9 623
Miscellaneous contingencies[1]	37 760	59 801	97 561	34 650	50 612	85 262
	171 403	**126 621**	**298 024**	**165 916**	**111 277**	**277 193**

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

Tax provisions include provisions for taxes on income, such as corporate income tax, including the solidarity surcharge, and trade income tax.

The provisions for early retirement expenses mainly relate to legal and constructive obligations towards employees as a result of part-time early retirement agreements. The actuarial assumptions correspond to those used in the measurement of pensions and similar provisions. The decline in provisions for early retirement results from utilisation of part-time early retirement agreements.

The provisions for employee benefit expenses mainly include collectively agreed obligations, such as allowances, compensation payments, bonus payments, employee working hour credits and anniversary bonuses. The provisions for employee benefit expenses include individual items for which utilisation is dependent on a specified degree of target achievement.

The restructuring obligations date back to the restructuring plan compiled and approved in the context of the "Once Together" programme in the 2010/11 financial year. These provisions were recognised to cover socially responsible personnel cuts.

The services not yet invoiced item principally involves supplies and services from third parties which have already been provided but not yet invoiced. These have been measured on the basis of appropriate estimates.

Miscellaneous contingencies include provisions for disposal and dismantling obligations.

Furthermore, this item also includes provisions for litigation risks. These involve several individual risks for which the level of claim is uncertain. The value has been based on the most likely outcome of the litigation expected on the basis of the information currently available. The provisions recognised are utilised in line with the terms to which they have been allocated.

29 Provisions for pensions and similar obligations

The company pension plans consist of defined contribution and defined benefit plans.

An amount of Euro 24 743 thousand was paid into the state pension system in the 2014/15 financial year (previous year – adjusted: Euro 23 881 thousand). The payments made to municipal supplementary pension companies (ZVKs) and the state pension system are viewed as payments to defined contribution plans. These contributions have been recognised as expenses and reported under employee benefit expenses.

An amount of Euro 15 722 thousand was paid into defined contribution pension systems in the 2014/15 financial year (previous year – adjusted: Euro 15 509 thousand). This amount corresponds to the contributions paid by the MVV Energie Group within the pension plans of various municipal supplementary pension companies (ZVKs) encompassing commitments by various employers. Here, the information made available by the pension body of the companies participating in the plan is insufficient to allow the prorated allocation of obligations, plan assets and service costs. At the MVV Energie Group, the contributions are therefore accounted for as a defined contribution commitment, even though the plan actually constitutes a defined benefit plan. Contributions to the pension plan are measured as a percentage of compensation subject to the additional pension premium and are borne by employees and employers. The percentage rate of contribution is determined by the ZVKs. Contributions in the 2015/16 financial year are expected in the same amount. The contributions are used for the beneficiaries as a collective entirety. Should the ZVKs have insufficient funds, then they could raise the mandatory contribution. Should the MVV Energie Group terminate its membership of the ZVKs, then they would be entitled to financial settlement. The amount of settlement is calculated as the present value of beneficiaries' existing entitlement and future claims on the part of their surviving dependants and existing pension entitlements for vested claims at the time at which membership is terminated.

Furthermore, there are direct pension obligations resulting from former collectively agreed provisions (measured in terms of duration of company service and employee compensation), as well as individual commitments made to Executive Board members.

The expenses for these pensions and similar obligations structured as defined benefit plans comprise the following items:

Pension provision expenses

Euro 000s	**2014/15**	2013/14
Service cost[1]	2 054	1 565
Interest expenses[1]	1 700	2 129
	3 754	**3 694**

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

The interest expenses for vested pension claims have been reported in the income statement under financing expenses (interest and similar expenses). The other expenses have been recognised as employee benefit expenses.

The present value of the defined benefit obligations developed as follows:

Development in pension claims

Euro 000s	**2014/15**	2013/14
Present value of pension claims at 1 October[1]	72 232	51 124
Current service cost[1]	2 054	1 565
Interest expenses[1]	1 700	2 129
Payments made to beneficiaries[1]	–2 437	–2 117
Actuarial gains/losses[1]	–982	11 153
Reclassifications	—	8 378
Present value of pension claims at 30 September	**72 567**	**72 232**

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

The actuarial gains and losses recognised in group equity for defined benefit obligations developed as follows:

Accumulated actuarial gains and losses recognised in equity

Euro 000s	**2014/15**	2013/14
Accumulated actuarial gains (+) and losses (–) recognised in equity at 1 October[1]	–12 588	–30 254
Actuarial gains (+) and losses (–) recognised in equity[1]	359	17 666
Accumulated actuarial gains (+) and losses (–) recognised in equity at 30 September[1]	**–12 229**	**–12 588**

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

The experience adjustments to the present value of pension claims (changes in assumptions) represent part of the actuarial gains and losses attributable to pension claims in the given year.

Pension payments of Euro 2 810 thousand are forecast for existing pension obligations for the 2015/16 financial year.

No plan assets have been created.

The weighted average duration of the defined benefit plans amounts to 14.9 years.

The expected maturity of undiscounted pension payments as of the balance sheet date was as follows:

Expected pension payments

Euro 000s	
2016	2 810
2017	2 862
2018	2 874
2019	3 188
2020	3 253
> 2021	97 070
	112 057

The sensitivity analysis is based on changes in one assumption while all other assumptions remain constant. This is unlikely to occur in reality. Furthermore, it is possible that changes in several assumptions will correlate with each other. The sensitivity of the defined benefit obligation to actuarial assumptions has been calculated using the same method used to calculate pension provisions in the balance sheet.

The methods and types of assumption used to prepare the sensitivity analysis have not changed compared with the previous year.

Sensitivity analysis

		Impact on obligation	
	Change in assumption by	Increase in assumption	Reduction in assumption
Discount rate	0.50 %	Reduction by 7 %	Increase by 8 %
Future pay rises	0.50 %	Increase by 2 %	Reduction by 2 %
Future pension increases	0.25 %	Increase by 5 %	Reduction by 4 %
Mortality	1 year	Increase by 4 %	—

30 Financial debt

Financial debt

	30 September 2015			30 September 2014		
Euro 000s	**Non-current**	**Current**	**Total**	Non-current	Current	Total
Liabilities						
to banks[1]	1 356 552	187 712	1 544 264	1 128 183	270 978	1 399 161
in connection with finance leases	1 777	1 535	3 312	2 267	1 796	4 063
to other majority shareholdings	—	360	360	—	242	242
to associates	—	1 581	1 581	—	1 581	1 581
to other shareholdings	—	350	350	—	350	350
Other financial debt[1]	24 583	28 914	53 497	24 152	3 703	27 855
	1 382 912	**220 452**	**1 603 364**	**1 154 602**	**278 650**	**1 433 252**

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

Maturity in years

	30 September 2015			30 September 2014		
Euro 000s	**< 1 year**	**1–5 years**	**> 5 years**	< 1 year	1–5 years	> 5 years
Liabilities						
to banks[1]	187 712	675 373	681 178	270 978	626 024	502 159
in connection with finance leases	1 535	1 777	—	1 796	2 182	84
to other majority shareholdings, associates and other shareholdings	2 291	—	—	2 173	—	—
Other financial debt	28 914	13 360	11 224	3 703	13 128	11 025
	220 452	**690 510**	**692 402**	**278 650**	**641 334**	**513 268**

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

The fixed-rate liabilities to banks amounting to Euro 1 266 million (previous year: Euro 1 243 million) have an average interest rate of 2.5 % (previous year: 3.3 %). The floating-rate liabilities to banks amounting to Euro 278 million (previous year: Euro 156 million) have an average interest rate of 0.5 % (previous year: 1.4 %). The average remaining period for which the rate remains fixed in the case of fixed-rate liabilities amounts to six years (previous year: seven years). In the case of floating-rate liabilities, the average period for which the interest rate structure remains fixed has changed from one year to nine years.

As of 30 September 2015, the MVV Energie Group had undrawn committed credit lines of Euro 437 million at its disposal (previous year: Euro 358 million).

Liabilities in connection with finance leases are recognised at the present value of future leasing payments. The fair values of other financial debt items are basically equivalent to the carrying amounts reported.

The liabilities in connection with finance lease contracts involve various items of technical equipment and plant and office equipment. The agreements provide for extension options in some cases, but do not include any purchase options or price adjustment clauses.

The transition from the present value of future minimum leasing payments to the liabilities reported is as follows:

Present value of minimum leasing payments

Euro 000s	**30 Sep 2015**	30 Sep 2014
Present value of minimum leasing payments with maturities		
up to 1 year	1 445	1 899
1 to 5 years	1 618	1 708
longer than 5 years	—	3
Total	**3 063**	**3 610**
Financing costs not yet realised	292	775
Gross liabilities in connection with finance leases	**3 355**	**4 385**

Of financial debt, an amount of Euro 86 million (previous year: Euro 88 million) is secured by the pledging of property, plant and equipment.

31 Other liabilities

Other liabilities have been broken down into their respective contents and counterparties in the tables below. The hedging relationship has also been stated in the case of derivative financial instruments.

Other liabilities

	30 September 2015			30 September 2014		
Euro 000s	**Non-current**	**Current**	**Total**	Non-current	Current	Total
Derivative financial instruments[1]	375 837	202 525	578 362	105 770	114 430	220 200
Liabilities for other taxes[1]	—	34 457	34 457	—	49 054	49 054
Deferred income and accrued expenses[1]	133 297	1 197	134 494	134 926	5 965	140 891
Liabilities to employees[1]	—	21 811	21 811	—	16 490	16 490
Advance payments received[1]	—	19 456	19 456	—	10 447	10 447
Customer credit balances	—	8 991	8 991	—	9 267	9 267
Interest liabilities[1]	—	7 897	7 897	—	7 820	7 820
Liabilities for security deposits for energy trading transactions[1]	—	2 358	2 358	—	1 474	1 474
Concession duties	—	788	788	—	843	843
Social security liabilities	—	607	607	—	602	602
Miscellaneous other liabilities[1]	26 874	21 348	48 222	10 530	15 648	26 178
	536 008	**321 435**	**857 443**	**251 226**	**232 040**	**483 266**

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

Other liabilities

	30 September 2015			30 September 2014		
Euro 000s	**Non-current**	**Current**	**Total**	Non-current	Current	Total
Liabilities						
to third parties[1]	536 008	300 953	836 961	251 226	219 392	470 618
to other majority shareholdings[1]	—	522	522	—	403	403
to associates	—	145	145	—	—	—
to other shareholdings[1]	—	359	359	—	899	899
Advance payments received for orders	—	19 456	19 456	—	11 346	11 346
	536 008	**321 435**	**857 443**	**251 226**	**232 040**	**483 266**

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

Derivative financial instruments involve interest rate derivatives, currency derivatives and commodity derivatives for electricity, gas, coal, CO_2 and other rights. Further details about financial instruments can be found in Note 36.

Derivative financial instruments

	30 September 2015			30 September 2014		
Euro 000s	**Non-current**	**Current**	**Total**	Non-current	Current	Total
Derivative financial instruments[1]	375 837	202 525	578 362	105 770	114 430	220 200
of which without IAS 39 hedges[1]	303 004	189 335	492 339	48 106	87 797	135 903
of which cash flow hedges[1]	72 833	13 190	86 023	57 664	26 633	84 297

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

To reduce the counterparty risk involved in highly fluctuating fair values of energy trading derivatives, security deposits (margins) are exchanged with the EEX. Moreover, the Group has also entered into bilateral risk reduction agreements in some cases.

Liabilities for other taxes mainly involve energy tax and value added tax liabilities.

Deferred income and accrued expenses chiefly involve construction grants for house connection costs.

32 Trade payables

Trade payables

Euro 000s	**30 Sep 2015**	30 Sep 2014
Trade payables[1]	386 455	402 201
to other majority shareholdings	157	254
to companies recognised at equity[1]	20 053	13 722
to other shareholdings	9	303

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

The table shows trade payables with terms of under one year. Trade payables with terms of more than one year are of immaterial significance at the Group and have been recognised under other liabilities.

33 Tax liabilities

The tax liabilities of Euro 303 thousand (previous year: Euro 631 thousand) consist of income tax liabilities.

34 Deferred taxes

The deferred taxes reported for 2014/15 relate to the following items:

Deferred taxes

	30 September 2015		30 September 2014	
Euro 000s	**Deferred tax assets**	**Deferred tax liabilities**	Deferred tax assets	Deferred tax liabilities
Intangible assets[1]	1 941	–15 758	1 356	–14 018
Property, plant and equipment, including investment property[1]	14 288	–129 307	15 459	–142 748
Inventories[1]	989	–1 118	3 935	–299
Special item[1]	—	–1 663	—	–4 754
Other assets and positive fair values of derivatives[1]	3 002	–229 174	5 133	–118 488
Provisions for pensions[1]	10 245	—	10 365	—
Non-current other provisions[1]	12 803	—	13 174	—
Current other provisions[1]	4 639	–11 273	2 723	–9 315
Liabilities and negative fair values of derivatives[1]	241 715	–2 000	123 719	–2 068
Losses carried forward[1]	7 233	—	7 047	—
Deferred taxes (gross)[1]	**296 855**	**–390 293**	**182 911**	**–291 690**
Value adjustment[1]	–7 028	—	–7 207	—
Netting[1]	–269 527	269 527	–153 132	153 132
Deferred taxes (net)[1]	**20 300**	**–120 766**	**22 572**	**–138 558**

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

Of the (net) deferred taxes presented above, Euro 13 322 thousand relate to non-current deferred tax assets (previous year: Euro 12 749 thousand) and Euro 88 341 thousand to non-current deferred tax liabilities (previous year: Euro 109 134 thousand).

No deferred tax assets have been recognised for corporate income tax loss carryovers of Euro 47 412 thousand (previous year: Euro 35 778 thousand) or for trade tax loss carryovers of Euro 19 362 thousand (previous year: Euro 25 311 thousand).

For the temporary differences of Euro 10 568 thousand (previous year: Euro 10 338 thousand) between the value of shareholdings in the tax balance sheet and their values in the consolidated financial statements, no deferred tax liabilities have been stated for an amount of Euro 3 202 thousand (previous year: Euro 3 132 thousand), as such differences are unlikely to be reversed by dividend distributions or disposal of the respective companies in the foreseeable future.

Deferred taxes of Euro 28 444 thousand were recognised directly in other comprehensive income within group equity in the 2014/15 financial year (previous year: Euro 27 733 thousand).

Income tax items within other comprehensive income in group equity can be broken down into their components as follows:

Income tax items

	30 Sep 2015		30 Sep 2014	
Euro 000s	**Income tax**	**Gross**	Income tax	Gross
Cash flow hedges	986	–7 601	–7 164	22 094
Actuarial gains and losses[1]	–274	982	3 066	–11 153
Currency translation difference	—	–5 450	—	–14 059
Share of total earnings attributable to at-equity companies	—	–20 016	—	9 657

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

35 Contingent claims and liabilities and financial obligations

The volume of obligations listed below corresponds to the scope of liability pertaining at the balance sheet date. The company has such obligations in the form of guarantees amounting to Euro 1.2 million (previous year: Euro 2.6 million). As in the previous year, no collateral has been provided for third-party liabilities.

The purchase commitments of the MVV Energie Group in connection with orders placed amounted to Euro 4.2 million for investments in intangible assets (previous year: Euro 3.7 million) and to Euro 65.6 million for investments in property, plant and equipment (previous year: Euro 106.6 million).

The financial obligations relating to operating leases primarily involve water grids, car pools, IT equipment, land leasehold payments and rental payments for buildings and storage areas. The minimum leasing payments have the following maturity structure:

Financial obligations for operating leases

	Nominal value	
Euro 000s	**30 Sep 2015**	30 Sep 2014
Operating leases		
up to 1 year[1]	5 691	8 548
1 to 5 years[1]	14 217	20 143
longer than 5 years	26 828	37 643
	46 736	**66 334**

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

In leases where economic ownership remains with the lessor (operating leases), the assets thereby leased are recognised at the lessor. The leasing expenses incurred are recognised as expenses over the term of the leasing contract.

The contracts provide for extension options in some cases, but do not include any purchase options or price adjustment clauses.

The Group has a contingent claim with a present value of Euro 4.6 million from the State of Baden-Württemberg and the City of Mannheim in connection with a land decontamination measure.

