



MVV ENERGIE  
ENERGISING ▸ MY FUTURE

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*2015/16 Financial Year*

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# FINANCIAL REPORT 1<sup>ST</sup> HALF

## KEY FIGURES from 1 October 2015 to 31 March 2016

### Key figures of the MVV Energie Group

Euro million	1 Oct 2015 to 31 Mar 2016	1 Oct 2014 to 31 Mar 2015	% change
<b>Sales and earnings</b>			
Sales excluding energy taxes	2 043	1 841	+ 11
Adjusted EBITDA <sup>1</sup>	290	230	+ 26
Adjusted EBIT <sup>1</sup>	204	154	+ 32
Adjusted EBT <sup>1</sup>	171	138	+ 24
Adjusted net income for period <sup>1</sup>	121	98	+ 23
Adjusted net income for period after minority interests <sup>1</sup>	103	82	+ 26
Adjusted earnings per share <sup>1</sup> (Euro)	1.57	1.25	+ 26
<b>Cash flow</b>			
Cash flow from operating activities	21	5	>+ 100
Cash flow from operating activities per share (Euro)	0.31	0.07	>+ 100
<b>Capital structure</b>			
Adjusted total assets (at 31 Mar 2016/30 Sep 2015) <sup>2</sup>	4 577	4 073	+ 12
Adjusted equity (at 31 Mar 2016/30 Sep 2015) <sup>2</sup>	1 489	1 376	+ 8
Adjusted equity ratio (at 31 Mar 2016/30 Sep 2015) <sup>2</sup>	32.5 %	33.8 %	- 4
Net financial debt (at 31 Mar 2016/30 Sep 2015)	1 486	1 341	+ 11
<b>Investments</b>			
Total investments	118	250	- 53
of which growth investments	75	197	- 62
of which investments in existing business	43	53	- 19
<b>Employees</b>			
Number of employees (headcount at 31 Mar 2016/31 Mar 2015)	6 125	5 220	+ 17
Full-time equivalents (at 31 Mar 2016/31 Mar 2015)	5 532	4 750	+ 16

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

2 excluding non-operating measurement items for financial derivatives

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## BUSINESS MODEL

The publicly listed MVV Energie Group is one of Germany's leading energy companies. Our group of companies is active in all stages of the energy industry value chain – from energy generation, energy trading and energy distribution via proprietary grids through to sales and the energy-related services business. Our activities also include the production and distribution of water. Our business portfolio is supplemented by project development and operations management activities in the field of renewable energies. Further information about our business model can be found in our 2014/15 Annual Report ► *from Page 60 onwards*.

### Organisation of the MVV Energie Group

We manage the MVV Energie Group in five segments on which we also base our external reporting. Business fields are allocated to the reporting segments. Further information about the reporting segments can be found in the Notes to Interim Consolidated Financial Statements ► *on Page 14*.

## CORPORATE STRATEGY

Our corporate strategy has been sustainably aligned towards the energy system of the future since 2009 already. We are not only consistently implementing this strategy, but are also enhancing it on an ongoing basis. This way, we can adapt our strategy in line with changes in the underlying framework. In line with our motto

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we are making our customers the focus of our activities. Further information about our corporate strategy can be found in our 2014/15 Annual Report ► *from Page 60 onwards*.

## BUSINESS FRAMEWORK

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### Energy Policy Changes

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#### Adoption of German Electricity Market Act expected

The Federal Cabinet approved the German Electricity Market Act on 4 November 2015. This is intended to establish strong market mechanisms in the electricity market while simultaneously ensuring supply reliability with a range of measures including the creation of a capacity reserve. In connection with the German Electricity Market Act, the ordinance governing deferrable loads is also due to be amended. The first reading of the new legislation in the Federal Parliament took place at the end of January 2016. This was followed in March by an expert hearing in the relevant Economic Affairs Committee. It is becoming apparent that no material amendments will be made to the cabinet decision. The law is due to be adopted in mid-2016.

#### Structure of EEG Amendment

The Amendment to the German Renewable Energies Act (EEG) is also due to be discussed and adopted by the Federal Parliament in the first half of the 2016 calendar year. We expect the Federal Government to formally approve the draft legislation before the end of spring. This will be followed by consultation with industry associations and stakeholders. As required by European law, it is planned to convert the subsidy system from fixed feed-in compensation to a tender process as of 1 January 2017.

With regard to onshore wind power, it became apparent in advance of the draft legislation already that there are great differences of opinion concerning the annual tender volumes required. Should the existing political target of reaching a renewables share of 45 % by 2025 remain unchanged, then we expect annual tender volumes for onshore wind power to fall to less than 2.0 GW a year. As a result, significantly fewer wind turbines would be built than previously – turbines with total capacity of around 3.7 GW began operations in 2015. Here, we have introduced the findings of a study compiled by r2b energy to the public debate. These show that it would certainly not lead to significantly higher costs for end consumers if the government were to increase the target for the share of renewables or were not to restrict the addition of onshore wind power capacities. The study can be downloaded from our website at [www.mvv-energie.de](http://www.mvv-energie.de).

#### KWKG Act takes effect

The German Combined Heat and Power Generation Act (KWKG) took formal effect as of 1 January 2016. Key requirements of the legislation are nevertheless still subject to the state aid assessment by the European Commission. The subsidy measures provided for in the new legislation are not realizable before approval is granted with regard to state aid.

#### German Energy Turnaround Digitisation Act

The draft version of the German Energy Turnaround Digitisation Act has been in circulation since the end of 2015. Smart metering systems are set to play an important role in the expansion of renewable energies and make it possible for energy consumers to participate in the energy market. We are actively taking part in the discussions surrounding the specific structure of the legislation. We are focusing here on ensuring that the rollout of smart metering systems is plannable and financeable. We expect the legislative process to be completed in June 2016.

#### Amendment to Incentive Regulation Ordinance

The Federal Ministry for Economic Affairs and Energy is currently preparing an amendment to the Incentive Regulation Ordinance; the relevant consultation process was launched in April 2016. The core change involves an annual capital cost comparison. This is aimed at recognising investments without delay, a development that is basically welcome but also gives reason to fear a devaluation of the investments already made. Furthermore, the regulation periods are to be reduced from five to four years. Rather than five years, only three years are now foreseen for the period in which grid operators have to reach the determined efficiency targets. This would lead to an additional burden, as well as to a deterioration in the underlying framework for grid operators.

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### Economic Climate

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The following comments supplement the information on the economic climate in our 2014/15 Annual Report ► *from Page 74 onwards* and in the Financial Report on the 1<sup>st</sup> Quarter of 2015/16 ► *on Page 4*.

#### German economy posts good start to year

In the 4<sup>th</sup> quarter of 2015, German gross domestic product (GDP) grew by 0.3 % compared with the previous quarter. The economic barometer compiled by the German Institute of Economic Research (DIW) in March 2016 pointed to GDP growth of 0.5 % in the 1<sup>st</sup> quarter of 2016 compared with the previous quarter. Information about the developments expected in 2016 can be found in the Outlook ► *on Page 9*.

#### Renewables share of German electricity generation reaches 30 %

Based on estimates compiled by the Association of the German Energy and Water Industries (BDEW) in February 2016, the share of electricity generation in Germany attributable to renewable energies rose to 30.1 % in 2015. In 2014, this still amounted to 25.9 %.

Together with favourable weather conditions, the addition of further regenerative plants in particular led the volume of electricity generated from renewable energies to grow to 195.9 billion kWh in 2015 (previous year: 162.5 billion kWh). The share of the overall German electricity mix due to onshore wind turbines rose to 12.2 % (previous year: 8.9 %), while the share of offshore wind turbines came to 1.3 % (previous year: 0.2 %). Electricity from photovoltaics systems accounted for 5.9 % (previous year: 5.7 %), while electricity from biomass including biogenic municipal waste contributed 7.7 % (previous year: 6.9 %).