36 Financial instruments

In the field of interest hedges, existing underlying transactions have been included in cash flow hedges with terms of up to 18 years as of 30 September 2015 (previous year: 19 years). For commodity hedges, the terms of planned hedged items amount to up to four years (previous year: up to five years). In the financial year under report, no use was made of forward exchange transactions to hedge cash flows. Both interest rate hedging instruments and commodity derivatives require net settlements to be paid at contractually fixed dates largely congruent with the hedged items. The hedging instruments mostly involve swaps which generate cash flows throughout their contractual terms.

Expenses of Euro 6 615 thousand were recognised directly in equity in the 2014/15 financial year (previous year: income of Euro 14 930 thousand).

The amounts reclassified from equity and recognised through profit or loss in the income statement in connection with cash flow hedge accounting were as follows:

Amounts reclassified

Euro 000s	**2014/15**	2013/14
Included in EBIT	–20 256	–45 966
Included in financial result and tax result	–7 106	–4 954
Total amounts withdrawn	**–27 362**	**–50 920**

The amounts recognised directly in equity and attributable reclassification amounts are presented in the following table:

Amounts recognised in equity

Euro 000s	**30 Sep 2015**	30 Sep 2014
Cash flow hedges	–6 615	14 930
of which changes recognised in equity	–33 977	–35 990
of which reclassified to income statement	27 362	50 920
Currency translation difference	–5 450	–14 059
of which changes recognised in equity	–5 450	–14 059
Actuarial gains and losses	708	–8 090
of which changes recognised in equity	708	–8 090

Income of Euro 1 022 thousand was recognised in connection with the ineffective portion of cash flow hedges in the 2014/15 financial year (previous year: expenses of Euro 215 thousand). The results of ineffective portions of cash flow hedges are recognised as other operating income or expenses to the extent that they exceed the cumulative fair value changes in the respective hedged items. For interest rate hedges, the results are recognised under other interest income and expenses.

Fair value hedges were deployed for closed foreign currency positions for the first time in the 2014/15 financial year. The following amounts were recognised in the income statement in connection with these hedge relationships:

Gains and losses recognised in income statement for fair value hedges

Euro 000s	**2014/15**	2013/14
Gains/losses on underlying transaction	12 888	—
Gains/losses on hedging instrument	–13 864	—

The carrying amounts and fair values of financial instruments and their allocation to IAS 39 measurement categories have been presented in the following tables. The classes presented are based on the balance sheet.

IAS 39 measurement categories for carrying amounts

		30 September 2015			30 September 2014		
Euro 000s	**IAS 39 measurement categories**	**Carrying amounts**	**of which not within scope of IFRS 7**	**Fair values**	Carrying amounts	of which not within scope of IFRS 7	Fair values
Assets							
Financial assets							
of which unconsolidated shareholdings[1]	available for sale	15 450	—	15 450	15 366	—	15 366
of which loans excluding finance leases[1]	loans and receivables	3 178	—	3 178	1 474	—	1 474
of which loans in connection with finance leases[1]	not applicable	48 692	—	48 692	51 693	—	51 693
of which securities[1]	held for trading	614	—	614	1 907	—	1 907
	available for sale	13	—	13	13	—	13
Trade receivables < 1 year[1]	loans and receivables	367 406	—	367 406	376 019	—	376 019
Other assets							
of which derivatives outside hedge accounting[1]	held for trading	480 052	—	480 052	118 835	—	118 835
of which derivatives within hedge accounting	not applicable	10 235	—	10 235	14 701	—	14 701
of which other operating assets[1]	loans and receivables	144 264	37 028	144 264	125 957	37 203	125 957
Cash and cash equivalents	loans and receivables	262 710	—	262 710	370 694	—	370 694
		1 332 614	**37 028**	**1 332 614**	**1 076 659**	**37 203**	**1 076 659**
Liabilities							
Financial debt							
of which financial debt in connection with finance leases	not applicable	3 312	—	3 312	4 063	—	4 063
of which other financial debt[1]	amortised cost	1 600 052	—	1 702 423	1 429 189	—	1 522 918
Trade payables < 1 year[1]	amortised cost	386 455	—	386 455	402 201	—	402 201
Other liabilities							
of which derivatives outside hedge accounting[1]	held for trading	492 339	—	492 339	135 903	—	135 903
of which derivatives within hedge accounting	not applicable	86 023	—	86 023	84 297	—	84 297
of which other operating liabilities[1]	amortised cost	279 081	189 014	279 081	263 066	200 994	263 066
		2 847 262	**189 014**	**2 949 633**	**2 318 719**	**200 994**	**2 412 448**

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

Given the predominantly short-term remaining terms of trade receivables and payables, other operating receivables and liabilities and cash and cash equivalents, their carrying amounts as of the balance sheet date are basically equivalent to their fair values.

The fair value of other financial debt items is determined as their present value, taking due account of future payments. These items are discounted using the currently valid interest rate as of the balance sheet date (Level 2).

The following table presents the key parameters for financial instruments measured at fair value. Pursuant to IFRS 7, the individual levels are defined as follows:

LEVEL 1: Measurement based on prices listed on active markets and taken over without amendment

LEVEL 2: Measurement based on directly or indirectly observable factors other than those in Level 1

LEVEL 3: Measurement based on factors not observable on the market.

MEASUREMENT AT COST: This category includes those financial instruments which IAS 39 requires to be measured at cost. On their transaction dates, these instruments were not in liquid markets, as a result of which their current recognition at cost approximates to their fair value. These items mainly involve other shareholdings and other majority shareholdings.

Fair value hierarchy at 30 September 2015

Euro 000s	Level 1	Level 2	Level 3	At cost
Financial assets				
Unconsolidated shareholdings	—	—	—	15 450
Securities	—	621	—	6
Derivatives outside hedge accounting	112 794	366 854	404	—
Derivatives within hedge accounting	9 997	238		—
Financial liabilities				
Derivatives outside hedge accounting	114 855	377 115	369	—
Derivatives within hedge accounting	39 027	46 996	—	—

Fair value hierarchy at 30 September 2014

Euro 000s	Level 1	Level 2	Level 3	At cost
Financial assets				
Unconsolidated shareholdings	—	—	—	15 366
Securities[1]	—	1 907	—	13
Derivatives outside hedge accounting[1]	13 014	105 588	233	—
Derivatives within hedge accounting	8 845	5 856	—	—
Financial liabilities				
Derivatives outside hedge accounting[1]	29 398	106 182	323	—
Derivatives within hedge accounting	28 696	55 601	—	—

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

The following reconciliation account presents the development in financial instruments recognised in Level 3:

Development in financial instruments recognised in Level 3

Euro 000s	Balance at 1 Oct 2014	Gains/losses in income statement	Balance at 30 Sep 2015
Financial assets			
Derivatives outside hedge accounting	233	171	404
Financial liabilities			
Derivatives outside hedge accounting	323	46	369

Development in financial instruments recognised in Level 3

Euro 000s	Balance at 1 Oct 2013	Gains/losses in income statement	Balance at 30 Sep 2014
Financial assets			
Derivatives outside hedge accounting	87	146	233
Financial liabilities			
Derivatives outside hedge accounting	601	–278	323

Gains and losses in income statement for Level 3 financial instruments 2014/15

Euro 000s	Total	of which still held at 30 Sep 2015
Other operating income	171	—
Other operating expenses	–46	—
	125	**—**

Gains and losses in income statement for Level 3 financial instruments 2013/14

Euro 000s	Total	of which still held at 30 Sep 2014
Other operating income	424	—
	424	**—**

Impairments of financial assets

	2013/14				2014/15			
Euro 000s	Unconsolidated shareholdings	Loans	Trade receivables < 1 year	Other operating assets	**Unconsolidated shareholdings**	**Loans**	**Trade receivables < 1 year**	**Other operating assets**
Balance at 1 Oct	3 436	1 534	36 323	1 503	1 889	2 182	19 382	3 787
Utilisations/disposals	1 565	—	26 133	57	233	648	7 771	826
Net additions[1]	18	648	9 192	2 341	5	—	8 803	491
Balance at 30 Sep	**1 889**	**2 182**	**19 382**	**3 787**	**1 661**	**1 534**	**20 414**	**3 452**

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

Impairment losses recognised in the 2014/15 financial year for individual IFRS 7 categories amounted to Euro 0 thousand for unconsolidated shareholdings (previous year: Euro 18 thousand), Euro 0 thousand for loans (previous year: Euro 648 thousand), Euro 12 437 thousand for trade receivables (previous year – adjusted: Euro 18 063 thousand) and Euro 3 371 thousand for other operating assets (previous year: Euro 2 415 thousand).

Netting of financial assets and financial liabilities

The financial assets and financial liabilities listed below are subject to netting, enforceable master netting agreements or similar arrangements.

Netting of financial assets at 30 September 2015

Euro 000s

	Gross amount of financial assets reported	**Gross amount of financial liabilities reported that are netted in balance sheet**	**Net amount of financial assets reported in balance sheet**	**Related amounts not netted in balance sheet**		**Net amount**
				Financial instruments	**Cash collateral received**	
Loans excluding finance leases	3 178	—	3 178	—	—	**3 178**
Securities	627	—	627	—	—	**627**
Trade receivables < 1 year	629 860	– 262 454	367 406	—	—	**367 406**
Derivative financial instruments	490 287	—	490 287	– 388 891	– 5 658	**95 738**
Other operating assets	144 264	—	144 264	—	—	**144 264**
Cash and cash equivalents	262 710	—	262 710	– 19 515	—	**243 195**
	1 530 926	**– 262 454**	**1 268 472**	**– 408 406**	**– 5 658**	**854 408**

Netting of financial liabilities at 30 September 2015

Euro 000s

	Gross amount of financial liabilities reported	**Gross amount of financial assets reported that are netted in balance sheet**	**Net amount of financial liabilities reported in balance sheet**	**Related amounts not netted in balance sheet**		**Net amount**
				Financial instruments	**Cash collateral received**	
Financial debt	1 600 052	—	1 600 052	– 58 005	– 286	**1 541 761**
Trade payables < 1 year	633 719	– 247 264	386 455	—	—	**386 455**
Derivative financial instruments	578 362	—	578 362	– 388 891	– 57 316	**132 155**
Other operating liabilities	294 271	– 15 190	279 081	—	—	**279 081**
	1 250 424	**– 262 454**	**2 843 950**	**– 446 896**	**– 57 602**	**2 339 452**

Netting of financial assets at 30 September 2014

Euro 000s

	Gross amount of financial assets reported	Gross amount of financial liabilities reported that are netted in balance sheet	Net amount of financial assets reported in balance sheet	Related amounts not netted in balance sheet		Net amount
				Financial instruments	Cash collateral received	
Loans excluding finance leases[1]	1 474	—	1 474	—	—	**1 474**
Securities[1]	1 920	—	1 920	—	—	**1 920**
Trade receivables < 1 year[1]	530 227	– 154 208	376 019	—	—	**376 019**
Derivative financial instruments[1]	133 536	—	133 536	– 105 820	—	**27 716**
Other operating assets[1]	125 957	—	125 957	—	– 54 811	**71 146**
Cash and cash equivalents[1]	370 694	—	370 694	—	—	**370 694**
	1 163 808	**– 154 208**	**1 009 600**	**– 105 820**	**– 54 811**	**848 969**

Netting of financial liabilities at 30 September 2014

Euro 000s

	Gross amount of financial liabilities reported	Gross amount of financial assets reported that are netted in balance sheet	Net amount of financial liabilities reported in balance sheet	Related amounts not netted in balance sheet		Net amount
				Financial instruments	Cash collateral received	
Financial debt[1]	1 429 189	—	1 429 189	– 1 459	– 285	**1 427 445**
Trade payables < 1 year[1]	541 931	– 139 730	402 201	—	—	**402 201**
Derivative financial instruments[1]	220 200	—	220 200	– 145 331	—	**74 869**
Other operating liabilities[1]	263 066	—	263 066	—	– 1 474	**261 592**
	2 454 386	**– 139 730**	**2 314 656**	**– 143 872**	**– 1 759**	**2 166 107**

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

Net results by measurement category

Financial instruments have been recognised in the income statement with the following net results pursuant to IFRS 7:

Net results (IFRS 7)

Euro 000s	2014/15	2013/14
Financial assets and financial liabilities held for trading[1]	– 4 113	15 611
Financial assets available for sale[1]	1 417	2 929
Loans and receivables[1]	– 10 723	– 7 859

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

The presentation of net results takes due account of standalone derivatives included in the "financial assets and financial liabilities held for trading" measurement category. The net result in the "financial assets and financial liabilities held for trading" category is largely attributable to fair value measurement pursuant to IAS 39.

The net result in the "financial assets available for sale" category chiefly involves income and distributions from shareholdings, as well as disposal gains and write-downs.

The net results in the "loans and receivables" category predominantly relate to write-downs and additions.

The interest income and interest expenses in connection with financial assets and financial liabilities measured at amortised cost chiefly result from the total interest income and expenses presented below.

Total interest income and expenses

Euro 000s	**2014/15**	2013/14
Total interest income[1]	6 146	9 360
Total interest expenses[1]	33 525	48 801

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

The financial result also includes interest components for provisions not covered by IFRS 7 disclosure requirements, as a result of which the figures published here differ from the financial result. The interest income reported here mainly results from credit balances at banks, overnight and fixed-term deposits, and loans. The interest expenses largely relate to loan obligations. As in the previous year, total interest income does not include interest on financial assets already impaired.

Financing and price risks

GENERAL INFORMATION ABOUT FINANCING AND PRICE RISKS: Due to its business activities, the MVV Energie Group is exposed to various financial risks. These comprise receivables default and liquidity risks, market price risks on both procurement and sales markets and risks resulting from interest rate and exchange rate movements.

Group-wide risk management pursues the objective of identifying developments on financial markets at an early stage and of countering any resultant negative implications. This is achieved by laying down internal guidelines, discretionary frameworks, responsibilities, separations of functions and checks.

Derivative financial instruments are used to cover against market price risks. For interest rate risks, these mainly involve interest swaps. Currency risks are hedged by concluding forward currency transactions. Commodity derivatives are deployed in the field of energy trading. The use of commodity derivatives for proprietary energy trading is only permitted within narrow limits and is monitored and managed with a separate limit system.

RECEIVABLES DEFAULT RISKS: The risk of economic loss arising as a result of a business partner failing to meet its contractual payment obligations is referred to as receivables default risk. This encompasses both the risk of direct default and the risk of reduced creditworthiness. The MVV Energie Group maintains its business relationships predominantly with banks and other trading partners of good credit standing. Receivables default risks towards contractual partners are inspected upon conclusion of the contract and monitored continuously. This risk is limited by setting trading limits for transactions with business partners and, where appropriate, by providing cash collateral. Where possible, default risk is already reduced in advance by means of suitable framework agreements with trading partners. Cluster risks only apply to an immaterial extent at various subsidiaries that have sales contracts with just one customer.

The MVV Energie Group is exposed to receivables default risks in its sales business, as customers may potentially fail to meet their payment obligations. This risk is limited by regularly inspecting the creditworthiness of major items in our customer portfolio.

In the carrying amounts recognised in the balance sheet for financial assets (receivables, derivatives and other assets, as well as cash and cash equivalents and assets held for sale), default risks have already been recognised in the form of impairments. The volume of receivables defaults was immaterial both in the year under report and the previous year.

As derivatives may be subject to substantial fluctuations in their fair values, the counterparty risk of derivative financial assets has been presented in the following overview. Only recognised accounts have been included. Where netting agreements are in place with a trading partner, the actual risk, i.e. the net risk, has been presented. No account has been taken of counterparties with negative balances, i.e. where there is no counterparty risk. In all other cases, the figures have not been netted against negative fair values.