By contrast, the share of electricity generated at conventional and nuclear plants declined. Lignite power plants contributed 23.8 % (previous year: 24.8 %) and hard coal power plants accounted for 18.1 % (previous year: 18.9 %). Nuclear energy's share of electricity generation fell to 14.1 % (previous year: 15.5 %). The share attributable to natural gas also decreased to 9.1 % (previous year: 9.7 %).

### Further reduction in wholesale market prices for fuels and electricity

Overall, energy prices showed a year-on-year reduction in the 1<sup>st</sup> half of the 2015/16 financial year. The price per barrel of Brent crude oil for supply in the following month (front month) fell sharply and was listed at an average of US\$ 40.02. It was thus US\$ 26.25 down on the price in the equivalent period in the previous year. The average natural gas price in the NetConnect Germany market region for supply in the following year fell by Euro 6.48/MWh to Euro 16.02/MWh in the period under report. The average coal price per tonne for supply in the following year fell year-on-year by US\$ 21.95 to US\$ 43.56. By contrast, emission right prices per tonne averaged Euro 7.04, an increase of Euro 0.18 on the previous year. The average front-year electricity price fell year-on-year by Euro 7.76/MWh in the period under report and amounted to an average of Euro 25.68/MWh.

### Impact of Weather Conditions

Weather conditions – especially in the winter months – are a factor of great significance for the business performance of the MVV Energie Group. Degree day figures are an indicator of temperature-based heating energy requirements. Low outdoor temperatures, which are accompanied by higher heating energy requirements at our customers, lead to higher degree day figures. As the winter was once again mild, the degree day figures of the MVV Energie Group for the 1<sup>st</sup> half of the 2015/16 were at the low level already seen in the previous year.

## BUSINESS PERFORMANCE

### Major Events

Over and above the developments already reported in our Financial Report on the 1<sup>st</sup> Quarter of 2015/16, no events of material significance for our business performance occurred in the period from 1 January to 31 March 2016.

### Development in Turnover

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

	2015/16	2014/15	% change
Electricity turnover (kWh million)	10343	11172	-7
Heating energy turnover (kWh million)	4785	4743	+1
Gas turnover (kWh million) <sup>1</sup>	16546	16462	+1
Water turnover (million m <sup>3</sup> )	20.6	21.7	-5

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

We reported higher electricity turnover in the Sales and Services and Generation and Infrastructure reporting segments. The positive development in the Generation and Infrastructure reporting segment was attributable to our two new UK generation plants, as well as to higher electricity volumes at our wind turbines. These factors were opposed by electricity turnover in the Trading and Portfolio Management reporting segment, where electricity trading volumes fell significantly short of the previous year. Overall, this led to a reduction in our electricity turnover in the 1<sup>st</sup> half of 2015/16.

The slight increase in our heating energy turnover resulted above all from the fact that we coupled out a larger volume of process steam at our waste incineration and energy generation plant in Leuna (Trea Leuna). Not only that, our UK generation plants also contributed positively to our turnover. By contrast, there was a reduction in heating energy turnover in the Sales and Services reporting segment.

The increase in our gas turnover was chiefly due to higher gas trading volumes in the Trading and Portfolio Management reporting segment. This factor was supplemented by the increase in gas turnover at our four biomethane plants, of which two only launched operations in May and November 2015 respectively.

Due to the takeover of the water supply at Energieversorgung Offenbach AG by a special purpose association as of 1 January 2016, our water turnover in the period under report fell short of the previous year's figure.

## Earnings Performance

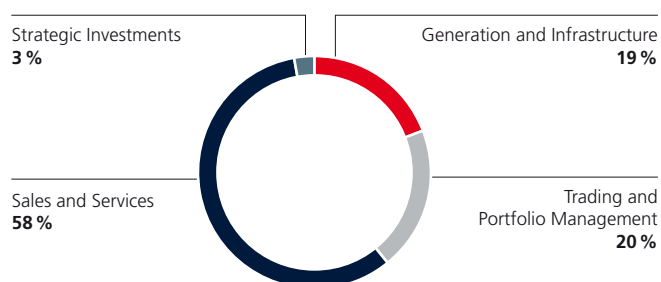
### Sales performance

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

Euro million	2015/16	2014/15	% change
Generation and Infrastructure	394	221	+78
Trading and Portfolio Management	407	384	+6
Sales and Services	1 174	1 170	0
Strategic Investments	67	65	+3
Other Activities	1	1	0
<b>Total</b>	<b>2 043</b>	<b>1 841</b>	<b>+11</b>
of which electricity sales	987	1 007	-2
of which heating energy sales	242	250	-3
of which gas sales	466	392	+19
of which water sales	44	46	-4

The overall sales growth of Euro 202 million compared with the previous year was driven above all by the sales contributions received from the Juwi subgroup, our new UK generation plants, and the biomethane plants at which operations were newly launched in Saxony-Anhalt. These sales are presented in the Generation and Infrastructure reporting segment.

#### Sales at the MVV Energie Group excluding energy taxes by reporting segment, 1<sup>st</sup> half of 2015/16



### Development in further key income statement items

**COST OF MATERIALS** increased to Euro 1 545 million, up Euro 127 million compared with the 1<sup>st</sup> half of 2014/15, and thus rose less sharply than sales.

**ADJUSTED EMPLOYEE BENEFIT EXPENSES** grew by Euro 18 million to Euro 193 million in the period under report. This increase was chiefly due to the inclusion of the Juwi subgroup, which we have fully consolidated since 18 December 2015. Information about the development in personnel totals can be found on ► Page 8.

Excluding IAS 39 items, **OTHER OPERATING INCOME** increased year-on-year by Euro 19 million to Euro 63 million.

**OTHER OPERATING EXPENSES**, also excluding IAS 39 measurement items, rose to Euro 95 million, up Euro 14 million on the 1<sup>st</sup> half of the previous year.

In the income statement, the IAS 39 measurement items are included under other operating income and other operating expenses. Their net balance resulted in a negative measurement item of Euro -35 million in the 1<sup>st</sup> half of 2015/16, compared with a positive measurement item of Euro 114 thousand in the previous year. The IAS 39 items reflect the development in market prices on the commodities and energy markets. As of 31 March 2016, market prices were lower than when the respective hedging transactions were concluded. IAS 39 measurement has no impact on payments, neither does it affect our operating business or dividend.

The increase in **DEPRECIATION** by Euro 10 million to Euro 87 million was mainly due to the launch of operations at our new generation plants.

### Reconciliation with adjusted EBIT

In the following table we show how we reconcile the EBIT reported in the income statement for the 1<sup>st</sup> half of 2015/16 with the more meaningful adjusted EBIT figure.

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

Euro million	2015/16	2014/15	+/- change
EBIT as reported in income statement	166	151	+15
Financial derivative measurement items (IAS 39)	+35	-	+35
Structural adjustment for part-time early retirement	+1	+2	-1
Interest income from finance leases	+2	+1	+1
<b>Adjusted EBIT</b>	<b>204</b>	<b>154</b>	<b>+50</b>

## Earnings performance

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

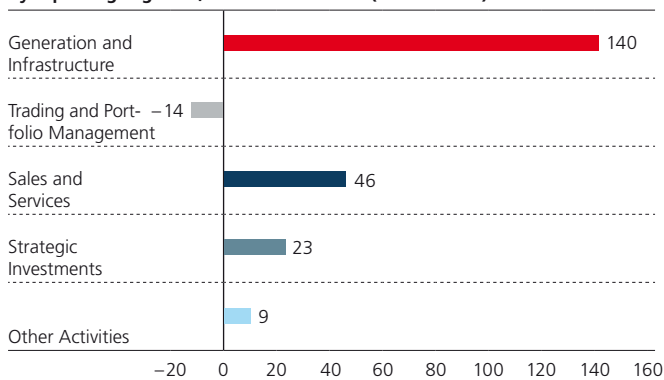
Euro million	2015/16	2014/15	+/-change
Generation and Infrastructure	140	97	+ 43
Trading and Portfolio Management	- 14	- 8	- 6
Sales and Services	46	38	8
Strategic Investments	23	23	0
Other Activities	9	4	+ 5
	<b>204</b>	<b>154</b>	<b>+ 50</b>

The marked increase in adjusted EBIT in the Generation and Infrastructure reporting segment was driven above all by the renewable energies project development business field. Not only that, our earnings performance also benefited from our new UK generation plants, the two new biomethane plants and our wind power business.