Counterparty risk at 30 September 2015

Euro 000s	Total		of which < 1 year		of which 1 to 5 years	
Counterparty rating as per Standard & Poor's and/or Moody's	**Nominal value**	**Counterparty risk**	**Nominal value**	**Counterparty risk**	**Nominal value**	**Counterparty risk**
AAA and Aaa to AA– and Aa3	54 272	398	44 992	398	9 280	—
AA– and A1 or A+ and Aa3 to A– and A3	12 712	796	187	26	12 525	770
A– and Baa1 or BBB+ and A3 to BBB– or Baa3	208 806	28 496	47 613	5 308	161 193	23 188
BBB– and Ba1 or BB+ and Baa3 to BB– and Ba3	548	135	548	135	—	—
Other	643 704	74 741	233 402	30 167	410 302	44 574
	920 042	**104 566**	**326 742**	**36 034**	**593 300**	**68 532**

Counterparty risk at 30 September 2014

Euro 000s	Total		of which < 1 year		of which 1 to 5 years	
Counterparty rating as per Standard & Poor's and/or Moody's	Nominal value	Counterparty risk	Nominal value	Counterparty risk	Nominal value	Counterparty risk
AAA and Aaa to AA– and Aa3	392 410	5 189	137 874	3 014	254 536	2 175
AA– and A1 or A+ and Aa3 to A– and A3	240 902	1 693	226 025	1 564	14 877	129
A– and Baa1 or BBB+ and A3 to BBB– or Baa3	230 036	5 110	41 166	2 708	188 870	2 402
Other	900 339	38 459	411 081	16 499	489 258	21 960
	1 763 687	**50 451**	**816 146**	**23 785**	**947 541**	**26 666**

As in the previous year, there were no receivables default risks with terms longer than five years. Major shares of the nominal derivative volumes in question involve trading partners for which external ratings are available. Internal ratings are available for the nominal derivative volumes reported under "Other".

For trading transactions concluded with stock exchanges, additional receivables default risks arose in connection with security deposits for the first time as of 30 September 2015.

The receivables default risks involved in financial assets and their maturities broken down by category are structured as follows:

Receivables default risks and maturities

	30 September 2015			30 September 2014		
Euro 000s	**Loans**	**Trade receivables**	**Other operating assets**	Loans	Trade receivables	Other operating assets
Neither overdue nor impaired	51 870	305 523	103 669	53 167	318 497	85 970
Overdue but not impaired						
≤ 6 months[1]	—	28 727	37	—	22 999	173
> 6 months ≤ 1 year	—	666	5	—	75	—
> 1 year[1]	—	356	45	—	653	43
Net value of assets written down[1]	—	32 134	3 480	—	33 795	2 568
	51 870	**367 406**	**107 236**	**53 167**	**376 019**	**88 754**

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

LIQUIDITY RISKS: Liquidity risk involves the risk of a company being unable to meet its financial obligations adequately. The MVV Energie Group is subject to liquidity risks as a result of its obligation to meet its liabilities in full and on time, as well as its obligation to service security payments (margins) from energy trading partners. Cash and liquidity management at the MVV Energie Group is responsible for maintaining the company's solvency at all times. This involves calculating all cash requirements and all cash surpluses. The major subgroups have a cash pooling process which enables bank transactions to be reduced to a necessary minimum.

A financial budget is compiled for liquidity management purposes. Any financing requirements arising are covered by means of suitable liquidity management instruments. Alongside the liquidity available on a daily basis, the MVV Energie Group has further liquidity reserves in the form of committed credit lines. The volume of contractually committed credit lines is structured in such a way as to ensure that the Group has adequate liquidity reserves available at all times, even in a difficult market climate. In view of its available liquidity and existing credit lines, the MVV Energie Group does not see itself as being exposed to any material liquidity risks.

Group companies within the MVV Energie Group are generally refinanced by banks and by MVV Energie AG.

To limit liquidity risks in connection with existing financing requirements, items of security have been provided to banks. These are subdivided into non-current assets, receivables and cash and cash equivalents with a total amount of Euro 104 100 thousand (previous year: Euro 92 639 thousand) and firmly deposited debt service reserves with a carrying amount of Euro 9 141 thousand (previous year: Euro 385 thousand). Furthermore, interests in subsidiaries amounting to Euro 13 058 thousand have been provided as security (previous year: Euro 12 319 thousand).

Contractually agreed outflows of funds for financial liabilities are presented in undiscounted form in the table below. The figures include the corresponding interest payments.

Undiscounted cash flows

	30 September 2015			30 September 2014		
Euro 000s	**Maturities < 1 year**	**Maturities 1–5 years**	**Maturities > 5 years**	Maturities < 1 year	Maturities 1–5 years	Maturities > 5 years
Non-derivative financial liabilities						
Liabilities to banks	229 737	793 616	827 602	278 428	723 468	558 735
Liabilities in connection with finance leases	1 585	1 770	—	1 970	2 328	87
Trade payables	386 455	599	894	408 527	104	—
Other financial debt	31 809	15 758	11 224	20 992	18 078	11 624
Other financial liabilities	63 369	19 941	6 949	58 633	2 645	7 894
Derivative financial liabilities	184 613	348 589	30	105 331	120 513	51
	897 568	**1 180 273**	**846 699**	**873 881**	**867 136**	**578 391**

INTEREST RATE RISKS: Interest rate risks relate to credit balances at banks on the asset side and to floating-rate liabilities to banks on the liabilities side of the balance sheet.

The impact of changes in interest rates on annual earnings and equity are analysed below. This analysis has been based on the assumption that there are no changes in any other parameters, such as exchange rates. The analysis only includes financial instruments where interest rate risk could impact on equity or annual earnings.

Any upward or downward variance in the level of interest rates in the euro area by 10 % as of the balance sheet date on 30 September 2015 would have led annual net income to deteriorate/improve by a total of Euro 4 thousand/Euro 4 thousand (previous year: Euro 57 thousand/Euro 47 thousand). This variance would have reduced/increased equity by a total of Euro 1 691 thousand/Euro 2 104 thousand (previous year: Euro 1 063 thousand/Euro 876 thousand).

FOREIGN CURRENCY RISKS: Foreign currency risks are increasingly relevant on account of our UK projects. During the operating stage of the projects, cash flows will be generated exclusively in British pounds. The resultant foreign currency risks are hedged by natural hedges in the form of currency-congruent financing and by using derivative financial instruments. Further foreign currency risks relate to the procurement of raw materials and fuels settled in US dollars on international markets. These are procured by means of commodities futures intended to secure the commodity and fuel requirements known of at a given point in time. The resultant payment obligations in US dollars whose amounts and maturities are already known when the commodities futures are agreed are subject to foreign currency risk.

Any upward or downward variance in the exchange rate by 10 % would have changed annual net income by Euro 16 858 thousand downwards/Euro 36 970 thousand upwards (previous year: Euro 4 115 thousand/Euro 4 116 thousand).

COMMODITY PRICE RISKS: Within the framework of our energy trading activities, energy trading contracts are concluded for the purposes of price risk management, adjustments to actual loads and margin optimisation. All transactions are governed by narrow, clearly defined limits which have to be adhered to at all times.

Price change risks chiefly arise in connection with the procurement and disposal of electricity and gas and the procurement of coal and emission rights. These price risks are hedged with suitable financial instruments by reference to the stipulated limits. The Group made use of derivative hedging instruments in the year under report. The hedging instruments used mainly involved forwards, futures, swaps and options.

The sensitivity involved in the measurement of electricity, coal, gas and emission right derivatives is analysed in the following section. This analysis has been based on the assumption that there are no changes in other parameters and that there is mutual dependency between the commodities. The analysis only includes derivatives for which fluctuations in market values could impact on equity or on annual earnings. These involve derivatives requiring mandatory recognition. The analysis does not include derivatives earmarked for the physical delivery of non-financial items in line with the company's expected procurement, sale or utilisation (own use). These do not require recognition under IAS 39. If the market price at the balance sheet date on 30 September 2015 had been 10 % higher/lower, this would have increased/decreased annual net income by Euro 6 456 thousand/Euro 6 456 thousand (previous year: Euro 10 152 thousand/Euro 13 925 thousand). Equity would have increased/reduced by Euro 16 156 thousand/Euro 16 156 thousand (previous year: Euro 21 148 thousand/Euro 26 786 thousand).

The following table presents the nominal volumes and fair values of the derivatives used:

Nominal volumes and fair values

	30 September 2015			30 September 2014		
Euro 000s	**Nominal volumes**		**Fair values**	Nominal volumes		Fair values
	Total	**of which with remaining terms of more than 1 year**		Total	of which with remaining terms of more than 1 year	
Interest derivatives	496 201	431 296	–45 611	620 017	412 087	–38 301
Commodity derivatives[1]	9 260 832	2 390 853	–42 510	3 797 857	1 186 672	–36 338
Currency derivatives	46	46	46	179 860	21	–12 025
	9 757 079	**2 822 195**	**–88 075**	**4 597 734**	**1 598 780**	**–86 664**

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

Interest derivatives almost exclusively involve interest swaps. Currency derivatives are mainly intended to hedge foreign exchange risks.

Commodity derivatives can be subdivided as follows:

Commodity derivatives

	30 Sep 2015		30 Sep 2014	
Euro 000s	**Nominal volumes**	**Fair values**	Nominal volumes	Fair values
Commodity derivatives				
Electricity[1]	6 404 198	–19 256	1 695 564	–15 697
Coal	20 912	–18 673	13 274	–12 492
Gas[1]	2 753 466	–11 101	2 032 134	–2 257
CO_2 rights	81 554	6 486	56 248	–5 801
Other	702	34	637	– 91
	9 260 832	**–42 510**	**3 797 857**	**–36 338**

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

Commodity derivatives

	30 Sep 2015		30 Sep 2014	
Euro 000s	**Nominal volumes**	**Fair values**	Nominal volumes	Fair values
Commodity derivatives				
Futures[1]	9 239 577	–24 448	3 772 901	–23 776
Swaps	20 912	–18 673	13 274	–12 491
Options	343	611	11 682	–71
	9 260 832	**–42 510**	**3 797 857**	**–36 338**

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

The positive fair values amounting to Euro 490 287 thousand (previous year – adjusted: Euro 133 536 thousand) were countered by margining liabilities of Euro 2 358 thousand (previous year: Euro 761 thousand). These are reported under other liabilities. The negative fair values of Euro 578 362 thousand (previous year – adjusted: Euro 220 200 thousand) were countered by cash collateral amounting to Euro 54 016 thousand (previous year: Euro 54 811 thousand).

37 Segment reporting

Segment report of the MVV Energie Group from 1 October 2014 to 30 September 2015

Euro 000s	External sales excluding energy taxes	Intercompany sales excluding energy taxes	Scheduled depreciation	Impairment losses
Generation and Infrastructure	454 334	651 229	116 485	143
Trading and Portfolio Management	732 815	727 661	288	140
Sales and Services	2 133 129	281 595	16 040	330
Strategic Investments	98 821	1 208	10 685	34
Other Activities	2 428	25 167	16 756	338
Consolidation	—	– 1 686 860	—	—
	3 421 527	**—**	**160 254**	**985**

Euro 000s	Material non-cash income and expenses	Adjusted EBIT	Income from companies recognised at equity	Investments
Generation and Infrastructure	6 256	133 031	2 397	416 458
Trading and Portfolio Management	2 549	– 28 953	—	11 909
Sales and Services	11 877	42 566	1 426	21 597
Strategic Investments	6 388	20 606	6 771	5 405
Other Activities	7 231	7 882	242	14 382
Consolidation	—	– 20	—	—
	34 301	**175 112**	**10 836**	**469 751**

Segment report of the MVV Energie Group from 1 October 2013 to 30 September 2014

Euro 000s	External sales excluding energy taxes[1]	Intercompany sales excluding energy taxes[1]	Scheduled depreciation[1]	Impairment losses
Generation and Infrastructure	402 853	635 364	113 721	267
Trading and Portfolio Management	927 672	877 977	288	—
Sales and Services	2 278 606	334 520	15 856	1 340
Strategic Investments	103 885	2 112	11 346	—
Other Activities	3 613	25 672	16 391	68
Consolidation	—	– 1 875 645	—	—
	3 716 629	**—**	**157 602**	**1 675**

Euro 000s	Material non-cash income and expenses[1]	Adjusted EBIT[1]	Income from companies recognised at equity[1]	Investments[1]
Generation and Infrastructure	– 10 512	123 842	17 841	270 186
Trading and Portfolio Management	2 129	– 22 397	—	9 061
Sales and Services	8 367	30 794	4 158	13 462
Strategic Investments	– 680	28 178	9 110	3 755
Other Activities	11 272	7 435	487	13 142
Consolidation	—	2 388	—	—
	10 576	**170 240**	**31 596**	**309 606**

1 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 suitable specialist competence under one roof forms the basis for stringent portfolio management at the Group. Business fields based on the respective value chain 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 Mannheim, Stadtwerke Kiel, Energieversorgung Offenbach and MVV Umwelt subgroups. It also contains our waterworks, wind turbines and biomethane plants. Moreover, it comprises grid facilities for electricity, heating energy, gas and water and technical service units for the grid-based distribution of energy and water and thus allocated to the grids business field. Furthermore, this reporting segment includes renewable energies project development, especially Juwi AG and Windwärts Energie GmbH.
- 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 includes the retail and secondary distribution business for electricity, heating energy, gas and water at the Mannheim, Stadtwerke Kiel and Energieversorgung Offenbach subgroups, the energy-related services business at the MVV Enamic and Energieversorgung Offenbach subgroups and the new ventures business field with our shareholding in Beegy GmbH.
- The **STRATEGIC INVESTMENTS** reporting segment consists of the Köthen Energie and MVV Energie CZ subgroups and the at-equity result of the Stadtwerke Ingolstadt subgroup.
- The **OTHER ACTIVITIES** reporting segment consists in particular of the shared service companies and cross-divisional functions.
- Consolidation includes figures for transactions with other reporting segments that are eliminated for consolidation purposes.

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

Reconciliation of EBIT (income statement) with adjusted EBIT

Euro 000s	**1 Oct 2014 to 30 Sep 2015**	1 Oct 2013 to 30 Sep 2014	+/– change
EBIT as per income statement[1]	161 697	187 116	–25 419
Financial derivative measurement items[1]	6 676	–22 612	29 288
Structural adjustment for part-time early retirement	3 633	2 350	1 283
Interest income in connection with finance leases[1]	3 106	3 386	–280
Adjusted EBIT	**175 112**	**170 240**	**4 872**

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

Of segment sales with external customers, 97.2 % were generated in Germany (previous year: 97.7 %). The regional breakdown of sales is based on the geographical location of the respective companies.

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

The segment reporting presented in accordance with IFRS 8 is based on the internal management structure. This is mainly reflected in segment earnings (adjusted EBIT) and investments. The reconciliation of EBIT with adjusted EBIT is apparent in the above table. In the management perspective, the concept of investments includes both the additions apparent in the respective schedules and the change in non-current assets from first-time consolidation. By contrast, additions to securities and loans do not form part of the investment concept in the management perspective and have therefore been excluded.

38 Cash flow statement

The cash flow statement portrays the flow of funds from operating activities, investing activities and financing activities. The cash flows from investing and financing activities have been calculated directly. The cash flow from operating activities, on the other hand, has been derived indirectly. The amount of cash and cash equivalents stated in the cash flow statement is consistent with the corresponding figure in the balance sheet.

Inflows and outflows of funds from the acquisition and disposal of consolidated companies are included in the cash flow from investing activities. The cash and cash equivalents thereby acquired or disposed of have been reported separately.

The cash flow before working capital and taxes increased year-on-year in the 2014/15 financial year. This was due above all to annual net income before taxes on income which, after the elimination of other non-cash income and expenses, rose compared with the previous year's figure. The main factors here were the elimination of IAS 39 items and the non-cash at-equity measurements. These items were included at substantially lower values in the year under report than in the comparative period.

By contrast, the cash flow from operating activities reduced significantly in the 2014/15 financial year, a development mainly driven by the year-on-year change in working capital. In the previous year, intensive working capital management impacted on the cash flow from operating activities to a more marked extent. This high level was maintained in the period under report.

The cash flow from investing activities fell sharply compared with the previous year in the 2014/15 financial year. This was chiefly due to the outgoing payments made for the interest acquired in Juwi AG and the Windwärts asset deal.

The cash flow from financing activities rose considerably compared with the previous year, a development chiefly due to higher net new borrowing.

39 Capital management

MVV Energie AG is not subject to any statutory minimum capital requirements, but pursues its internal objective of using effective financial management to maintain its equity ratio at a level necessary to attain a good rating in the banking market and to boost the earnings strength of our company.

The adjusted equity ratio referred to for management purposes represents adjusted consolidated equity as a proportion of adjusted total assets. Adjusted equity consists of share capital, the capital reserve, accumulated net income, accumulated other comprehensive income and minority interests excluding non-operating IAS 39 derivative measurement items. It is intended to maintain an adjusted equity ratio of at least 30 %.