The low level of clean dark spread (CDS) and low water levels on the Rhine, which increased the cost of coal transport in the 1<sup>st</sup> quarter of 2015/16, led to a reduction in adjusted EBIT in the Trading and Portfolio Management reporting segment.

The increase in adjusted EBIT in the Sales and Services reporting segment was driven in particular by new business in the energy-related services business, as well as by non-period one-off items.

### Adjusted EBIT of the MVV Energie Group by reporting segment, 1<sup>st</sup> half of 2015/16 (Euro million)



The **ADJUSTED FINANCIAL RESULT** deteriorated year-on-year to Euro -33 million in the 1<sup>st</sup> half of 2015/16 (previous year: Euro -16 million). This development was chiefly due to currency translations and an increased interest charge; due to the completion of the two new UK generation plants, the relevant borrowing costs can no longer be capitalised.

Net of the adjusted financial result, **ADJUSTED EBT** amounted to Euro 171 million in the period under report (previous year: Euro 138 million). For the 2015/16 financial year as a whole we expect a tax rate of 29.2% (previous year: 29.2%). Adjusted taxes on income came to Euro 50 million in the period under report (previous year: Euro 40 million). Net of these taxes, **ADJUSTED NET INCOME FOR THE PERIOD** amounted to Euro 121 million in the 1<sup>st</sup> half of 2015/16 (previous year: Euro 98 million).

The MVV Energie Group reported **ADJUSTED NET INCOME FOR THE PERIOD AFTER MINORITY INTERESTS** of Euro 103 million for the period under report (previous year: Euro 82 million). Calculated on this basis, **ADJUSTED EARNINGS PER SHARE** for the 1<sup>st</sup> half of 2015/16 amounted to Euro 1.57 (previous year: Euro 1.25). The number of shares was unchanged at 65.9 million. An overview of the adjusted key figures can be found in the Key Figures Table ► on Page 1.

## Net Asset and Financial Position

At Euro 5 665 million, the **TOTAL ASSETS** of the MVV Energie Group as of 31 March 2016 were Euro 1 081 million higher than the figure as of 30 September 2015. The increase was mainly due to the first-time full consolidation of the Juwi subgroup.

**NON-CURRENT ASSETS** rose to Euro 3 538 million, up Euro 25 million compared with 30 September 2015. Due above all to the full consolidation of the Juwi subgroup, intangible assets grew by Euro 121 million to Euro 348 million, while property, plant and equipment increased by Euro 58 million to Euro 2 589 million. By contrast, interests in companies recognised at equity decreased by Euro 149 million to Euro 198 million.

Compared with 30 September 2015, **CURRENT ASSETS** rose by Euro 1 056 million to Euro 2 127 million. This increase was due on the one hand to the full consolidation of the Juwi subgroup. On the other hand, there were also increases in the traded volumes of energy trading transactions recognised under IAS 39, especially for gas, and in the receivables from security deposits made in the context of energy trading transactions.

The **EQUITY** of the MVV Energie Group, including non-controlling interests, rose to Euro 1 387 million, up Euro 73 million on 30 September 2015.

Compared with 30 September 2015, **NON-CURRENT DEBT** fell by Euro 94 million to Euro 2 117 million.

The full consolidation of the Juwi subgroup was the main reason for the increase in **CURRENT DEBT** by Euro 1 102 million to Euro 2 161 million.

For group management purposes, we adjust our consolidated balance sheet to eliminate cumulative IAS 39 measurement items. We reduce the asset side by the positive fair values of derivatives and allocable deferred taxes, which amounted to Euro 1 089 million as of 31 March 2016 (30 September 2015: Euro 511 million). On the capital side, we eliminate negative fair values and allocable deferred taxes from liabilities. As of 31 March 2016, these amounted to Euro 1 190 million (30 September 2015: Euro 572 million). We eliminate the resultant net balance from equity. As of 31 March 2016, this totalled Euro –101 million (30 September 2015: Euro –61 million). Calculated on this adjusted basis, adjusted equity amounted to Euro 1 489 million as of 31 March 2016, compared with Euro 1 376 million as of 30 September 2015. As a percentage of the adjusted total assets of Euro 4 577 million (30 September 2015: Euro 4 073 million), the adjusted equity ratio amounted to 32.5 % as of 31 March 2016 as against 33.8 % as of 30 September 2015.

## Investments

Of the total investments of Euro 118 million made by the MVV Energie Group in the 1<sup>st</sup> half of 2015/16, Euro 75 million (64 %) related to growth investments, while Euro 43 million (36 %) was channelled into investments in our existing business, i.e. into modernising our plants and grids.

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

Euro million	2015/16	2014/15	% change
Generation and Infrastructure	94	225	– 58
Trading and Portfolio Management	—	12	– 100
Sales and Services	13	7	+ 86
Strategic Investments	1	1	0
Other Activities	10	5	+ 100
<b>Total</b>	<b>118</b>	<b>250</b>	<b>– 53</b>
of which growth investments	75	197	– 62
of which investments in existing business	43	53	– 19

## Financial situation and cash flow

Year-on-year, the **CASH FLOW BEFORE WORKING CAPITAL AND TAXES** rose by Euro 66 million to Euro 294 million in the 1<sup>st</sup> half of 2015/16. The **CASH FLOW FROM OPERATING ACTIVITIES** increased from Euro 5 million in the 1<sup>st</sup> half of the previous year to Euro 21 million in the 1<sup>st</sup> half of 2015/16. The **CASH FLOW FROM INVESTING ACTIVITIES** improved by Euro 150 million to Euro – 66 million in the period under report. The **CASH FLOW FROM FINANCING ACTIVITIES** fell year-on-year from Euro 22 million to Euro – 88 million in the 1<sup>st</sup> half of 2015/16. Further information about the cash flow statement can be found in the Notes to Interim Consolidated Financial Statements ► on Page 19.

The rise in current and non-current financial debt to Euro 1 726 million, an increase of Euro 123 million compared with 30 September 2015, was chiefly attributable to the first-time full consolidation of the Juwi subgroup.

The MVV Energie Group reported cash and cash equivalents of Euro 241 million as of 31 March 2016 (previous year: Euro 177 million). This increase too was principally due to the full consolidation of the Juwi subgroup.

Net financial debt (current and non-current financial debt less cash and cash equivalents) rose to Euro 1 486 million as of 31 March 2016, up Euro 145 million compared with the previous year's balance sheet date.



## NON-FINANCIAL PERFORMANCE INDICATORS

### Employees

The marked growth in the number of employees is mainly due to the first-time full consolidation of the Juwi subgroup. Compared with the end of the 2014/15 financial year (30 September 2015), the total workforce of the MVV Energie Group grew by 817. Within the Group, the number of employees increased at fully consolidated shareholdings, but fell at MVV Energie AG. This shift was due to a new structure at our grid company. Employees in technical departments at our locations in Mannheim and Offenbach have moved to Netrion GmbH and are now employed – on the same terms – at that company.