Measures to comply with the targeted equity ratio initially take place within the business planning process and within the framework of investment budgeting in the case of major (unplanned) investment measures. By issuing shares, the company is able to adjust its equity basis to requirements.

The key figure used in the value-based management of the company and the capital management thereby required is the value spread. This key figure is calculated as the difference between the period-based adjusted return on capital employed (adjusted ROCE) and weighted average cost of capital (WACC).

There were no changes in the underlying capital management requirements compared with the previous year.

40 Related party disclosures

Business transactions performed between the parent company and its consolidated subsidiaries, which constitute related parties, are not outlined in this section, as they were eliminated in the course of consolidation.

The City of Mannheim is the sole shareholder in MVV GmbH. MVV GmbH owns 99.99 % of the shares in MVV Verkehr GmbH, which in turn has a 50.1 % shareholding in MVV Energie AG. The City of Mannheim and the companies it controls therefore represent related parties as defined in IFRS.

Numerous contractually agreed legal relationships are in place between the companies of the MVV Energie Group and the City of Mannheim and the companies it controls (electricity, gas, water and district heating supply agreements, rental, leasing and service agreements). Moreover, concession agreements are also in place between MVV Energie AG and the City of Mannheim.

The concession duties to the City of Mannheim amounted to Euro 18 631 thousand (previous year: Euro 18 475 thousand).

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

Related party disclosures

	Goods and services provided				Receivables		Liabilities	
	Income		Expenses					
Euro 000s	**1 Oct 2014 to 30 Sep 2015**	1 Oct 2013 to 30 Sep 2014	**1 Oct 2014 to 30 Sep 2015**	1 Oct 2013 to 30 Sep 2014	**30 Sep 2015**	30 Sep 2014	**30 Sep 2015**	30 Sep 2014
Abfallwirtschaft Mannheim	688	635	71	31	28	76	—	—
ABG Abfallbeseitigungsgesellschaft mbH	30	33	3 581	3 661	—	—	1 162	597
GBG Mannheimer Wohnungsbaugesellschaft mbH	9 808	10 962	176	96	929	823	25	—
m:con – mannheim:congress GmbH	3 790	3 666	403	406	6 513	6 641	—	—
MVV GmbH	76	86	160	—	—	17	—	—
MVV Verkehr GmbH	45	126	9	12	4	12	—	—
Rhein-Neckar-Verkehr GmbH	5 751	6 224	4	21	558	983	2 800	264
Stadtentwässerung Mannheim	2 301	4 110	1 031	1 742	7	367	13	—
City of Mannheim	15 302	17 933	21 295	21 698	1 259	1 156	7 635	4 605
Companies recognised at equity[1]	77 514	82 543	232 726	220 314	22 728	17 608	53 802	17 435
Other related parties	17 479	12 848	1 581	2 618	865	636	642	511
	132 784	**139 166**	**261 037**	**250 599**	**32 891**	**28 319**	**66 079**	**23 412**

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

Furthermore, customer contracts concerning the supply of electricity, gas, water and district heating have been concluded between MVV Energie AG and members of its Executive and Supervisory Boards and individuals in key management positions (division heads, authorised representatives). These have also been concluded on customary market terms and do not differ from other customer contracts.

The MVV Energie Group has otherwise not concluded or performed any material related party transactions.

MVV Energie AG has compiled a dependent company report in accordance with § 312 of the German Stock Corporation Act (AktG) for the financial year ending on 30 September 2015.

In the Compensation Report, we set out the principles underlying our compensation system and provide information about the structure and level of compensation for members of the Executive and Supervisory Boards of MVV Energie AG. Furthermore, we also list those benefits foreseen for Executive Board members should they leave the company or retire.

The description of the basic principles of our compensation system and disclosures concerning the compensation of Executive and Supervisory Board members for the 2014/15 financial year take due account of the requirements of the German Commercial Code (HGB) and the recommendations made by the German Corporate Governance Code.

There was one change in the composition of the Executive Board in the period under report. Dr. Werner Dub retired from the Executive Board as of 31 December 2014. His position as Technical Director was assumed by Dr. Hansjörg Roll as of 1 January 2015.

The members of the Executive Board of MVV Energie AG also act as managing directors of MVV RHE GmbH. The costs of the work performed in this function were charged on to MVV RHE GmbH. No separate compensation is paid.

The structure and level of Executive Board compensation is determined by the Supervisory Board of MVV Energie AG following preparation by the Personnel Committee and regularly reviewed. The compensation system is structured to reward the company's economic success and the sustainable, long-term development in its value. To account for this, the compensation paid to Executive Board members comprises both performance-related and non-performance-related components.

All Executive Board contracts include a provision ensuring that payments to Executive Board members in the event of premature termination of their Executive Board activities do not exceed the value of two years' compensation (severance pay cap) and compensate no more than the remaining term of the employment contract.

No transitional allowances are granted upon the premature termination or non-extension of the employment contract.

No further payments were either committed or made by third parties.

The non-performance-related components consist of fixed compensation, fringe benefits and pension commitments.

Fixed compensation is paid in prorated monthly instalments in the form of a salary. Executive Board members receive additional fringe benefits that they tax individually in accordance with applicable requirements. These benefits mainly comprise contributions to insurance policies customary to the market and the non-cash benefit in kind resulting from company car use.

Executive Board members have been granted defined contribution pension commitments whose volume is based on the balances on virtual pension accounts at the time at which the benefits are claimed. The virtual pension accounts are credited with annual pension contributions. Annual interest is added to the pension accounts.

The pension commitment also includes claims to benefits due to permanent inability to work and provision for surviving dependants.

The one-year variable compensation paid to Executive Board members is determined by two components. To account for the operating performance of the MVV Energie Group, Executive Board members are granted an annual bonus. This is based on the adjusted EBIT of the MVV Energie Group. Furthermore, Executive Board members receive a sustainability bonus to compensate any increase in the company's profitability measured over a three-year period. This bonus is based on the average ROCE (Return on Capital Employed) before IAS 39 items of the MVV Energie Group for the past financial year and the two preceding financial years.

Suitable minimum thresholds and caps are in place for both components. Compared with the annual bonus, the sustainability bonus accounted for the overwhelming share of variable compensation in the 2014/15 financial year. No multiyear variable compensation is provided for.

Former members of the Executive Board received benefits of Euro 350 thousand in the year under report. Provisions totalling Euro 16 150 thousand have been stated for pension obligations towards former members of the Executive Board. A total of Euro 385 thousand was allocated to this item in the year under report.

The Executive Board received total compensation of Euro 2 446 thousand in the year under report (previous year: Euro 2 408 thousand).

The following tables show the benefits granted and actual incomes paid in the year under report in accordance with the German Corporate Governance Code and total compensation pursuant to German Accounting Standard 17 (DRS 17). Given the structure of the compensation system, the benefits granted and actual incomes paid are identical.

Benefits granted and incomes paid

Euro 000s	**Dr. Georg Müller** CEO			
	2014/15	Min 2014/15	Max 2014/15	2013/14
Fixed compensation[1]	482	482	482	460
Fringe benefits[2]	33	33	33	38
Other compensation[3]	17	17	17	17
Total	**532**	**532**	**532**	**515**
Variable compensation	283	0	964	297
Total pay	**815**	**532**	**1 496**	**812**
Pension expenses[4]	228	228	228	190
Total compensation	**1 043**	**760**	**1 724**	**1 002**

Euro 000s	**Udo Bekker** Personnel Director			
	2014/15	Min 2014/15	Max 2014/15	2013/14
Fixed compensation[1]	313	313	313	330
Fringe benefits[2]	27	27	27	30
Other compensation[3]	9	9	9	9
Total	**349**	**349**	**349**	**369**
Variable compensation	189	0	626	182
Total pay	**538**	**349**	**975**	**551**
Pension expenses[4]	129	129	129	121
Total compensation	**667**	**478**	**1 104**	**672**

Euro 000s	**Ralf Klöpfer** Sales Director			
	2014/15	Min 2014/15	Max 2014/15	2013/14
Fixed compensation[1]	288	288	288	275
Fringe benefits[2]	69	69	69	51
Other compensation[3]	9	5	5	5
Total	**366**	**362**	**362**	**331**
Variable compensation	189	0	576	198
Total pay	**555**	**362**	**938**	**529**
Pension expenses[4]	134	134	134	275
Total compensation	**689**	**496**	**1 072**	**804**

Euro 000s	**Dr. Hansjörg Roll** Technical Director (since 1 Jan 2015)			
	2014/15	Min 2014/15	Max 2014/15	2013/14
Fixed compensation[1]	216	216	216	—
Fringe benefits[2]	40	40	40	—
Other compensation[3]	8	5	5	—
Total	**264**	**261**	**261**	**—**
Variable compensation	142	0	432	—
Total pay	**406**	**261**	**693**	**—**
Pension expenses[4]	144	144	144	—
Total compensation	**550**	**405**	**837**	**—**

Euro 000s	**Dr. Werner Dub** Technical Director (until 31 Dec 2014)			
	2014/15	Min 2014/15	Max 2014/15	2013/14
Fixed compensation[1]	72	72	72	275
Fringe benefits[2]	7	7	7	27
Other compensation[3]	6	16	16	16
Total	**85**	**95**	**95**	**318**
Variable compensation	47	0	144	198
Total pay	**132**	**95**	**239**	**516**
Pension expenses[4]	24	24	24	151
Total compensation	**156**	**119**	**263**	**667**

1 annual fixed compensation including CEO allowance of Euro 194 thousand for Dr. Georg Müller

2 contributions to voluntary pension insurance, health insurance, nursing care insurance, voluntary contribution to employers' mutual insurance association, non-cash benefits/ benefits in kind

3 compensation for board activities at subsidiaries and shareholdings (entitlement in financial year)

4 service cost from commitments of pensions and other benefits pursuant to IAS 19

Pension obligations for the Executive Board members are presented in the following table:

Pension obligations

Euro 000s	Development in virtual pension accounts			Pension provision	Allocation to pension provision	
	Balance at 1 Oct 2014	Pension contribution	Balance at 30 Sep 2015[1]	Balance at 30 Sep 2015[2]	Service cost	Interest expenses
Dr. Georg Müller	1 582	153	1 810	2 742	228	59
Udo Bekker	196	115	320	482	129	8
Ralf Klöpfer	110	115	230	410	134	7
Dr. Hansjörg Roll	—	98	98	144	144	—
Total	**1 888**	**481**	**2 458**	**3 778**	**635**	**74**

1 including interest
2 equivalent to present value of vested claims

Pursuant to IAS 24, related parties also include management staff performing key functions. Alongside the Executive Board, this group of persons at the MVV Energie Group also includes active heads of division and authorised company representatives of MVV Energie AG. This group of persons receives its compensation exclusively from MVV Energie AG. Compensation amounted to Euro 2 662 thousand in the year under report, with Euro 2 538 thousand of this total involving payments with current maturities.

Unless they are insured via municipal supplementary pension companies (ZVK), management staff performing key functions receive a defined contribution company pension of up to 8.6 % of their fixed compensation. Within the channels of execution offered within the Group, they can determine which biometric risks they would like to cover. Total expenses incurred for the aforementioned schemes amounted to Euro 124 thousand in the year under report.

The compensation of our Supervisory Board members is commensurate to their responsibilities and to the scope of their duties. The members of the Supervisory Board received annual compensation of Euro 10 thousand each in the year under report, with the Chairman of the Supervisory Board receiving twice and his deputy one and half times this figure. The Chairman of the Audit Committee received additional annual compensation of Euro 5 thousand and other members of this committee received additional annual compensation of Euro 2.5 thousand. Moreover, a meeting allowance of Euro 1 thousand was paid per person per meeting of the full Supervisory Board and of the committees. The Chairman of the Supervisory Board receives double the meeting allowance for meetings of the Supervisory Board, as does the Chairman of the Audit Committee for meetings of the Audit Committee. Total compensation amounted to Euro 456 thousand. The compensation for the employee representatives in the Supervisory Board (excluding Supervisory Board compensation) amounted to Euro 908 thousand in the year under report. The composition of the Supervisory Board has been presented in a separate overview on ▶ *Page 175*.

Supervisory Board compensation

Euro	Supervisory Board compensation	Meeting allowances
Dr. Peter Kurz	20 000	24 000
Johannes Böttcher	10 000	8 000
Timo Carstensen	10 000	6 000
Peter Dinges	17 500	16 000
Ralf Eisenhauer	10 000	9 000
Peter Erni	12 500	14 000
Detlef Falk	12 500	13 000
Reinhold Götz	10 000	9 000
Prof. Dr. Egon Jüttner	10 000	6 000
Heike Kamradt	10 000	8 000
Daniela Kirchner	10 000	9 000
Dr. Antje Mohr	10 000	9 000
Dr. Lorenz Näger	12 500	11 000
Wolfgang Raufelder	10 000	7 000
Christian Specht	10 000	9 000
Dr. Dieter Steinkamp	10 000	9 000
Carsten Südmersen	12 500	15 000
Katja Udluft	10 000	9 000
Prof. Heinz-Werner Ufer	15 000	22 000
Jürgen Wiesner	10 000	10 000
Total	**232 500**	**223 000**

41 Scope of consolidation of the MVV Energie Group

Scope of consolidation of the MVV Energie Group at 30 September 2015

	Share of capital[1] in %	Equity[1] 000s (LC)	Annual net income[1] 000s (LC)	Local currency (LC)
Associates (fully consolidated subsidiaries)				
Germany				
ABeG Abwasserbetriebsgesellschaft mbH, Offenbach am Main	51.00	579	–1	EUR
AVA Abwasser- und Verwertungsanlagen GmbH, Mörfelden-Walldorf[6, 14]	100.00	81	0	EUR
BFE Institut für Energie und Umwelt GmbH, Mühlhausen[6]	100.00	700	0	EUR
Biokraft Naturbrennstoffe GmbH, Offenbach am Main	100.00	195	31	EUR
Biomethananlage Barby GmbH, Mannheim (previously: Bioenergie Barby GmbH, Regensburg)[5, 14]	74.90	6	–19	EUR
Biomethananlage Klein Wanzleben GmbH, Mannheim	74.90	4 024	727	EUR
Biomethananlage Kroppenstedt GmbH, Mannheim	74.90	2 649	579	EUR
Biomethananlage Staßfurt GmbH, Mannheim	74.90	3 379	687	EUR
Cerventus Naturenergie GmbH, Offenbach am Main	50.00	31 236	842	EUR
Cerventus Naturenergie Verwaltungs GmbH, Offenbach am Main	100.00	25	11	EUR
Dabit Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG, Mainz[8, 14]	94.00	8	18	EUR
Energieversorgung Dietzenbach GmbH, Dietzenbach[14]	50.00	4 642	842	EUR
Energieversorgung Offenbach Aktiengesellschaft, Offenbach am Main[2, 14]	48.42	123 097	14 226	EUR
eternegy GmbH, Mannheim[14]	100.00	5 850	980	EUR
FRASSUR GmbH Umweltschutz-Dienstleistungen, Mörfelden-Walldorf[14]	100.00	1 706	–179	EUR
Gasversorgung Offenbach GmbH, Offenbach am Main	74.90	16 671	2 688	EUR
Götzfried + Pitzer Entsorgung GmbH, Ulm	100.00	1 909	178	EUR
IGS Netze GmbH, Gersthofen[6, 14]	100.00	1 000	0	EUR
Infrastrukturgesellschaft Hungerberg GmbH & Co. KG, Offenbach am Main	70.00	1	1	EUR
juwi Wind Germany 104 GmbH & Co. KG, Wörrstadt[5, 14]	100.00	1	–2	EUR
Köthen Energie GmbH, Köthen[14]	100.00	4 173	868	EUR
MDW Muldendienst West GmbH, Frankfurt am Main (previously: EVO Alpha 1 GmbH, Frankfurt am Main)[5]	100.00	–28	–148	EUR
mobiheat GmbH, Friedberg in Bayern (previously: MobiHeat GmbH, Friedberg in Bayern)[5, 11]	74.90	1 723	210	EUR
MVV Alpha fünfzehn GmbH, Mannheim[5, 6]	100.00	170 273	0	EUR
MVV decon GmbH, Mannheim	100.00	–15 673	–10 115	EUR
MVV EnergySolutions GmbH, Mannheim (previously: MVV Enamic Contracting GmbH, Mannheim)[6]	100.00	46 145	0	EUR
MVV Enamic GmbH, Mannheim[6]	100.00	77 535	0	EUR
MVV Enamic IGS Gersthofen GmbH, Gersthofen[6, 14]	100.00	11 804	0	EUR
MVV ImmoSolutions GmbH, Berlin (previously: MVV Enamic Immobilien GmbH, Berlin)[6, 14]	100.00	23 926	0	EUR
MVV Enamic Korbach GmbH, Korbach[6]	100.00	2 104	0	EUR
MVV Enamic Ludwigshafen GmbH, Mannheim	100.00	958	2 142	EUR
MVV Enamic Naturenergie GmbH, Mannheim[14]	100.00	–7 685	696	EUR
MVV Energiedienstleistungen Regional Verwaltungs GmbH, Mannheim	100.00	52 604	5 974	EUR
MVV Grünenergie GmbH, Mannheim[6]	100.00	52	0	EUR
MVV RHE GmbH, Mannheim[6, 14]	100.00	12	0	EUR
MVV Trading GmbH, Mannheim[6]	97.50	25 525	2 678	EUR
MVV Umwelt Asset GmbH, Mannheim[6]	100.00	40 036	0	EUR
MVV Umwelt GmbH, Mannheim[6]	100.00	144 990	0	EUR
MVV Umwelt O&M GmbH, Mannheim[6]	100.00	1 226	0	EUR
MVV Umwelt Ressourcen GmbH, Mannheim[6]	100.00	6 566	0	EUR
MVV Umwelt UK GmbH, Mannheim[6]	100.00	39 367	0	EUR
MVV Windenergie Deutschland GmbH, Mannheim	100.00	9 826	1 296	EUR
MVV Windenergie GmbH, Mannheim[6]	100.00	7 997	0	EUR
MVV Windpark Freudenberg GmbH, Mannheim[5]	100.00	6	–6	EUR
MVV Windpark Hain-Ost GmbH, Mannheim (previously: MVV Alpha eins GmbH, Mannheim)[5, 6]	100.00	27	0	EUR
MVV Windpark Plauerhagen GmbH & Co. KG, Rerik[14]	100.00	5 569	559	EUR

Scope of consolidation of the MVV Energie Group at 30 September 2015

	Share of capital[1] in %	Equity[1] 000s (LC)	Annual net income[1] 000s (LC)	Local currency (LC)
Netrion Gasnetz Offenbach GmbH, Mannheim[6, 14]	100.00	324	0	EUR
Netrion GmbH, Mannheim[6]	100.00	5 999	0	EUR
Netzgesellschaft Köthen mbH, Köthen[6, 14]	100.00	26	0	EUR
Soluvia Billing GmbH, Offenbach am Main[6]	100.00	326	0	EUR
Soluvia GmbH, Mannheim[14]	100.00	791	294	EUR
Soluvia IT-Services GmbH, Kiel[6, 14]	100.00	1 093	0	EUR
Soluvia Metering GmbH, Offenbach am Main[6]	100.00	676	0	EUR
Stadtwerke Kiel Aktiengesellschaft, Kiel[14]	51.00	159 915	23 707	EUR
SWKiel Netz GmbH, Kiel[6, 14]	100.00	25	0	EUR
SWKiel Speicher GmbH, Kiel[5, 6, 14]	100.00	50	0	EUR
Umspannwerk Kirchberg GmbH & Co. KG, Offenbach am Main	100.00	3	0	EUR
Windpark Albisheim GmbH & Co. KG, Offenbach am Main	100.00	2 709	77	EUR
Windpark Dirlammen GmbH & Co. KG, Offenbach am Main	100.00	2 233	426	EUR
Windpark Hungerberg I GmbH & Co. KG, Offenbach am Main	100.00	4 563	286	EUR
Windpark Hungerberg II GmbH & Co. KG, Offenbach am Main	100.00	4 884	266	EUR
Windpark Kappel Nord GmbH & Co. KG, Offenbach am Main	100.00	1 840	104	EUR
Windpark Kappel Süd GmbH & Co. KG, Offenbach am Main	100.00	1 840	109	EUR
Windpark Kirchberg GmbH & Co. KG, Offenbach am Main	100.00	1 840	108	EUR
Windpark Kludenbach GmbH & Co. KG, Offenbach am Main	100.00	1 233	79	EUR
Windpark Metzenhausen GmbH & Co. KG, Offenbach am Main	100.00	1 840	110	EUR
Windpark Reckershausen GmbH & Co. KG, Offenbach am Main	100.00	1 840	111	EUR
Windpark Reich GmbH & Co. KG, Offenbach am Main	100.00	1 840	100	EUR
Windpark Staatsforst GmbH & Co. KG, Offenbach am Main	100.00	1 840	117	EUR
Windwärts Energie GmbH, Hanover (previously: Windwärts Energie GmbH, Mannheim)	100.00	–1 870	–2 225	EUR
Associates (fully consolidated subsidiaries)				
International				
Českolipská teplárenská a.s., Česká Lípa, Czech Republic	94.99	19 087	17 771	CZK
Českolipské teplo a.s., Prague, Czech Republic	100.00	135 126	29 193	CZK
CTZ s.r.o., Uherské Hradiště, Czech Republic	50.96	111 766	14 944	CZK
e.services s.r.o., Děčín, Czech Republic	100.00	453	207	CZK
ENERGIE Holding a.s., Prague, Czech Republic[14]	100.00	377 766	72 911	CZK
G-LINDE s.r.o., Prague, Czech Republic	100.00	12 048	2 114	CZK
G-RONN s.r.o., Prague, Czech Republic	100.00	90 927	20 393	CZK
IROMEZ s.r.o., Pelhrimov, Czech Republic	100.00	69 918	12 059	CZK
MVV Energie CZ a.s., Prague, Czech Republic	100.00	2 382 601	252 558	CZK
MVV Environment Devonport Limited, Plymouth, UK[7]	100.00	32 000	–1 516	GBP
MVV Environment Ridham Limited, Sittingbourne (Iwade), UK	100.00	42 000	–2 004	GBP
MVV Environment Services Limited, London, UK	100.00	700	90	GBP
OPATHERM a.s., Opava, Czech Republic	100.00	56 790	9 563	CZK
POWGEN a.s., Prague, Czech Republic	100.00	156 916	28 474	CZK
Teplárna Liberec a.s., Liberec, Czech Republic	70.00	296 215	3 824	CZK
TERMIZO a.s., Liberec, Czech Republic	100.00	515 010	63 604	CZK
TERMO Děčín a.s., Děčín, Czech Republic	96.91	222 102	44 202	CZK
Vents d'Oc Énergies Renouvelables SARL, Montpellier, France[5]	100.00	100	–253	EUR
Zásobování teplem Vsetín a.s., Vsetín, Czech Republic	100.00	192 683	41 298	CZK
Other majority shareholdings				
Germany				
decon international GmbH i.Gr., Bad Homburg vor der Höhe[5, 12]	100.00	—	—	EUR
Erschließungsträgergesellschaft Weeze mbH, Weeze[9]	75.00	167	–22	EUR

Scope of consolidation of the MVV Energie Group at 30 September 2015

	Share of capital[1] in %	Equity[1] 000s (LC)	Annual net income[1] 000s (LC)	Local currency (LC)
MVV Regioplan GmbH, Mannheim (previously: MVV Enamic Regioplan GmbH, Mannheim)[6, 9]	100.00	1 023	0	EUR
MVV Insurance Services GmbH, Mannheim[9]	100.00	29	4	EUR
MVV Windpark Verwaltungs GmbH, Mannheim[9]	100.00	30	1	EUR
Windwärts erste Verwaltungsgesellschaft mbH, Mannheim (previously: Windwärts Bioenergie Erste Verwaltungs GmbH, Hanover)[5, 8]	100.00	40	2	EUR
Other majority shareholdings				
International				
BFE Institut für Energie und Umwelt GmbH, Romanshorn, Switzerland[9]	100.00	33	5	CHF
MVV Environment Limited, London, UK[9]	100.00	302	57	GBP
Jointly owned companies (at equity)				
Germany				
BEEGY GmbH, Mannheim (previously: MVV Alpha drei GmbH, Mannheim)[5, 12]	34.80	-	-	EUR
Biomasse Rhein-Main GmbH, Flörsheim-Wicker[9]	33.33	11 410	235	EUR
Energiebahnhof Wörrstadt GmbH, Wörrstadt[5, 8, 13]	100.00	23	43	EUR
ESN EnergieSystemeNord GmbH, Schwentinental[8]	25.00	3 511	–342	EUR
Fernwärme Rhein-Neckar GmbH, Mannheim[8]	50.00	2 621	831	EUR
Gemeinschaftskraftwerk Kiel GmbH, Kiel[8]	50.00	16 873	1 534	EUR
iwo Pellet Rhein-Main GmbH, Offenbach am Main[2, 9]	24.92	–1 663	148	EUR
juwi Academy GmbH, Wörrstadt[5, 8, 13]	40.00	34	67	EUR
juwi AG, Wörrstadt[5, 8]	63.12	–83 729	–108 234	EUR
juwi Bau Festzins GmbH, Wörrstadt[5, 6, 8, 13]	100.00	25	0	EUR
juwi Beteiligungs GmbH & Co. Holzpelletieranlage Morbach KG, Wörrstadt[5, 8, 13]	50.00	–6 228	–1 923	EUR
juwi Bio GmbH, Wörrstadt[5, 6, 8, 13]	100.00	–861	0	EUR
juwi Bio Service & Betriebs GmbH, Wörrstadt[5, 6, 8, 13]	100.00	25	212	EUR
juwi Energielösungen GmbH, Wörrstadt[5, 6, 8, 13]	100.00	–432	0	EUR
juwi Energieprojekte GmbH, Wörrstadt[5, 6, 8, 13]	100.00	67 058	0	EUR
juwi Green Buildings GmbH, Wörrstadt[5, 6, 8, 13]	100.00	–485	0	EUR
juwi Green Energy GmbH, Wörrstadt[5, 6, 8, 13]	100.00	25	0	EUR
juwi Gründungskommanditist Germany GmbH, Wörrstadt[5, 6, 8, 13]	100.00	25	0	EUR
juwi international GmbH, Wörrstadt[5, 6, 8, 13]	100.00	270	0	EUR
juwi Operations & Maintenance GmbH, Wörrstadt[5, 6, 8, 13]	100.00	1 404	214	EUR
juwi R & D GmbH, Wörrstadt[5, 8, 13]	100.00	30	1	EUR
juwi Verwaltungs GmbH, Wörrstadt[5, 8, 13]	100.00	–27	18	EUR
juwitality GmbH, Wörrstadt[5, 6, 8, 13]	100.00	25	0	EUR
Naunhofer Transportgesellschaft mbH, Parthenstein-Großsteinberg[8]	50.00	1 533	140	EUR
Naturenergie Main-Kinzig GmbH, Gelnhausen[9]	50.00	58	–20	EUR
New Breeze GmbH & Co. Green Power 44 KG, Wörrstadt[5, 8, 13]	94.00	–2 748	–3 256	EUR
New Breeze GmbH, Wörrstadt[5, 8, 13]	100.00	284	–23	EUR
Palaterra GmbH & Co. KG, Hengstbacherhof, Sankt Alban[5, 8, 13]	50.00	–1 606	–209	EUR
Palaterra Management GmbH, Hengstbacherhof, Sankt Alban[5, 8, 13]	50.00	38	5	EUR
RIO Holzenergie GmbH & Co. Bad Arolsen KG, Wörrstadt[5, 8, 13]	50.00	–11 772	–3 137	EUR
RIO Holzenergie GmbH & Co. Dotternhausen KG, Wörrstadt[5, 8, 13]	50.00	–14 332	–1 882	EUR
RIO Holzenergie GmbH & Co. Langelsheim KG, Wörrstadt[5, 8, 13]	37.50	–13 684	–4 762	EUR
Stadtwerke Buchen GmbH & Co. KG, Buchen-Odenwald[8]	25.10	6 648	1 765	EUR
Stadtwerke Ingolstadt Beteiligungen GmbH, Ingolstadt[4, 9]	48.40	46 455	20 348	EUR
Stadtwerke Sinsheim Versorgungs GmbH & Co. KG, Sinsheim[8]	30.00	11 965	–384	EUR
W.T.A. Wertstoff Transport Agentur GmbH, Parthenstein-Großsteinberg[8]	50.00	1 353	100	EUR
ZVO Energie GmbH, Timmendorfer Strand[8]	49.90	52 640	8 023	EUR

Scope of consolidation of the MVV Energie Group at 30 September 2015

	Share of capital[1] in %	Equity[1] 000s (LC)	Annual net income[1] 000s (LC)	Local currency (LC)
Jointly owned companies (at equity)				
International				
EURL Corsoleil, Saint Lorent, Corsica, France[5, 8, 13]	100.00	–1 850	–840	EUR
juwi energias renovables de Chile Limitada, Santiago de Chile, Chile[5, 8, 13]	100.00	–5 524 642	–1 973 374	CLP
juwi energie rinnovabili srl., Bolzano, Italy[5, 8, 13]	100.00	–4 877	–6 585	EUR
juwi Hellas renewable energy sources anonymous company, Athens, Greece[5, 8, 13]	100.00	1 329	121	EUR
juwi Inc., Delaware, USA[5, 8, 13]	100.00	14 793	–1 122	USD
juwi India Renewable Energies Private Limited, Bangalore, India[5, 9, 13]	100.00	35 540	–28 596	INR
juwi Philippines, Inc., Metro Manila, Philippines[5, 8, 13]	99.90	3 811	–5 627	PHP
juwi Photovoltaic Energy Project Private Limited, Bangalore, India[5, 9, 13]	99.47	226	–42	INR
juwi renewable energies (PTY) Ltd., Stellenbosch, South Africa[5, 8, 13]	100.00	–15 152	–20 288	ZAR
juwi Renewable Energies FZCO Dubai, Dubai, United Arab Emirates[5, 8, 13]	50.00	–827	–695	AED
juwi Renewable Energies Ltd., Birmingham, UK[5, 8, 13]	100.00	–8 696	–3 050	GBP
juwi renewable Energies Malaysia SDN. BHD., Kuala Lumpur, Malaysia[5, 8, 13]	100.00	–31	51	MYR
juwi renewable energies Pvt. Ltd., Singapore[5, 8, 13]	100.00	10 066	1 798	USD
juwi Renewable Energies Thai Co., Ltd, Bangkok, Thailand[5, 8, 13]	74.40	–16 527	2 794	THB
juwi Renewable Energy Pty Ltd, Brisbane, Australia[5, 8, 13]	81.50	–563	–609	AUD
juwi s.r.o., Liberec, Czech Republic[5, 8, 13]	100.00	37 993	516	CZK
juwi Shizen Energy Inc., Tokyo, Japan[5, 8, 13]	50.00	557 674	485 744	JPY
juwi Shizen Energy Operation Inc., Tokyo, Japan[5, 8, 13]	30.00	5 573	1 400	JPY
juwi Solar Power Generation Project Private Limited, Bangalore, India[5, 9, 13]	99.47	226	–42	INR
juwi Swiss Holding GmbH i. L., Sarnen, Switzerland[5, 8, 13]	100.00	–11	–29	CHF
juwi Yenilenebilir Enerji A.Ş, Ankara, Turkey[5, 8, 13]	100.00	–1 614	–1 664	TRY
luminatis S.à.r.l., Luxembourg, Grand Duchy of Luxembourg[8]	26.00	701	–508	EUR
Solutions Européennes de Valorisation Energétique S.A.S., Paris, France[12]	50.00	—	—	EUR
Associates (at equity)				
Germany				
Grosskraftwerk Mannheim Aktiengesellschaft, Mannheim[8]	28.00	114 142	6 647	EUR
Netzgesellschaft Edingen-Neckarhausen GmbH & Co. KG, Edingen-Neckarhausen[8, 11]	24.00	819	58	EUR
Zweckverband Wasserversorgung Kurpfalz (ZWK), Heidelberg[3, 8]	51.00	7 071	0	EUR
Other shareholdings				
Germany				
Klimaschutzagentur Mannheim gemeinnützige GmbH, Mannheim[8]	40.00	25	0	EUR
Kommunaler Windenergiepark Schleswig-Holstein GbR, Neumünster[10]	20.00	608	97	EUR
Main-Kinzig-Entsorgungs- und Verwertungs GmbH, Hanau[8]	49.00	259	6	EUR
Maintal-Werke Gesellschaft mit beschränkter Haftung, Maintal[6, 8]	24.90	15 986	0	EUR
Management Stadtwerke Buchen GmbH, Buchen-Odenwald[8]	25.20	40	1	EUR
Stadtwerke Langen Gesellschaft mit beschränkter Haftung, Langen[6, 8]	10.00	30 472	0	EUR
Stadtwerke Schwetzingen GmbH & Co. KG, Schwetzingen[8]	10.00	15 682	1 854	EUR
Stadtwerke Sinsheim Verwaltungs GmbH, Sinsheim[8]	30.00	26	2	EUR
Stadtwerke Walldorf GmbH & Co. KG, Walldorf[8]	25.10	11 540	–1 911	EUR
Stadtwerke Walldorf Verwaltungs GmbH, Walldorf[8]	25.10	24	–2	EUR
Wasserversorgungsverband Neckargruppe, Edingen-Neckarhausen[8]	25.00	377	0	EUR
WVE Wasserversorgungs- und -entsorgungsgesellschaft Schriesheim mbH, Schriesheim[8]	24.50	7 701	0	EUR