Outside Germany, a total of 844 individuals worked for our Group, of which 546 at the Czech subgroup, 218 at the foreign subsidiaries of Juwi AG and 67 at the British subsidiary of our environmental energy (Umwelt) subgroup. Via a subsidiary of Windwärts Energie GmbH, we have 13 employees in France.

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

	2015/16	2014/15	+/- change
MVV Energie AG	952	1 381	-429
Fully consolidated shareholdings	5 173	3 839	+1 334
<b>MVV Energie Group<sup>1</sup></b>	<b>6 125</b>	<b>5 220</b>	<b>+905</b>
of which in Germany	5 281	4 589	+692
of which abroad	844	631	+213

<sup>1</sup> including 289 trainees (previous year: 290)

### Technology and Innovation

#### Electricity Bank proves itself in practical trials

The practical trials with the 15-month Electricity Bank project were successfully concluded in March 2016. These trials investigated an innovative operator model for a district storage facility that serves to make efficient use of surplus electricity from photovoltaics and combined heat and power (CHP) plants. Working along the same lines as a bank account, participating households and small commercial businesses were able to deposit or withdraw electricity at the Electricity Bank. With the help of individual, dynamic account sizes, the total

capacity of the storage facility was put to optimal use. Participants' proprietary consumption rose by an average of 30 % over the course of the year, even reaching 60 % to 80 % at times. This means that the facility also helped relieve the strain on the grid. As the photovoltaics and CHP plants connected to it complemented each other very well, the Electricity Bank was able to work particularly efficiently.

We are currently evaluating the data from the practical trials and investigating various marketing options. One prerequisite for making the storage facility attractive in economic terms would be an adjustment to the regulatory framework. Alternatively, the model can also be operated in a closed distribution or property network. The district storage facility has now been approved for the provision of secondary balancing energy. This means that the transmission grid operator can call up secondary balancing energy from the facility and thus ensure a balance between generation and consumption. The district storage facility has now been relocated from the Mannheim district of Rheinau Süd, where the practical trials were performed, to Walldorf and now forms part of the Living Lab project currently underway there.

The Electricity Bank project also convinced the jury at this year's Municipal Utilities Awards, who rewarded the idea and its implementation with the 2016 Municipal Utilities Award.

#### "Smart Grid Integration" research project completed

Sales of electric cars are currently still sluggish. Should they gain momentum, however, then this could have considerable implications for the future energy system. MVV Energie anticipated this development by participating from 2013 until the beginning of 2016 in the "Smart Grid Integration (SGI)" model cluster project sponsored by the Federal Ministry of Research. This project investigated how large numbers of electric cars can be charged reliably and conveniently without causing any bottlenecks in the distribution grid or threatening grid stability. One potential solution involves "grid traffic lights" intended to ensure that charging processes are managed at times of high capacity utilisation in the distribution grids. On the one hand, available capacity could be distributed on the basis of mandatory quotas. On the other hand, capacity could be managed via a new flexibilities market in order to avoid any bottlenecks. At our Mannheim location, we have already implemented both models in practice at our in-house charging facility.

## EVENTS AFTER BALANCE SHEET DATE

No relevant events have occurred since the balance sheet date on 31 March 2016.

## OUTLOOK

### German economy to show moderate growth

In their spring survey dated April 2016, Germany's leading economic research institutes predict that gross domestic product (GDP) in Germany will rise by 1.6 % in 2016. In their autumn survey in October 2015, they had still expected growth of 1.8%. Economic growth should be driven by private consumer spending in particular.

### Expected sales performance

From a current perspective, we expect the sales (excluding energy taxes) of the MVV Energie Group in the 2015/16 financial year to rise sharply compared with the previous year (Euro 3.4 billion) and to exceed Euro 4.0 billion. We expect strong sales growth in particular from the expansion in the renewable energies project development business field. This factor will be supplemented by the sales contributions from our new generation plants in the UK and the launch of operations at two biomethane plants in Saxony-Anhalt in May and November 2015.

### Expected earnings performance

The earnings performance of the MVV Energie Group will also be positively influenced in the 2015/16 financial year by the expansion in the renewable energies project development business field and the earnings contributions received from our new generation plants. Furthermore, the ongoing development in earnings will also depend on electricity and waste prices and on the CDS.

Overall, we confirm our earnings forecast for the 2015/16 financial year. From an operating perspective, we therefore expect the **ADJUSTED EBIT OF THE MVV ENERGIE GROUP** to increase by around 15 % compared with the previous year's figure (Euro 175 million).

### 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 150 million will be channelled into growth investments and our existing business respectively. 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. This also includes the planned construction of a gas-powered combined heat and power (CHP) plant in Kiel, for example, that will act as a paradigm for the smart implementation of the energy turnaround.

## OPPORTUNITY AND RISK REPORT

We described our opportunity and risk management system and the risks that are relevant to our business in detail in the Opportunity and Risk Report in our 2014/15 Annual Report ► *from Page 95 onwards*. Reference is also made to our comments on opportunities and risks in the Financial Report for the 1<sup>st</sup> Quarter of 2015/16 ► *on Page 10*.

### Opportunity and risk situation in 1<sup>st</sup> half of 2015/16

The overall risk situation of the MVV Energie Group at the end of the 1<sup>st</sup> half of 2015/16 has eased compared with 30 September 2015. The remaining risk falls as the year progresses and as ever more earnings components have been generated. The risk categories to which we allocate our risks did not change in the period under report.

Our business performance is generally affected by weather conditions, which influence our heating energy and gas turnover in the heating period (October to March). Overall, we were at the same level as in the previous year in the 1<sup>st</sup> half of 2015/16. As in the previous year, it was milder than we had assumed in our planning.

The Executive Board continues to assess the overall opportunity and risk situation as balanced. 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.

## INCOME STATEMENT

from 1 October 2015 to 31 March 2016

### Income statement of the MVV Energie Group

Euro 000s	1 Jan 2016 to 31 Mar 2016	1 Jan 2015 to 31 Mar 2015	1 Oct 2015 to 31 Mar 2016	1 Oct 2014 to 31 Mar 2015	Notes
Sales	1 150 678	947 043	2 133 396	1 937 804	
less electricity and natural gas taxes	47 659	46 751	90 746	96 730	
<b>Sales less electricity and natural gas taxes</b>	<b>1 103 019</b>	<b>900 292</b>	<b>2 042 650</b>	<b>1 841 074</b>	1
Changes in inventories	-23 292	-1 595	-20 318	-2 489	
Own work capitalised	4 672	3 881	8 900	6 784	
Other operating income	253 996	-55 244	519 328	56 281	2
Cost of materials	814 611	679 971	1 544 640	1 418 264	
Employee benefit expenses	105 819	88 417	193 878	176 084	
Other operating expenses	292 241	-46 344	585 583	92 806	2
Income from companies recognised at equity	2 189	7 580	24 154	12 683	3
Other income from shareholdings	-42	—	1 868	167	
<b>EBITDA</b>	<b>127 871</b>	<b>132 870</b>	<b>252 481</b>	<b>227 346</b>	
Depreciation	43 206	38 282	86 598	76 556	
<b>EBIT</b>	<b>84 665</b>	<b>94 588</b>	<b>165 883</b>	<b>150 790</b>	
of which result of IAS 39 derivative measurement	-14 249	5 892	-34 927	114	
of which EBIT before result of IAS 39 derivative measurement	98 914	88 696	200 810	150 676	
Financing income	2 388	-3 681	4 077	9 829	4
Financing expenses	20 737	1 580	35 129	23 253	4
<b>EBT</b>	<b>66 316</b>	<b>89 327</b>	<b>134 831</b>	<b>137 366</b>	
Taxes on income	19 208	26 145	38 981	40 108	5
<b>Net income for period</b>	<b>47 108</b>	<b>63 182</b>	<b>95 850</b>	<b>97 258</b>	
of which non-controlling interests	8 504	9 330	17 555	13 057	
<b>of which earnings attributable to MVV Energie AG shareholders (net income for period after minority interests)</b>	<b>38 604</b>	<b>53 852</b>	<b>78 295</b>	<b>84 201</b>	
<b>Basic and diluted earnings per share (Euro)</b>	<b>0.59</b>	<b>0.82</b>	<b>1.19</b>	<b>1.28</b>	6