1 share of capital at 30 September 2015 pursuant to § 16 (4) AktG; equity and annual net income pursuant to HGB or local requirements
2 majority of voting rights
3 no voting right majority
4 joint management pursuant to contractual arrangement
5 added in financial year
6 profit transfer agreement
7 annual financial statements at 31 March 2015
8 annual financial statements at 31 December 2014
9 annual financial statements at 30 September 2014
10 annual financial statements at 31 December 2013
11 financial statements for short financial year
12 no data available
13 shareholding in juwi AG; reported based on 63.12 % share of capital in juwi AG
14 preliminary figures

42 Auditor's fee

The following fees were incurred for the services performed by the auditor of the consolidated financial statements, Pricewaterhouse-Coopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, in the 2014/15 financial year:

Auditor's fee

Euro 000s	**2014/15**	2013/14
Audit[1]	994	894
Other auditing services[1]	259	277
Tax advisory services	93	59
Other services[1]	209	176
	1 555	**1 406**

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

43 Utilisation of exemption under § 264 (3) HGB

The following German subsidiaries will draw on the disclosure exemption provided for under § 264 (3) of the German Commercial Code (HGB) for the 2014/15 financial year:

- BFE Institut für Energie und Umwelt GmbH, Mühlhausen
- MVV Umwelt GmbH, Mannheim
- MVV Umwelt Ressourcen GmbH, Mannheim
- MVV Umwelt UK GmbH, Mannheim
- MVV Windenergie GmbH, Mannheim

44 Declaration of Conformity under § 161 AktG

The Executive and Supervisory Boards of MVV Energie AG have submitted their Declaration of Conformity with the recommendations of the German Corporate Governance Code pursuant to § 161 of the German Stock Corporation Act (AktG) and made it available to the company's shareholders.

The complete declaration has been published on the internet at **www.mvv-investor.de**.

45 Information on concessions

In addition to the concession agreement between the City of Mannheim and MVV Energie AG (please see Note 40 Related Party Disclosures), further concession agreements have also been concluded between companies of the MVV Energie Group and local and regional authorities. The remaining terms range from one to 20 years. These agreements assign responsibility for operating the respective distribution grids and providing for their maintenance. Should these agreements not be extended upon expiry, the facilities for supplying the respective utility services must be taken over by the municipalities upon payment of commensurate compensation.

46 Events after balance sheet date

We are not aware of any events after the balance sheet date.

Mannheim, 10 November 2015

MVV Energie AG

Executive Board


Dr. Müller


Bekker


Klöpfer


Dr. Roll

RESPONSIBILITY STATEMENT

"We affirm that, to the best of our knowledge, the consolidated financial statements give a true and fair view of the net asset, financial and earnings position of the Group in accordance with applicable accounting principles and the group management report provides a fair view of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group."

Mannheim, 10 November 2015

MVV Energie AG

Executive Board

Dr. Müller

Bekker

Klöpfer

Dr. Roll

DIRECTORS AND OFFICERS

Executive Board of MVV Energie AG

Dr. Georg Müller
Chairman and Commercial Director

Udo Bekker
Personnel

Dr. Werner Dub
Technology
(until 31 December 2014)

Ralf Klöpfer
Sales

Dr. Hansjörg Roll
Technology
(since 1 January 2015)

Supervisory Board of MVV Energie AG

Dr. Peter Kurz (Chairman)
Lord High Mayor of City of Mannheim

Peter Dinges[1] (Deputy Chairman)
Chairman of MVV Energie AG Group Works Council

Johannes Böttcher[1]
Chairman of Works Council of Energieversorgung Offenbach AG

Timo Carstensen[1]
Deputy Chairman of Works Council of Stadtwerke Kiel AG

Ralf Eisenhauer
Specialist Construction Manager for Historic Burdens at GBG Mannheimer Wohnungsbaugesellschaft mbH

Peter Erni[1]
Trade Union Secretary at ver.di Rhine/Neckar

Detlef Falk[1]
Chairman of Works Council of Stadtwerke Kiel AG

Reinhold Götz
1st Representative IG Metall Mannheim

Prof. Dr. Egon Jüttner
Member of Federal Parliament (MdB)

Heike Kamradt[1]
Member of Works Council of MVV Energie AG

Daniela Kirchner[1]
Director of Accounting and Tax Division at MVV Energie AG

Dr. Antje Mohr[1]
Trade Union Secretary at ver.di Kiel

Dr. Lorenz Näger
Member of Management Board of HeidelbergCement AG

Wolfgang Raufelder
Member of Baden-Württemberg State Parliament

Christian Specht
First Mayor of City of Mannheim

Dr. Dieter Steinkamp
CEO of RheinEnergie AG, Cologne

Carsten Südmersen
Management Consultant

Katja Udluft[1]
Trade Union Secretary at ver.di Rhine/Neckar

Prof. Heinz-Werner Ufer
Graduate in Economics

Jürgen Wiesner[1]
Deputy Chairman of Works Council of MVV Energie AG

1 employee representative

Additional positions held by members of the Executive and Supervisory Boards on supervisory boards or comparable supervisory bodies are listed in detail on the following pages.

Membership of Supervisory Board Committees at MVV Energie AG

Committee	Name
Audit Committee	• Prof. Heinz-Werner Ufer (Chairman) • Peter Dinges (Deputy Chairman) • Peter Erni • Detlef Falk • Dr. Lorenz Näger • Carsten Südmersen
Personnel Committee	• Dr. Peter Kurz (Chairman) • Peter Dinges • Ralf Eisenhauer • Heike Kamradt • Carsten Südmersen • Jürgen Wiesner
Nomination Committee	• Dr. Peter Kurz (Chairman) • Ralf Eisenhauer • Wolfgang Raufelder • Dr. Dieter Steinkamp • Carsten Südmersen • Prof. Heinz-Werner Ufer
Mediation Committee	• Dr. Peter Kurz (Chairman) • Peter Dinges • Carsten Südmersen • Jürgen Wiesner
New Authorised Capital Creation Committee	• Dr. Peter Kurz (Chairman) • Peter Dinges • Ralf Eisenhauer • Peter Erni • Christian Specht • Dr. Dieter Steinkamp • Carsten Südmersen • Prof. Heinz-Werner Ufer

Members of Executive Board of MVV Energie AG

Name	Positions held on other statutory supervisory boards of German companies	Membership of comparable German and foreign company supervisory boards
Dr. Georg Müller	• Energieversorgung Offenbach AG, Offenbach (Chairman) • Grosskraftwerk Mannheim AG, Mannheim • Juwi AG, Wörrstadt (since 24 March 2015 – Chairman) • MVV Enamic GmbH, Mannheim (Deputy Chairman) • MVV Trading GmbH, Mannheim • MVV Umwelt GmbH, Mannheim • Saarschmiede GmbH, Völklingen • Stadtwerke Kiel AG, Kiel (Chairman)	
Udo Bekker	• Energieversorgung Offenbach AG, Offenbach • Stadtwerke Ingolstadt Beteiligungen GmbH, Ingolstadt • Stadtwerke Kiel AG, Kiel	• MVV Energie CZ a.s., Prague, Czech Republic (since 18 May 2015 – Chairman) • Soluvia GmbH, Mannheim (Chairman)
Dr. Werner Dub (until 31 December 2014)	• Energieversorgung Offenbach AG, Offenbach (until 3 March 2015) • Grosskraftwerk Mannheim AG, Mannheim (until 11 March 2015) • MVV Umwelt GmbH, Mannheim (until 31 December 2014 – Deputy Chairman) • Netrion GmbH, Mannheim (until 31 December 2014 – Chairman) • Stadtwerke Ingolstadt Beteiligungen GmbH, Ingolstadt (until 31 December 2014 – Deputy Chairman) • Stadtwerke Kiel AG, Kiel (until 31 December 2014)	• MVV Energie CZ a.s., Prague, Czech Republic (until 31 December 2014 – Chairman) • Soluvia GmbH, Mannheim (until 31 December 2014)
Ralf Klöpfer	• Energieversorgung Offenbach AG, Offenbach • IDOS Software AG, Karlsruhe • Juwi AG, Wörrstadt (since 24 March 2015) • MVV Enamic GmbH, Mannheim (Chairman) • MVV Trading GmbH, Mannheim (Chairman) • Stadtwerke Kiel AG, Kiel • Stadtwerke Ingolstadt Beteiligungen GmbH, Ingolstadt (since 1 January 2015 – Deputy Chairman)	• BEEGY GmbH, Mannheim (since 14 July 2015 – Chairman) • MVV Energie CZ a.s., Prague, Czech Republic (since 1 January 2015) • Soluvia GmbH, Mannheim • Stadtmarketing Mannheim GmbH, Mannheim (since 28 September 2015)
Dr. Hansjörg Roll (since 1 January 2015)	• Energieversorgung Offenbach AG, Offenbach (since 3 March 2015) • Grosskraftwerk Mannheim AG, Mannheim (since 11 March 2015) • Juwi AG, Wörrstadt (since 24 March 2015) • MVV Umwelt GmbH, Mannheim (since 1 January 2015 – Chairman) • Netrion GmbH, Mannheim (since 1 January 2015 – member, since 12 Januar 2015 – Chairman) • Stadtwerke Kiel AG, Kiel (since 1 January 2015)	• MVV Energie CZ a.s., Prague, Czech Republic (since 1 January 2015) • Soluvia GmbH, Mannheim (since 1 January 2015)

Members of Supervisory Board of MVV Energie AG

Name Occupation	Positions held on other statutory supervisory boards of German companies	Membership of comparable German and foreign company supervisory boards
Dr. Peter Kurz (Chairman) Lord High Mayor of City of Mannheim	• BGV Versicherung AG, Karlsruhe (until 26 August 2015) • Klinikum Mannheim GmbH University Hospital, Mannheim (Chairman) • MVV GmbH, Mannheim (Chairman)	• GBG Mannheimer Wohnungsbaugesellschaft mbH, Mannheim (Chairman) • m:con – mannheim:congress GmbH, Mannheim (Chairman) • MWS Projektentwicklungsgesellschaft mbH, Mannheim (Chairman) • Popakademie Baden-Württemberg GmbH, Mannheim • Sparkasse Rhein Neckar Nord, Mannheim • Stadtmarketing Mannheim GmbH, Mannheim
Peter Dinges (Deputy Chairman) Chairman of MVV Energie AG Group Works Council	• Energieversorgung Offenbach AG, Offenbach • MVV Enamic GmbH, Mannheim • MVV GmbH, Mannheim • MVV Umwelt GmbH, Mannheim • Netrion GmbH, Mannheim	• Soluvia GmbH, Mannheim
Johannes Böttcher Chairman of Works Council of Energieversorgung Offenbach AG	• Energieversorgung Offenbach AG, Offenbach	
Timo Carstensen Deputy Chairman of Works Council of Stadtwerke Kiel AG	• Stadtwerke Kiel AG, Kiel	
Ralf Eisenhauer Specialist Construction Manager for Historic Burdens at GBG Mannheimer Wohnungsbaugesellschaft mbH		• Sparkasse Rhein Neckar Nord, Mannheim • Stadtmarketing Mannheim GmbH, Mannheim
Peter Erni Trade Union Secretary at ver.di Rhine/Neckar		
Detlef Falk Chairman of Works Council of Stadtwerke Kiel AG	• Stadtwerke Kiel AG, Kiel	• Soluvia GmbH, Mannheim
Reinhold Götz 1st Representative IG Metall Mannheim	• EVO Bus GmbH, Mannheim • Wabco Holding GmbH, Hanover	• GBG Mannheimer Wohnungsbaugesellschaft mbH, Mannheim • Caterpillar Energy Solutions GmbH, Mannheim
Prof. Dr. Egon Jüttner Member of Federal Parliament (MdB)		• Haus-, Wohnungs- und Grundeigentümerverein Mannheim e.V., Mannheim
Heike Kamradt Member of Works Council of MVV Energie AG	• MVV Trading GmbH, Mannheim • MVV Umwelt GmbH, Mannheim	• MVV Insurance Services GmbH, Mannheim

Name Occupation	Positions held on other statutory supervisory boards of German companies	Membership of comparable German and foreign company supervisory boards
Daniela Kirchner Director of Accounting and Tax Division at MVV Energie AG	• MVV Trading GmbH, Mannheim	• MVV Energie CZ a.s., Prague, Czech Republic • Stadtwerke Sinsheim Versorgungs GmbH & Co. KG, Sinsheim
Dr. Antje Mohr Trade Union Secretary at ver.di Kiel	• Stadtwerke Kiel AG, Kiel	
Dr. Lorenz Näger Member of Management Board of HeidelbergCement AG		• Castle Cement Limited, Maidenhead, UK • Cimenteries CBR S.A., Brussels, Belgium • ENCI Holding N.V., 's-Hertogenbosch, Netherlands • Hanson Limited, Maidenhead, UK • Hanson Pioneer España, S.L.U., Madrid, Spain • HeidelbergCement Canada Holding Limited, Maidenhead, UK • HeidelbergCement Holding S.à.r.l., Luxembourg • HeidelbergCement India Limited, Karnataka (Tumkur District), India • HeidelbergCement Netherlands Holding B.V., 's-Hertogenbosch, Netherlands • HeidelbergCement UK Holding Limited, Maidenhead, UK • HeidelbergCement UK Holding II Limited, Maidenhead, UK • Lehigh B.V., 's-Hertogenbosch, Netherlands • Lehigh Hanson, Inc., Irving, TX, USA • Lehigh Hanson Materials Limited, Calgary, Canada • Lehigh UK Limited, Maidenhead, UK • Palatina Insurance Ltd., Sliema, Malta • PT Indocement Tunggal Prakarsa Tbk., Jakarta, Indonesia • PHOENIX Pharmahandel GmbH & Co. KG, Mannheim, Germany • RECEM S.A., Luxembourg
Wolfgang Raufelder Member of Baden-Württemberg State Parliament	• MVV GmbH, Mannheim	• Mannheimer Parkhausbetriebe GmbH, Mannheim • Rhein-Neckar Flugplatz GmbH, Mannheim • Rhein-Neckar-Verkehr GmbH, Mannheim
Christian Specht First Mayor of City of Mannheim	• MVV GmbH, Mannheim (until 2 October 2014) • MVV Verkehr GmbH, Mannheim (Chairman)	• Rhein-Neckar-Verkehr GmbH, Mannheim