## STATEMENT OF COMPREHENSIVE INCOME

from 1 October 2015 to 31 March 2016

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

Euro 000s	1 Jan 2016 to 31 Mar 2016	1 Jan 2015 to 31 Mar 2015	1 Oct 2015 to 31 Mar 2016	1 Oct 2014 to 31 Mar 2015
<b>Net income for period</b>	<b>47 108</b>	<b>63 182</b>	<b>95 850</b>	<b>97 258</b>
Cash flow hedges	-16 305	-8 477	-15 774	-8 752
Currency translation differences	-2 817	-9 000	19 244	-9 717
Reclassifiable share of companies recognised at equity	—	—	-60	—
<b>Items that may be subsequently reclassified to profit or loss</b>	<b>-19 122</b>	<b>-17 477</b>	<b>3 410</b>	<b>-18 469</b>
Actuarial gains and losses	-41	7	4	7
<b>Items that will not be reclassified to profit or loss</b>	<b>-41</b>	<b>7</b>	<b>4</b>	<b>7</b>
<b>Total comprehensive income</b>	<b>27 904</b>	<b>45 719</b>	<b>99 264</b>	<b>78 796</b>
Non-controlling interests	6 395	9 434	14 982	13 895
<b>Total comprehensive income attributable to MVV Energie AG shareholders</b>	<b>21 509</b>	<b>36 285</b>	<b>84 282</b>	<b>64 901</b>

## BALANCE SHEET

### at 31 March 2016

Balance sheet of the MVV Energie Group			
Euro 000s	31 Mar 2016	30 Sep 2015	Notes
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	347 797	226 885	
Property, plant and equipment	2 589 171	2 531 407	
Investment property	3 623	—	
Interests in companies recognised at equity	198 105	346 667	
Other financial assets	73 505	62 108	
Other receivables and assets	266 566	325 722	7
Deferred tax assets	59 245	20 300	8
	<b>3 538 012</b>	<b>3 513 089</b>	
<b>Current assets</b>			
Inventories	298 041	74 003	9
Trade receivables	593 414	367 406	10
Other receivables and assets	985 401	314 067	7
Tax receivables	8 443	13 315	
Securities	228	601	
Cash and cash equivalents	240 728	262 710	11
Assets held for sale	1 205	38 789	12
	<b>2 127 460</b>	<b>1 070 891</b>	
	<b>5 665 472</b>	<b>4 583 980</b>	
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	168 721	168 721	
Capital reserve	455 241	455 241	
Accumulated net income	612 766	593 776	13
Accumulated other comprehensive income	–102 784	–106 849	
<b>Capital of the MVV Energie Group</b>	<b>1 133 944</b>	<b>1 110 889</b>	
Non-controlling interests	253 357	203 437	
	<b>1 387 301</b>	<b>1 314 326</b>	
<b>Non-current debt</b>			
Provisions	181 827	168 434	
Tax provisions	3 113	2 969	
Financial debt	1 314 448	1 382 912	14
Other liabilities	485 732	536 008	15
Deferred tax liabilities	132 032	120 766	8
	<b>2 117 152</b>	<b>2 211 089</b>	
<b>Current debt</b>			
Other provisions	132 684	101 459	
Tax provisions	51 662	25 162	
Financial debt	411 848	220 452	14
Trade payables	382 330	386 455	
Other liabilities	1 177 498	321 435	15
Tax liabilities	4 994	303	
Liabilities held for sale	3	3 299	12
	<b>2 161 019</b>	<b>1 058 565</b>	
	<b>5 665 472</b>	<b>4 583 980</b>	

## STATEMENT OF CHANGES IN EQUITY

### from 1 October 2015 to 31 March 2016

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

Euro 000s	Equity contributed		Equity generated				Capital of MVV Energie Group	Non-controlling interests	Total capital
	Share capital of MVV Energie AG	Capital reserve of MVV Energie AG	Accumulated net income	Accumulated other comprehensive income					
				Currency translation differences	Fair value measurement of financial instruments	Actuarial gains and losses			
<b>Balance at 1 Oct 2014</b>	<b>168 721</b>	<b>455 241</b>	<b>578 979</b>	<b>3 184</b>	<b>-39 796</b>	<b>-36 985</b>	<b>1 129 344</b>	<b>206 291</b>	<b>1 335 635</b>
Other income and expenses recognised in equity	—	—	—	-9 711	-9 596	7	-19 300	838	-18 462
Result of business operations	—	—	84 201	—	—	—	84 201	13 057	97 258
<b>Total comprehensive income</b>	<b>—</b>	<b>—</b>	<b>84 201</b>	<b>-9 711</b>	<b>-9 596</b>	<b>7</b>	<b>64 901</b>	<b>13 895</b>	<b>78 796</b>
Dividends paid	—	—	-59 316	—	—	—	-59 316	-14 636	-73 952
Capital increase/reduction at subsidiaries	—	—	—	—	—	—	—	1 880	1 880
Change in scope of consolidation	—	—	2 195	—	-987	—	1 208	-1 135	73
<b>Balance at 31 Mar 2015</b>	<b>168 721</b>	<b>455 241</b>	<b>606 059</b>	<b>-6 527</b>	<b>-50 379</b>	<b>-36 978</b>	<b>1 136 137</b>	<b>206 295</b>	<b>1 342 432</b>
<b>Balance at 1 Oct 2015</b>	<b>168 721</b>	<b>455 241</b>	<b>593 776</b>	<b>-242</b>	<b>-47 975</b>	<b>-58 632</b>	<b>1 110 889</b>	<b>203 437</b>	<b>1 314 326</b>
Other income and expenses recognised in equity	—	—	—	18 937	-12 968	18	5 987	-2 573	3 414
Result of business operations	—	—	78 295	—	—	—	78 295	17 555	95 850
<b>Total comprehensive income</b>	<b>—</b>	<b>—</b>	<b>78 295</b>	<b>18 937</b>	<b>-12 968</b>	<b>18</b>	<b>84 282</b>	<b>14 982</b>	<b>99 264</b>
Dividends paid	—	—	-59 316	—	—	—	-59 316	-18 349	-77 665
Capital increase/reduction at subsidiaries	—	—	—	—	—	—	—	1 369	1 369
Change in scope of consolidation	—	—	11	-2 041	111	8	-1 911	51 918	50 007
<b>Balance at 31 Mar 2016</b>	<b>168 721</b>	<b>455 241</b>	<b>612 766</b>	<b>16 654</b>	<b>-60 832</b>	<b>-58 606</b>	<b>1 133 944</b>	<b>253 357</b>	<b>1 387 301</b>

## CASH FLOW STATEMENT

### from 1 October 2015 to 31 March 2016

<b>Cash flow statement of the MVV Energie Group</b>		
Euro 000s	<b>1 Oct 2015 to 31 Mar 2016</b>	1 Oct 2014 to 31 Mar 2015
Net income for period before taxes on income	134 831	137 366
Amortisation of intangible assets, depreciation of property, plant and equipment and investment property	86 595	76 556
Financial result	31 051	13 424
Interest received	2 989	2 755
Change in non-current provisions	4 392	5 510
Other non-cash income and expenses	36 480	-7 652
Result of disposal of non-current assets	-2 299	-186
<b>Cash flow before working capital and taxes</b>	<b>294 039</b>	<b>227 773</b>
Change in other assets	-708 837	-545 920
Change in other liabilities	500 757	372 706
Change in current provisions	-42 242	-31 566
Income taxes paid	-23 030	-18 342
<b>Cash flow from operating activities</b>	<b>20 687</b>	<b>4 651</b>
Payments for investments in intangible assets, property, plant and equipment and investment property	-109 874	-128 556
Proceeds from disposals of intangible assets, property, plant and equipment and investment property	45 177	18 791
Proceeds from subsidy payments	12 085	15 108
Proceeds from sale of fully consolidated companies	890	—
Proceeds from sale of other financial assets	7 496	1 071
Payments for acquisition of fully consolidated companies and other business units	—	-19 256
Payments for other financial assets	-21 674	-102 869
<b>Cash flow from investing activities</b>	<b>-65 900</b>	<b>-215 711</b>
Proceeds from taking up of loans	119 211	229 295
Payments for redemption of loans	-100 390	-107 543
Dividends paid	-59 316	-59 316
Dividends paid to non-controlling interests	-18 349	-14 636
Change due to changes in capital at minority shareholders	1 280	745
Interest paid	-30 071	-26 232
<b>Cash flow from financing activities</b>	<b>-87 635</b>	<b>22 313</b>
Cash-effective changes in cash and cash equivalents	-132 848	-188 747
Change in cash and cash equivalents due to currency translation	-3 429	2 137
Change in cash and cash equivalents due to changes in scope of consolidation	114 295	-7 363
Cash and cash equivalents at 1 October 2015 (2014)	262 710	370 694
<b>Cash and cash equivalents at 31 March 2016 (2015)</b>	<b>240 728</b>	<b>176 721</b>
of which cash and cash equivalents at 31 March 2016 (2015) with restraints on disposal	1 254	4 227
<b>Cash flow – aggregate presentation</b>		
<b>Cash and cash equivalents at 1 October 2015 (2014)</b>	<b>262 710</b>	<b>370 694</b>
Cash flow from operating activities	20 687	4 651
Cash flow from investing activities	-65 900	-215 711
Cash flow from financing activities	-87 635	22 313
Change in cash and cash equivalents due to currency translation	-3 429	2 137
Change in cash and cash equivalents due to changes in scope of consolidation	114 295	-7 363
<b>Cash and cash equivalents at 31 March 2016 (2015)</b>	<b>240 728</b>	<b>176 721</b>

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

from 1 October 2015 to 31 March 2016

### Information about the company

MVV Energie AG has its legal domicile in Mannheim, Germany. It is the parent company of the MVV Energie Group and acts as an energy generator, distributor and service provider in its reporting segments of Generation and Infrastructure, Trading and Portfolio Management, Sales and Services, Strategic Investments and Other Activities.

These condensed interim consolidated financial statements were prepared by the Executive Board on 10 May 2016. Neither the condensed interim consolidated financial statements nor the interim group management report were subject to audit review requirements.

### Accounting policies

The condensed interim consolidated financial statements for the period from 1 October 2015 to 31 March 2016 have been prepared in accordance with IFRS accounting requirements as adopted by the EU, and in particular with IAS 34 "Interim Financial Reporting". These interim consolidated financial statements do not include all notes and disclosures required of a complete set of annual financial statements and should therefore be read in conjunction with the consolidated financial statements as of 30 September 2015. No application has been made of published standards and interpretations not yet requiring mandatory application.

Apart from the new requirements outlined below, the accounting policies applied in the interim consolidated financial statements as of 31 March 2016 are therefore consistent with those applied in the consolidated financial statements as of 30 September 2015.

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

Applicable standards and interpretations	EU endorsement	Application date <sup>1</sup>
Improvement Project 2010–12 and "Omnibus Standard Amending Various IFRSs"	17 Dec 2014	1 Feb 2015
Improvement Project 2011–13 and "Omnibus Standard Amending Various IFRSs"	18 Dec 2014	1 Jan 2015
IAS 19 Employee Benefits	17 Dec 2014	1 Feb 2015

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

As a result of the amendment to IFRS 8 in the context of the 2010–12 Improvement Project the note disclosures on segment reporting have been extended to include the assessment of the criteria referred to for business segment aggregation.

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

### Changes in scope of consolidation

Alongside MVV Energie AG, all material German and foreign subsidiaries in which MVV Energie AG directly or indirectly holds a majority of the voting rights are included in the interim consolidated financial statements of the MVV Energie Group. The relevant control concept requires the parent company to exercise a controlling influence for a company to be fully consolidated. This is the case for all fully consolidated companies. Material associates 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
1 Oct 2015	89	19
Additions	84	15
Disposals	6	1
<b>31 Mar 2016</b>	<b>167</b>	<b>33</b>

MVV Environnement Ressources SAS, Colmar, France, was founded by MVV Umwelt Ressourcen GmbH, Mannheim, in the 1<sup>st</sup> quarter of 2015/16. Due to its immaterial size, it has been included under other majority shareholdings in the scope of consolidation of the MVV Energie Group. Its business activities involve trading with and treating waste and recyclable resources and associated logistics services.

Phoenix Energie GmbH, Hanover, a company in which the MVV subsidiary Windwärts Energie GmbH, Hanover, acquired a 0.05 % stake in the 1<sup>st</sup> quarter of 2015/16, has been consolidated as an associate using the equity method. This company has its object the ownership and management of shareholdings that operate wind and solar parks. The extensive special rights enjoyed by Windwärts Energie GmbH result in significant influence and thus in the company's classification as an associate. The purchase price was settled from liquid funds.

Mainnetz GmbH, Offenbach am Main, a company whose future business activities will involve acquiring, maintaining, expanding and operating the electricity distribution grid in specific urban districts, has been fully consolidated since the 1<sup>st</sup> quarter of 2015/16.

The company was founded by Energieversorgung Offenbach AG, Offenbach am Main. Following the sale of 74.9 % of the shares to MAINGAU Energie GmbH, Obertshausen, in the 2<sup>nd</sup> quarter of 2015/16, the company has been consolidated as a joint venture using the equity method.

MVV Energiedienstleistungen Regional Verwaltungs GmbH, Mannheim, was merged into the fully consolidated company MVV decon GmbH, Mannheim, in the 1<sup>st</sup> quarter of 2015/16. This merger did not have any implications for the net asset, financial and earnings situation of the Group. Prior to this merger, MVV Energiedienstleistungen Regional Verwaltungs GmbH was fully consolidated.

In the 2<sup>nd</sup> quarter of 2015/16, MVV Umwelt GmbH, Mannheim, founded ReNabi GmbH, Mannheim, together with a partner, namely DST GmbH, Essen. The company develops and markets methods for treating flue gases at waste incineration plants. The 51 % shareholding in this joint venture has been included in the consolidated financial statements of the MVV Energie Group using the equity method.

Juwi Wind Germany 104 GmbH & Co. KG, Wörrstadt, a company acquired in the past financial year, was merged into Windpark Albisheim GmbH & Co. KG, Wörrstadt, in the 2<sup>nd</sup> quarter of 2015/16. This merger did not have any implications for the net asset, financial and earnings situation of the Group. Both companies were fully consolidated prior to the merger.

decon international GmbH, Bad Homburg v.d.H., a company newly founded in the past financial year, was sold in the 2<sup>nd</sup> quarter of 2015/16. Due to its immaterial size, prior to its disposal this company was included under other majority shareholdings in the consolidated financial statements.

The Juwi subgroup, in which MVV Alpha fünfzehn GmbH, a wholly-owned subsidiary of MVV Energie AG, holds a 63.12 % stake, was fully consolidated once the conditions precedent had been met in the course of the 1<sup>st</sup> quarter of 2015/16. This increased the scope of consolidation of the MVV Energie Group in the 1<sup>st</sup> quarter of 2015/16 by 81 fully consolidated companies and by 12 companies consolidated using the equity method. The Juwi subgroup was previously consolidated as a joint venture using the equity method.