Name Occupation	Positions held on other statutory supervisory boards of German companies	Membership of comparable German and foreign company supervisory boards
Dr. Dieter Steinkamp CEO of RheinEnergie AG, Cologne	• NetCologne Gesellschaft für Telekommunikation mbH, Cologne • rhenag Rheinische Energie Aktiengesellschaft, Cologne	• AggerEnergie GmbH, Gummersbach (Supervisory Board Chairman) • AVG Abfallentsorgungs- und Verwertungsgesellschaft Köln mbH, Cologne • AWB Abfallwirtschaftsbetriebe Köln GmbH, Cologne • BELKAW GmbH, Bergisch Gladbach • BRUNATA Wärmemesser-Gesellschaft Schultheiss GmbH + Co., Hürth • Energieversorgung Leverkusen GmbH & Co. KG (EVL), Leverkusen • Gasversorgungsgesellschaft mbH Rhein-Erft, Hürth • METRONA Wärmemesser Gesellschaft Schultheiss GmbH + Co., Hürth • modernes köln, Gesellschaft für Stadtentwicklung mbH, Cologne • moderne stadt, Gesellschaft zur Förderung des Städtebaues und der Gemeindeentwicklung mbH, Cologne (Supervisory Board Chairman) • Stadtwerke Lohmar GmbH & Co. KG, Lohmar (Deputy Supervisory Board Chairman) • Stadtwerke Troisdorf GmbH, Troisdorf • Unternehmensverwaltungsgesellschaft Metrona mbH, Hürth • Verwaltungsgesellschaft Schultheiss mbH, Hürth • Stromnetz Bornheim GmbH & Co. KG (Deputy Supervisory Board Chairman)
Carsten Südmersen Management Consultant	• MVV GmbH, Mannheim (until 2 October 2014)	• m:con – mannheim:congress GmbH, Mannheim • MWS Projektentwicklungsgesellschaft mbH, Mannheim • Sparkasse Rhein Neckar Nord, Mannheim • Stadtmarketing Mannheim GmbH, Mannheim
Katja Udluft Trade Union Secretary at ver.di Rhine/Neckar		
Prof. Heinz-Werner Ufer Graduate in Economics	• Amprion GmbH, Dortmund (Chairman)	
Jürgen Wiesner Deputy Chairman of Works Council of MVV Energie AG	• MVV Enamic GmbH, Mannheim • MVV Trading GmbH, Mannheim	

AUDITOR´S REPORT

We have audited the consolidated financial statements prepared by the MVV Energie AG comprising the statement of financial position, the statement of comprehensive income, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report, which is combined with the management report of the MVV Energie AG for the business year from 1 October 2014 to 30 September 2015. The preparation of the consolidated financial statements and the combined management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) are the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and the combined management report based on our audit. In addition we have been instructed to express an opinion as to whether the consolidated financial statements comply with full IFRS.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and in the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of the companies included in consolidation, the determination of the companies to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company's Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit the consolidated financial statements comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and full IFRS and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these provisions. The combined management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Mannheim, 11 November 2015

PricewaterhouseCoopers
Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft

Folker Trepte
German Public Auditor

Carolin Schütt
German Public Auditor

OTHER DISCLOSURES

TEN-YEAR OVERVIEW

Ten-year overview of the MVV Energie Group

	2014/15[1,2]	2013/14[2]	2012/13[2]	2011/12[2]	2010/11[2]
Income statement (Euro million)					
Sales excluding energy taxes	3 422	3 717[1]	4 044	3 895	3 600
Adjusted EBITDA	336	330[1]	376	399	404
Adjusted EBIT	175	170[1]	208	223	242
Adjusted EBT	132	127[1]	143	151	179
Adjusted annual net income	92	93[1]	101	98	125
Adjusted annual net income after minority interests	75	86[1]	85	80	108
Sales excluding energy taxes (Euro million)					
Generation and Infrastructure	454	403	390	354	327
Trading and Portfolio Management	733	928[1]	1 054	976	800
Sales and Services	2 133	2 278	2 356	2 162	2 096
Strategic Investments	99	104[1]	243	398	373
Other Activities/Consolidation	3	4	1	5	4
Total	**3 422**	**3 717**	**4 044**	**3 895**	**3 600**
Adjusted EBIT (Euro million)					
Generation and Infrastructure	133	124	149	141	138
Trading and Portfolio Management	– 29	– 22	– 16	3	24
Sales and Services	42	31	40	21	39
Strategic Investments	21	28[1]	32	38	35
Other Activities/Consolidation	8	9	3	20	6
Total	**175**	**170**	**208**	**223**	**242**
Investments (Euro million)					
Generation and Infrastructure	417	270	337	224	148
Trading and Portfolio Management	12	9	9	4	4
Sales and Services	22	14[1]	14	33	21
Strategic Investments	5	4[1]	17	17	84
Other Activities	14	13	15	16	24
Total	**470**	**310**	**392**	**294**	**281**
of which growth investments	336	207[1]	301	191	177
of which investments in existing business	134	103[1]	91	103	104

2009/10[2]	2008/09[2]	2007/08[2]	2006/07[2]	2005/06
3 359	3 161	2 636	2 259	2 170
406	385	398	344	370
243	239	249	199	201
165	165	181	123	128
105	112	123	126	64
95	98	110	109	50
329	—	—	—	—
684	—	—	—	—
1 984	—	—	—	—
356	—	—	—	—
6	—	—	—	—
3 359	**3 161**	**2 636**	**2 259**	**2 170**
122	—	—	—	—
40	—	—	—	—
39	—	—	—	—
37	—	—	—	—
5	—	—	—	—
243	**239**	**249**	**199**	**201**
151	—	—	—	—
—	—	—	—	—
60	—	—	—	—
34	—	—	—	—
22	—	—	—	—
267	**255**	**241**	**255**	**219**
156	—	—	—	—
111	—	—	—	—

1 since 2014/15 financial year: Ingolstadt subgroup no longer recognised proportionately, but included in consolidated financial statements at equity (figures for 2013/14 financial year adjusted)

2 since 2006/07 financial year: excluding non-operating measurement items for financial derivatives; since 2008/09 financial year: also excluding restructuring expenses; since 2010/11 financial year: also including interest income from finance leases; since 2012/13 financial year: also excluding structural adjustment for part-time early retirement

Ten-year overview of the MVV Energie Group

	2014/15[1,2]	2013/14[2]	2012/13[2]	2011/12[2]	2010/11[2]
Balance sheet figures (Euro million)					
Non-current assets	3 513	3 056[1]	3 032	2 868	2 965
Current assets	1 071	1 015[1]	1 207	1 211	910
Share capital	169	169	169	169	169
Capital reserve	455	455	455	455	455
Accumulated net income	594	579[1]	547	517	512
Accumulated other comprehensive income	– 107	– 73[1]	– 74	– 48	– 3
Non-controlling interests	203	206[1]	206	207	213
Equity	1 314	1 336[1]	1 303	1 300	1 346
Non-current debt	2 211	1 710[1]	1 751	1 882	1 555
Current debt	1 059	1 025[1]	1 185	897	974
Total assets	4 584	4 071[1]	4 239	4 079	3 875
Net financial debt[3]	1 341	1 063[1]	1 111	1 028	1 011
Key balance sheet figures and ratios					
Cash flow from operating activities (Euro million)	254	407[1]	372	285	376
Adjusted equity ratio[4] in %	33.8	35.7[1]	34.5	36.1	37.7
ROCE[5] in %	6.6	6.7[1]	8.3	9.0	9.7
WACC[6] in %	6.4	7.4	7.4	8.6	8.5
Value spread[7] in %	0.2	– 0.7[1]	0.9	0.4	1.2
Capital employed[8] (Euro million)	2 660	2 527[1]	2 507	2 486	2 489
Share and dividend					
Closing price[9] on 30 September (Euro)	21.15	23.89	22.35	21.39	23.86
Annual high[9] (Euro)	26.20	26.05	28.00	27.96	29.90
Annual low[9] (Euro)	20.26	21.85	20.50	19.50	18.85
Market capitalisation at 30 September (Euro million)	1 394	1 575	1 473	1 410	1 573
Average daily trading volume (no. of shares)	4 233	2 882	4 121	6 707	8 431
No. of individual shares at 30 September (000s)	65 907	65 907	65 907	65 907	65 907
No. of shares with dividend entitlement (000s)	65 907	65 907	65 907	65 907	65 907
Dividend per share (Euro)	0.90[10]	0.90	0.90	0.90	0.90
Dividend total (Euro million)	59.3[10]	59.3	59.3	59.3	59.3
Adjusted earnings per share[11] (Euro)	1.14	1.30[1]	1.29	1.21	1.63
Cash flow from operating activities per share[11] (Euro)	3.86	6.18[1]	5.64	4.33	5.70
Adjusted carrying amount per share[11,12] (Euro)	17.73[13]	18.03[1,13]	17.89[13]	17.80[13]	17.61[13]
Price/earnings ratio[11,14]	18.6	18.4[1]	17.3	17.7	14.6
Price/cash flow ratio[11,14]	5.5	3.9[1]	4.0	4.9	4.2
Dividend yield[14] (%)	4.3[10]	3.8	4.0	4.2	3.8

2009/10[2]	2008/09[2]	2007/08[2]	2006/07[2]	2005/06
2 684	2 795	2 725	2 479	2 361
953	1 159	1 062	799	792
169	169	169	143	143
455	455	455	255	255
452	371	506	383	324
16	15	24	17	10
95	103	116	116	105
1 187	1 113	1 270	914	837
1 500	1 698	1 445	1 377	1 366
950	1 143	1 072	987	950
3 637	3 954	3 787	3 278	3 153
1 202	1 192	1 139	1 314	1 312
356	258	262	353	138
35.7	33.9	35.5	27.9	26.5
9.1	9.0	10.2	8.4	9.7
8.5	8.5	8.5	7.5	7.5
0.6	0.5	1.7	0.9	2.2
2 688	2 649	2 444	2 390	2 293
29.00	30.83	33.20	29.49	23.23
33.00	34.04	33.75	34.24	25.40
29.00	26.55	28.00	22.00	17.40
1 911	2 032	2 188	1 645	1 295
6 108	19 162	29 575	32 396	27 289
65 907	65 907	65 907	55 767	55 767
65 907	65 907	65 907	65 907	55 767
0.90	0.90	0.90	0.80	0.80
59.3	59.3	59.3	52.7	44.6
1.44	1.48	1.69	1.96	0.91
5.40	3.91	4.01	6.33	2.50
16.94[13]	16.52[13]	16.53	14.32	13.29
20.1	20.8	19.6	15.0	25.5
5.4	7.9	8.3	4.7	9.3
3.1	2.9	2.7	2.7	3.4

1 since 2014/15 financial year: Ingolstadt subgroup no longer recognised proportionately, but included in consolidated financial statements at equity (figures for 2013/14 financial year adjusted)

2 since 2006/07 financial year: excluding non-operating measurement items for financial derivatives; since 2008/09 financial year: also excluding restructuring expenses; since 2010/11 financial year: also including interest income from finance leases; since 2012/13 financial year: also excluding structural adjustment for part-time early retirement

3 non-current and current financial debt less cash and cash equivalents

4 since 2007/08 financial year: adjusted equity as percentage of adjusted total assets

5 return on capital employed:
until 2008/09 financial year: adjusted EBITA as percentage of capital employed;
since 2009/10 financial year: adjusted EBIT as percentage of capital employed

6 weighted average cost of capital

7 value spread (ROCE less WACC)

8 until 2009/10 financial year: adjusted equity plus financial debt plus provisions for pensions and similar obligations plus accumulated goodwill amortisation (calculated as annual average); since 2010/11 financial year: adjusted equity plus financial debt plus provisions for pensions and similar obligations less cash and cash equivalents (calculated as annual average)

9 XETRA trading

10 pending approval by Annual General Meeting on 4 March 2016

11 weighted average number of individual shares:
since 2008/09 financial year: 65 906 796;
2007/08 and 2006/07 financial years: 55 767 290;
2005/06 financial year: 55 088 082

12 excluding non-controlling interests, weighted annual average number of shares

13 excluding non-operating measurement items for financial derivatives

14 basis: closing price in XETRA trading on 30 September

Ten-year overview of the MVV Energie Group

	2014/15 [1]	2013/14	2012/13	2011/12	2010/11
Sales volumes					
Electricity turnover (kWh million)	20 823	23 207 [1]	25 817	28 283	26 093
of which Generation and Infrastructure (kWh million)	351	142	61	93	155
of which Trading and Portfolio Management (kWh million)	10 342	12 154 [1]	14 489	15 750	12 855
of which Sales and Services (kWh million)	9 891	10 678	10 733	11 071	11 678
of which Strategic Investments (kWh million)	239	233 [1]	534	1 369	1 405
Heating energy turnover (kWh million)	6 995	6 292 [1]	7 510	6 888	7 289
of which Generation and Infrastructure (kWh million)	1 188	496	402	274	141
of which Trading and Portfolio Management (kWh million)	—	—	—	673	669
of which Sales and Services (kWh million)	5 065	5 021 [1]	5 901	4 772	5 226
of which Strategic Investments (kWh million)	742	775 [1]	1 207	1 169	1 253
Gas turnover (kWh million)	21 491	22 517 [1]	25 078	17 418	10 888
of which Generation and Infrastructure (kWh million)	144	103	60	4	—
of which Trading and Portfolio Management (kWh million)	14 637	15 883 [1]	16 313	7 762	1 700
of which Sales and Services (kWh million)	6 563	6 393	7 482	7 567	7 759
of which Strategic Investments (kWh million)	147	138 [1]	1 223	2 085	1 429
Water turnover (m^3 million)	46	47	47	53	54
Combustible waste delivered (tonnes 000s)	2 041	1 940	1 888	1 897	1 835
Employees					
Headcount (no. of employees at 30 September)					
MVV Energie AG	1 400	1 411	1 460	1 476	1 455
Fully consolidated shareholdings	3 908	3 755 [1]	3 694	3 775	3 785
MVV Energie AG with fully consolidated shareholdings	**5 308**	**5 166**	**5 154**	**5 251**	**5 240**
Proportionately consolidated shareholdings	—	—	305	290	679
MVV Energie Group	**5 308**	**5 166**	**5 459**	**5 541**	**5 919**
External personnel at Mannheim CHP plant	—	—	—	—	4
	5 308	**5 166**	**5 459**	**5 541**	**5 932**
Full-time equivalents (at 30 September)	**4 828**	**4 688** [1]	**4 785**	**4 898**	**5 085**

2009/10	2008/09	2007/08	2006/07	2005/06
23 891	19 582	18 188	14 302	14 343
334	—	—	—	—
10 771	—	—	—	—
11 510	—	—	—	—
1 276	—	—	—	—
7 586	7 217	7 006	6 299	7 343
305	—	—	—	—
721	—	—	—	—
5 239	—	—	—	—
1 321	—	—	—	—
11 775	10 851	9 166	9 456	11 513
—	—	—	—	—
2 313	—	—	—	—
7 356	—	—	—	—
2 106	—	—	—	—
54	53	55	55	58
1 762	1 599	1 550	1 409	1 229
1 495	1 523	1 527	1 559	1 569
3 882	3 833	3 661	3 765	3 156
5 377	**5 356**	**5 188**	**5 324**	**4 725**
682	681	685	1 031	1 562
6 059	**6 037**	**5 873**	**6 355**	**6 287**
9	16	28	39	51
6 068	**6 053**	**5 901**	**6 394**	**6 338**
5 181	**5 171**	**4 936**	**5 168**	**4 961**

1 since 2014/15 financial year: Ingolstadt subgroup no longer recognised proportionately, but included in consolidated financial statements at equity (figures for 2013/14 financial year adjusted)

GLOSSARY

A

Adjusted earnings per share
Adjusted earnings per share represent adjusted annual net income after minority interests divided by the number of shares. The number of shares corresponds to the weighted average number of shares in circulation in the year under report. Please also see ▶ *Page 86.*

Adjusted EBIT
The abbreviation EBIT stands for Earnings Before Interest and Taxes. For internal management purposes, we use adjusted EBIT. We calculate this key figure by excluding operative measurement items for financial derivatives, the structural adjustment for part-time early retirement and restructuring expenses and including interest income from finance leases. Please also see ▶ *Page 85.*

Adjusted equity ratio
For internal management purposes, we adjust both sides of our balance sheet to eliminate the cumulative measurement items for financial derivatives recognised under IAS 39. We adjust equity to exclude the relevant net balance of positive fair values on the asset side and negative fair values on the liabilities side, as well as the relevant implications for deferred taxes. Please also see ▶ *Page 88.*

At equity recognition
Method used to account for shareholdings not included in the consolidated financial statements by way of full consolidation of all assets and liabilities.