Due to the discontinuation of activities in the Czech Republic, the fully consolidated Czech subsidiary Juwi s.r.o., Liberec, was sold in the 2<sup>nd</sup> quarter of 2015/16. This resulted in income of Euro 362 thousand at the Group.

The project development company Garob Wind Farm Proprietary Limited, Cape Town, South Africa, a company fully consolidated at the Juwi subgroup, was sold to an investor in the 2<sup>nd</sup> quarter of 2015/16. This resulted in income of Euro 32 thousand at the Group.

Due to the discontinuation of business operations at the fully consolidated subsidiary Juwi Energias Renovables de Centroamerica y el Caribe Limitada, San Jose, Costa Rica, this company was liquidated in the 2<sup>nd</sup> quarter of 2015/16.

With the launch of construction work on infrastructure facilities, Infrastruktur Amöneburg-Roßdorf GmbH & Co. KG, a subsidiary of Juwi Gründungskommanditist Germany GmbH, Wörrstadt, that was previously classified as a shelf company, has become material. In view of this, the company has been fully consolidated in the MVV Energie Group from the 2<sup>nd</sup> quarter of 2015/16.

Windpark Waltringhausen Süd GmbH & Co. KG, Wörrstadt, a company included under other majority shareholdings at the Juwi subgroup, was transferred to Windwärts Energie GmbH, Hanover, in the 2<sup>nd</sup> quarter of 2015/16. Due to its advanced current stage of development, the windfarm company has been fully consolidated since the transfer. Windwärts Projektmanagement GmbH, a company founded in the 2<sup>nd</sup> quarter of 2015/16, acts as the general partner for Windpark Waltringhausen Süd GmbH & Co. KG. Due to its immaterial size, the general partner has been included under other majority shareholdings in the consolidated financial statements.

The fair values of the assets and liabilities identifiable upon the full consolidation of the Juwi subgroup have been presented in the following table.

Identifiable assets and liabilities	Juwi subgroup, Wörrstadt
Euro 000s	Recognised upon acquisition
Intangible assets	29 940
Property, plant and equipment	62 285
Financial assets	21 816
Investment property	3 789
Inventories	238 935
Trade receivables	108 785
Other receivables	25 947
Cash and cash equivalents	116 024
Assets held for sale	2 338
Deferred tax assets	25 142
Provisions	86 749
Trade payables	68 479
Financial debt	139 637
Other liabilities	191 040
Liabilities held for sale	280
Deferred tax liabilities	20 201
<b>Fair value of net assets</b>	<b>128 615</b>
Minority interests acquired	3 280
Share of net assets acquired	78 582
Goodwill	91 600

The measurement of the assets and liabilities taken over is of a preliminary nature as the purchase price allocation has not yet been performed.



## Currency translation

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

### Currency translation

	Rate on reporting date		Average rate	
	31 Mar 2016	30 Sep 2015	1 Oct 2015 to 31 Mar 2016	1 Oct 2014 to 31 Mar 2015
1 Euro				
Czech crowns (CZK)	27.051	27.187	27.049	27.627
British pounds (GBP)	0.792	0.738	0.746	0.766
US dollars (USD)	1.117	—	1.098	—
South African rand (ZAR)	17.148	—	16.464	—

Source: European Central Bank

## Seasonal influences on business activities

The seasonal nature of business activities at the companies in the MVV Energie Group means that a higher level of sales and operating earnings is regularly generated in the first two quarters of the financial year than in the 3<sup>rd</sup> and 4<sup>th</sup> quarters. Due to its business model, the Juwi subgroup's seasonality deviates slightly from that at the MVV Energie Group. As a result, we expect a more markedly positive impact in the 1<sup>st</sup> and 4<sup>th</sup> quarters.

## Notes to Income Statement

### 1 Sales

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

Translated into group currency, sales at our foreign subsidiaries amounted to Euro 176 509 thousand (previous year: Euro 53 095 thousand). The increase in the foreign share of sales is chiefly due to the first-time inclusion of the Juwi subgroup with several foreign subsidiaries in the consolidated financial statements of MVV Energie AG.

### 2 Other operating income and other operating expenses

#### Other operating income

Euro 000s	1 Oct 2015 to 31 Mar 2016	1 Oct 2014 to 31 Mar 2015
Income from derivatives recognised under IAS 39	455 963	11 781
Income from emission rights	16 139	10 751
Reversal of provisions	6 892	1 191
Exchange rate gains	3 967	3 729
Income from sale of assets	3 777	2 550
Agency services and personnel supplies	3 101	2 872
Reversal of impairments and receipts of retired receivables	2 678	4 103
Other	26 811	19 304
	<b>519 328</b>	<b>56 281</b>

#### Other operating expenses

Euro 000s	1 Oct 2015 to 31 Mar 2016	1 Oct 2014 to 31 Mar 2015
Expenses for derivatives recognised under IAS 39	490 889	11 667
Contributions, fees and duties	17 189	12 707
Other services	10 740	9 808
Rental, leasehold and leasing	10 331	9 682
Other operating taxes (including energy taxes)	7 516	12 501
Expenses for advisory services	7 358	5 381
Expenses for maintenance, repairs and IT services	7 309	6 104
Other employee-related expenses	5 537	4 200
Additions to write-downs and receivables defaults	5 177	5 491
Exchange rate losses	4 547	1 745
Public relations	4 324	3 620
Other	14 666	9 900
	<b>585 583</b>	<b>92 806</b>

The change in other operating income and other operating expenses is chiefly due to the recognition of derivatives measured under IAS 39. Commodity prices showed a more marked downward trend in the 2<sup>nd</sup> quarter of 2015/16 than in the equivalent period in the previous year. The measurement of these items under IAS 39 resulted in a negative net effect of Euro 34 926 thousand in the 2<sup>nd</sup> quarter of 2015/16 (previous year: negative effect of Euro 114 thousand).

### 3 Income from companies recognised at equity

The income of Euro 24 154 thousand from companies recognised at equity (previous year: Euro 12 683 thousand) is attributable to the subsequent measurement of joint ventures and of companies over which the MVV Energie Group exercises significant influence.

### 4 Financing income and financing expenses

Financing income and financing expenses mainly involve interest on loans and currency translation income and expenses.

### 5 Taxes on income

#### Taxes on income

Euro 000s	1 Oct 2015 to 31 Mar 2016	1 Oct 2014 to 31 Mar 2015
Taxes on income	38 981	40 108
Effective tax rate in %	28.9	29.2

### 6 Earnings per share

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

	1 Oct 2015 to 31 Mar 2016	1 Oct 2014 to 31 Mar 2015
Earnings attributable to MVV Energie AG shareholders (Euro 000s)	78 295	84 201
Number of shares in 000s (weighted average)	65 907	65 907
Earnings per share (Euro)	1.19	1.28

It was not necessary to account for any dilution effects.

## Notes to Balance Sheet

### 7 Other receivables and assets

The increase in other receivables and assets compared with 30 September 2015 is principally due to the higher level of market prices and resultant increase in fair values, as well as to increased volumes of energy trading transactions recognised under IAS 39, and here for gas in particular. Furthermore, receivables for security payments made in connection with energy trading transactions also increased.

### 8 Deferred taxes

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

### 9 Inventories

Inventories rose by Euro 224 038 thousand compared with 30 September 2015. This increase was chiefly due to the first-time inclusion of the Juwi subgroup.

### 10 Trade receivables

Trade receivables rose significantly compared with 30 September 2015. This was due to the first-time inclusion of the Juwi subgroup in the MVV Energie Group and the customary seasonal development in energy receivables.

### 11 Cash and cash equivalents

Cash and cash equivalents were positively influenced by the first-time inclusion of the Juwi subgroup. This effect was opposed by the payment of the dividend for the 2014/15 financial year and unscheduled loan repayments, which ultimately led the Group's cash and cash equivalents to reduce compared with the end of the past financial year.