B

Base load electricity
Base load is the term used to describe that level of electricity demand that may not be undercut even in times of very weak requirements. As the volumes of electricity fed into the electricity grid and consumed may not vary to any significant extent, due account has to be taken of consumers' different levels of demand over the course of a day. To this end, there are power plants for base load electricity production and plants that are only added when demand is higher. The price of base load electricity on the energy exchange has been falling since the 2nd quarter of 2011. Please also ▶ *Page 76.*

Beta factor
The beta factor (ß) is a measurement of the relative risk harboured by an individual share compared with an index. A beta factor higher than one means that the share involves greater risk than its comparative market. The reverse is the case for a beta factor lower than one. MVV Energie uses the beta factor to calculate the weighted average cost of capital (WACC). Please also see ▶ *Page 69.*

Biogas
Biogas is gas obtained from biomass by way of fermentation in the absence of oxygen (i.e. anaerobic fermentation). The raw materials used for this purpose are organic waste or sewage sludge, farm fertilisers, such as slurry and manure, and plant remains. Deliberately cultivated energy plants – so-called regenerative fuels – can also be used for biogas production. Biogas is used in the decentralised generation of electricity and heating energy or is refined into biomethane.

Biomass
The renewable fuel of biomass is used in solid, liquid and gaseous state to generate electricity and heating energy. The biomass power plants, biomass heating energy plants and biomass combined heat and power plants at MVV Energie are mostly fuelled by waste timber, wood chips and wood pellets.

Biomethane
Biogas has to be refined before it can be put to use in ways largely similar to regular natural gas. This process involves rinsing out a majority of the incombustible and corrosive components of biogas. The end product is referred to as biomethane, which satisfies quality standards similar to those for natural gas. Biomethane may be fed into the natural gas grid, for example, and thus transported over long distances. It is mostly used to produce electricity and heating energy at combined heat and power (CHP) units or as vehicle fuel.

C

Capital employed (CE)
This is the capital used by the company on which external providers of capital are entitled to a return. MVV Energie reports CE on a net basis, i.e. excluding cash and cash equivalents.

Clean dark spread (CDS)
The clean dark spread, corresponding to the margin achieved from generating electricity from hard coal, portrays the difference between the electricity price on the one hand and prices for fuel (coal, including transport), the price of CO_2 emission rights and the Euro/USD exchange rate on the other.

Closed substance cycle
In a closed substance cycle, the raw materials used should be fully returned to the production process over the lifecycle of a product. Please also see ▶ *Page 11.*

CO_2 emission rights
Greenhouse gases, above all carbon dioxide (CO_2), are seen as the causes of global warming. To reduce emissions of this gas harmful to the climate, a market has been created for CO_2 emission rights. Emission right trading has given rise to a market-based instrument aimed at protecting the environment, one that offers participating companies an incentive to reduce their CO_2 emissions at minimum cost to the overall economy. This is how it works: an industrial company must demonstrate a corresponding right (certificate) for every tonne of CO_2 it intends to emit. This certificate can be traded, with the price being set on the energy exchange in Leipzig, for example. Issuers can either purchase rights or reduce their emissions by investing in climate-friendly technology and then sell the rights no longer required as a result.

CO_2 emissions: Scope 1, 2 and 3
For recording purposes, CO_2 emissions are subdivided into three classes (scopes): Scope 1 includes a company's direct emissions, such as those arising at proprietary plants. Indirect emissions arising outside the company are recorded as Scope 2 and 3; Scope 2 includes energy-related emissions associated with externally procured energy and Scope 3 covers those emissions resulting from services and upstream products acquired.

Combined heat and power (CHP) generation

Combined heat and power (CHP) generation is the term used to denote the simultaneous generation of both electrical energy and heating energy usable for heating purposes (district heating) or production processes (process heat). Compared with the separate generation of electricity (in condensation power plants) and heating energy (at heating power plants), CHP generation reduces the volume of primary energy required for production, and thus also the volume of CO_2 emissions. As an efficient generation technology, CHP thus has an indispensable role to play in the conversion of the energy supply.

Commodity

Designation for a standardised tradable good, such as electricity, gas, coal or CO_2 rights.

Contracting

A distinction is made between energy supply contracting (e.g. supply of heating energy by building and operating a heating energy plant tailored to the customer's needs remaining in contractor ownership), operations contracting (the contractor operates the customer's plant and ensures optimal operations) and savings contracting (the contractor guarantees energy savings and may possibly take over the necessary investments in the plant or application technology). The objective of contracting is to achieve economic and ecological benefits by optimising processes. Please also see ▶ *Page 64.*

D

Day-ahead market

A major share of electricity trading takes place on the day-ahead market, a spot market. Based on the latest consumption forecasts, electricity supplies are traded for the following day. Electricity generators can thus suitably plan the operating schedules for their power plants for the following day. Please also see ▶ *Page 63.*

Degree day figures

Degree day figures are a weather indicator used to assess heating energy requirements. According to VDI Guideline 4710, the calculation of degree day figures is based on the difference between an indoor room temperature of 20 degrees Celsius and the average daily outdoor temperature below the so-called heating threshold of 15 degrees Celsius. This is the temperature below which heating is required according to the degree day method. Please also see ▶ *Page 77.*

Direct marketing

Term used to designate the direct sale of electricity from renewable energy sources on the energy exchange (e.g. the EEX in Leipzig) or to large customers. One direct marketing instrument on the energy exchange is the market premium model. In this, the operators of renewable energies plants receive the regular market price, which is less than fixed EEG compensation. This is supplemented by the market premium. In the absence of direct marketing, operators of renewable energies plants sell their electricity to the relevant regional grid operator, which in turn makes it available to the energy exchange.

E

EEX

The European Energy Exchange (EEX) in Leipzig is the marketplace for electricity, natural gas, CO_2 emission rights and coal. Admission to the exchange enables companies to trade in all products on the spot and futures market of the EEX.

Efficiency

The efficiency of an energy generation plant represents the volume of energy made available for use over a specified time period as a percentage of the energy input. Please also see ▶ *Pages 48 and 98.*

Energy audit pursuant to DIN-EN 16247-1

DIN EN 16247-1 is a norm that sets out requirements for energy audits aimed at enabling small and medium-sized enterprises (SMEs) to enhance their energy efficiency and reduce their energy consumption. Since 1 January 2013, SMEs in the manufacturing sector have been obliged to perform annual energy audits pursuant to DIN EN 16247-1 if they wish to continue receiving state benefits in the context of the surplus settlement (§ 55 of the German Energy Tax Act (EnStG) and § 10 of the German Electricity Tax Act (StromStG)). This norm provides an orientation framework for the procedures and contents for this type of energy audit and takes due account of legal requirements. Please also see ▶ *Page 49.*

Energy management norm ISO 50001

The introduction of an energy management system is basically voluntary, as there is no statutory certification obligation. Having said this, in Germany certification under DIN EN ISO 50001 – or alternatively a registered environmental management system pursuant to the EMAS Regulation – is a prerequisite for the partial exemption of particularly energy-intensive companies from the EEG levy and in future for the electricity and energy tax relief to be granted to manufacturing companies. Please also see ▶ *Page 49.*

Energy-only market

A kind of energy market, like that currently operated in Germany, in which only those energy volumes actually supplied are paid for. No compensation is paid for maintaining reserve power plant capacity to be made available when required. Please also see ▶ *Pages 72 and 73.*

Energy trading derivatives

Energy trading derivatives are future transactions (structured as fixed or options transactions) whose price directly or indirectly depends on the exchange or market price of a reference value. Such instruments are characterised by the future date of performance and the dependence of the derivative price on an exchange or market price. MVV Energie mainly trades in derivatives in the primary fuels of gas and coal and the energy product of electricity.

ETS plant

ETS = Emission Trading System. Power and heating energy plants that are subject to emission trading requirements are referred to as ETS plants. These include plants generating electricity, steam, warm water, process heating energy or heated flue gases by using fuel in an incineration facility (such as a power plant, combined heat and power plant, heating energy plant, gas turbine plant, combustion plant, other firing facility) which in terms of emission trading in all cases require approval to emit greenhouse gases.

F

Fuel cell
Fuel cells are suitable for the decentralised generation of energy in buildings or at industrial locations. They are also used in mobile applications. The technology is characterised by a high efficiency level and low emissions. The core component of a fuel cell is a so-called galvanic cell in which the chemical energy of a fuel, such as hydrogen, methane (natural gas) or methanol, is directly converted into electricity and heating energy by means of an electrochemical reaction involving oxygen. Please also see ▶ *Page 71*.

Futures market
Products tradable on the EEX which are physically or financial fulfilled at future dates (e.g. months, quarters, years) are traded on the futures market. This type of transaction serves to hedge prices.

H

Hedging
Denotes strategies used to secure prices. These can involve the conclusion of suitable futures transactions in which the electricity generation position, for example, is sold several years in advance. Please also see ▶ *Pages 62 and 97*.

I

Impairment test
International accounting standards require the ongoing value of assets to be tested periodically for impairment (impairment test). Where the company's carrying amount exceeds its recoverable amount (fair value), then asset impairments, i.e. extraordinary depreciation and amortisation, must be recognised on the assets and charged to earnings in the income statement.

Incentive regulation
Incentive regulation is intended to ensure that grid operators keep their grid fees low. To limit energy prices for consumers, since 2009 the Federal Network Agency has set so-called revenue caps for electricity and gas. Based on a nationwide efficiency comparison, all grid operators should be able to bear up to comparison with the most efficient grid operator ten years after the launch of incentive regulation. Permissible revenues for all other grid operators are set on this basis. Where a grid operator's actual costs deviate from these revenue caps, the grid operator must itself pay for the higher costs. On the other hand, grid operators can keep any potential profits resulting from lower costs. Please also see ▶ *Page 73*.

Intraday market
On the short-term electricity wholesale market, i.e. the intraday market, exchange participants continually buy and sell electricity that is supplied on the same day. As a general rule, electricity supplies are traded in both quarter-hourly and hourly contracts. This makes it possible to react at short notice to any variance from consumption forecasts and to reduce operating schedule discrepancies. Intraday markets thus represent an efficient solution for integrating fluctuating production volumes. Please also see ▶ *Page 62*.

Investment grade
In the world of finance, the term investment grade is used when a debtor is classified as being of very good to average creditworthiness. The term non-investment grade is used for debtors with below-average creditworthiness. Debtor quality may be classified using internal bank criteria (internal rating) or is set by international rating agencies (external rating), such as Moody's, Standard & Poor's, Fitch or DBRS. Please also see ▶ *Page 90*.

Investments
In the investments referred to in this Annual Report in the overview of key figures, combined management report and segment report, a distinction is made between investments in intangible assets, property, plant and equipment and investment property, investments in the acquisition of fully consolidated companies and investments in other financial assets (excluding additions to securities and loans). Both cash-effective and non-cash-effective investments are included. We also distinguish between growth investments and investments in our existing business. In the cash flow statement, only the outgoing payments for investments are recorded. Please also see ▶ *Page 89*.

M

Market risk premium
Represents the additional return which the market as a whole or a specific share must offer over and above the risk-free interest rate to reward the additional risk assumed by the investor. Please also see ▶ *Page 69*.

Materials flow management
Systematic process intended to continually optimise input and output waste flows. The aim is to achieve maximum efficiency in terms of satisfying specific plant capacities with the best materials composition, for example in terms of calorific value and waste properties. The term also denotes cross-regional concepts to supply waste to the appropriate disposal plants based on individual customers' requirements and the different types of waste involved. Please also see ▶ *Page 98*.

P

Price/cash flow (P/CF) ratio
The price/cash flow ratio is calculated by dividing the share price by the cash flow per share. This ratio thus presents the multiple at which the cash flow of a share is valued on the stock market. Please also see ▶ *Page 35*.

Price/earnings (P/E) ratio
Also known as the P/E ratio. This key figure places the earnings of a company in relation to its current stock market valuation. The P/E ratio facilitates comparison of a company's earnings strength with that of one or several other companies.

Prosumer
Term originally coined to describe a consumer with more professional expectations in a specific product compared with average end consumers. The meaning of the term has subsequently been extended. Accordingly, a prosumer is simultaneously a producer and a consumer. In the energy industry, the term refers to energy consumers who themselves also produce or convert energy (e.g. solar power system owners). Please also see ▶ *Page 4*.

R

Rating
In the world of finance, a rating, or credit rating, represents an assessment of a debtor's creditworthiness. Ratings are often issued by specialist rating agencies in the form of rating codes ranging from A to D. Please also see ▶ *Page 90*.

Repowering
Term used to describe the replacement of first-generation wind turbines with modern turbines. This offers many benefits. Halving the number of turbines and simultaneously doubling capacity by making more efficient use of locations can treble the yield. Modern wind turbines make better use of the available wind, thus minimising wind power generation costs. They can also be integrated far better into the electricity grid.

Restrictions on transferability
Term used in company law to describe the approval requirement set out in the articles of a corporation or partnership for any legal transfer or encumbrance of company shares. Please also see ▶ *Page 105*.

Risk-free interest rate
Represents the interest paid on a market for a cash investment at a debtor generally deemed not to involve any risk of the interest and principal not being paid punctually. It therefore offers an important reference point for comparing investments involving risk and represents the minimum return for interest-bearing investments. Please also see ▶ *Page 69*.

ROCE
Abbreviation for Return on Capital Employed. This key figure shows how effectively and profitably a company uses the capital it employs. The ROCE presents operating earnings before interest and taxes (adjusted EBIT) as a proportion of capital employed (excluding cash and cash equivalents).

S

Smart grids
By working with the latest innovative technologies and new services, smart grids offer the possibility of actively and flexibly adjusting generation, grid control, storage and consumption to the constantly changing needs of the energy markets. Please also see ▶ *Page 71*.

Smart meters
An instrument linking energy generation and energy demand in line with requirements and consumption. A smart meter system comprises a digital electricity meter and a communications unit – the smart meter gateway. This gateway enables meters to be integrated into the smart electricity grid in line with data protection and security requirements. Smart meters make consumption transparent for customers and can also be used for electronic data transmission or automatic appliance management. Please also see ▶ *Page 71*.

Spot market
On the spot market at the EEX, electricity is traded for short-term needs (generally for the next day). This market is mainly used by energy companies and large customers to optimise their electricity portfolios in the short term, e.g. to adjust products to weather conditions or to compensate for power plant outages. Please also see ▶ *Page 63*.

Swap
An interest swap is an interest derivative in which two contractual parties agree to exchange interest payments on fixed nominal amounts at specified dates. The interest payments are usually structured such that one party pays a fixed interest rate agreed upon the conclusion of the contract, while the other party pays a floating interest rate. Please also see ▶ *Page 129*.

V

Value spread
Principal key figure used in our value-based company management. It is calculated by subtracting the weighted average cost of capital (WACC) from the return on capital employed (ROCE). Please also see ▶ *Page 69*.

W

WACC
Abbreviation for Weighted Average Cost of Capital. This key figure represents the long-term minimum economic return generated on operations based on the ratio of debt capital and equity. Equity costs are calculated at the risk-free interest rate, a risk premium for market risk and the beta factor. Debt capital costs are calculated using the risk-free interest rate plus a premium for default risk. Please also see ▶ *Page 69*.

Working capital
Corresponds to current assets less current liabilities. This key figure portrays the extent to which current debt is covered by current assets and thus corresponds to the share of current assets with long-term financing. This differential amount serves as a key liquidity figure for a company, as does the respective quotient (current assets divided by current liabilities), and is thus particularly important in assessing the company's creditworthiness.

INDEX OF TABLES AND CHARTS

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FINANCIAL CALENDAR

10 December 2015
Annual Financial Report 2014/15
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10 December 2015
Annual Results Press Conference and Analysts'
Conference for 2014/15 Financial Year

12 February 2016
Financial Information Update for 1st Quarter of 2015/16

4 March 2016
Annual General Meeting

13 May 2016
Financial Report for 1st Half of 2015/16

12 August 2016
Financial Information Update for 1st Nine Months of 2015/16

13 December 2016
Annual Financial Report 2015/16
(Annual Report)

13 December 2016
Annual Results Press Conference and Analysts'
Conference for 2015/16 Financial Year

The dates for Analysts´ Conference Calls to be held during
the financial year will be announced in good time.

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All of the MVV Energie Group's financial reports can be downloaded from our websites.
The German and English editions of this Annual Report can also be accessed in Flash format.

www.mvv-investor.de

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