### 12 Assets and liabilities held for sale

Subsidiaries were identified in the 1<sup>st</sup> half of 2015/16 whose assets and liabilities have been reclassified in accordance with IFRS 5.

The assets and liabilities held for sale reported at the end of the 2014/15 financial year were sold in the 1<sup>st</sup> half of 2015/16.

### 13 Dividends paid

The Annual General Meeting on 4 March 2016 approved the distribution of a dividend of Euro 0.90 per individual share, and thus unchanged on the previous year, for the 2014/15 financial year (total distribution: Euro 59 316 thousand). Furthermore, a total of Euro 18 349 thousand was distributed to minority shareholders on subgroup level.

### 14 Financial debt

Financial debt has risen by Euro 122 931 thousand compared with 30 September 2015. This increase chiefly results from the first-time inclusion of the Juwi subgroup.

### 15 Other liabilities

The rise in other liabilities is mainly due to the higher level of market prices and resultant increase in negative fair values, as well as to increased volumes of energy trading transactions recognised under IAS 39. Furthermore, advance payments received for orders for projects still due to be realised have also risen on account of the first-time inclusion of the Juwi subgroup.

### 16 Contingent liabilities

The first-time inclusion of the Juwi subgroup has increased the volume of contingent liabilities at the Group. These are nevertheless consistent with the Group's business activities and business volumes.

### 17 Segment report

#### Income statement of the MVV Energie Group by segment from 1 October 2015 to 31 March 2016

Euro 000s	External sales excluding energy taxes	Intercompany sales excluding energy taxes	Depreciation and amortisation	Adjusted EBIT
Generation and Infrastructure	393 805	345 449	64 509	140 136
Trading and Portfolio Management	406 554	368 727	144	-14 259
Sales and Services	1 174 430	139 839	8 683	45 729
Strategic Investments	66 588	2 848	5 256	22 793
Other Activities	1 273	12 817	8 006	9 109
Consolidation	—	-869 680	—	—
	<b>2 042 650</b>	<b>—</b>	<b>86 598</b>	<b>203 508</b>

#### Income statement of the MVV Energie Group by segment from 1 October 2014 to 31 March 2015

Euro 000s	External sales excluding energy taxes	Intercompany sales excluding energy taxes	Depreciation and amortisation	Adjusted EBIT
Generation and Infrastructure	220 803	347 303	55 208	97 368
Trading and Portfolio Management	384 125	437 188	144	-7 974
Sales and Services	1 169 636	155 353	7 630	37 855
Strategic Investments	65 121	780	5 225	22 521
Other Activities	1 389	13 110	8 349	4 052
Consolidation	—	-953 734	—	-4
	<b>1 841 074</b>	<b>—</b>	<b>76 556</b>	<b>153 818</b>

External reporting is consistent with the internal management structure. 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 energy industry value creation stages have been allocated to the reporting segments of Generation and Infrastructure, Trading and Portfolio Management, Sales and Services, Strategic Investments and Other Activities.

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

- The **GENERATION AND INFRASTRUCTURE** reporting segment comprises the conventional power plants, energy from waste plants and biomass power plants at the 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 the renewable energies project development business field, especially Juwi AG and Windwärts Energie GmbH.

The business fields aggregated here are based on classifications that are significant for the Group. The criteria referred to relate in particular to the high asset intensity, long technical lifecycles, long-term financing structures and comparable customer and supplier groups.

- 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.

The key focus of aggregation for these business fields relates to the services business and to customer requirements. Use is made of comparable services methods, the customer is the key focus of the business, activities and marketing processes for the customers are pooled and almost exclusively target external customers (e.g. sales to third parties).

- 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.

Of segment sales with external customers, 91.4 % were generated in Germany (previous year: 97.1 %). The regional breakdown of sales is based on the geographical location of the respective companies.

No individual customers of the MVV Energie Group account for or exceed 10 % of the Group's total sales.

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

<b>Reconciliation of EBIT (income statement) with adjusted EBIT</b>			
Euro 000s	<b>1 Oct 2015 to 31 Mar 2016</b>	1 Oct 2014 to 31 Mar 2015	+/- change
EBIT as per income statement	165 883	150 790	15 093
Financial derivative measurement items	34 927	- 114	35 041
Structural adjustment for part-time early retirement	1 243	1 630	- 387
Interest income from finance leases	1 455	1 512	- 57
<b>Adjusted EBIT</b>	<b>203 508</b>	<b>153 818</b>	<b>49 690</b>

## 18 Cash flow statement

The cash flow before working capital and taxes rose sharply in the 1<sup>st</sup> half of 2015/16 compared with the equivalent period in the previous year. This was due to net income for the period before income taxes, which rose significantly even after the elimination of other non-cash income and expenses.

The substantial improvement in the cash flow before working capital and taxes also led to an increase in the cash flow from operating activities, and that despite the outflow of capital resulting from the change in working capital.

Largely due to the significantly lower volume of payments for other financial assets and for acquisitions of companies, the cash flow from investing activities improved compared with the previous year's period. The positive impact of proceeds from disposals of property, plant and equipment also contributed to the improvement in the cash flow from investing activities.

The cash flow from financing activities fell considerably compared with the previous year's period, a development mainly due to the lower volume of new borrowing.

## 19 Related party disclosures

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

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

### Related party disclosures

Euro 000s	Goods and services provided				Receivables		Liabilities	
	Income		Expenses		31 Mar 2016	30 Sep 2015	31 Mar 2016	30 Sep 2015
	1 Oct 2015 to 31 Mar 2016	1 Oct 2014 to 31 Mar 2015	1 Oct 2015 to 31 Mar 2016	1 Oct 2014 to 31 Mar 2015				
Abfallwirtschaft Mannheim	193	122	14	61	87	28	—	—
ABG Abfallbeseitigungsgesellschaft mbH	10	8	1 347	1 592	—	—	205	1 162
GBG Mannheimer Wohnungsbaugesellschaft mbH	10 200	9 301	54	102	492	929	—	25
m:con – mannheim:congress GmbH	1 988	1 904	164	164	7 510	6 513	—	—
MVV GmbH	42	33	—	160	21	—	—	—
MVV Verkehr GmbH	16	27	5	9	10	4	—	—
Rhein-Neckar-Verkehr GmbH	3 424	3 138	6	1	1 839	558	1 620	2 800
Stadtentwässerung Mannheim	792	1 414	182	658	201	7	—	13
City of Mannheim	7 167	8 694	11 544	10 465	565	1 259	7 737	7 635
Companies recognised at equity	53 235	47 277	123 685	127 935	36 854	22 728	46 028	53 802
Other related parties	15 055	12 128	589	837	4 311	865	1 042	642
	<b>92 122</b>	<b>84 046</b>	<b>137 590</b>	<b>141 984</b>	<b>51 890</b>	<b>32 891</b>	<b>56 632</b>	<b>66 079</b>

## 20 Events after balance sheet date

We are not aware of any events after the balance sheet date.

Mannheim, 10 May 2016

MVV Energie AG

Executive Board



Dr. Müller



Bekker



Klöpfer



Dr. Roll

## RESPONSIBILITY STATEMENT

“We affirm that, to the best of our knowledge, the interim consolidated financial statements give a true and fair picture of the net asset, financial and earnings position of the Group in accordance with the accounting principles applicable for interim reporting and that the interim group management report provides a fair review of the development and performance of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group through to the end of the 2015/16 financial year.”

Mannheim, 10 May 2016

MVV Energie AG

Executive Board



Dr. Müller



Bekker



Klöpfer



Dr. Roll

## FINANCIAL CALENDAR

- **13 May 2016**  
Financial Report for 1<sup>st</sup> Half of 2015/16
- **12 August 2016**  
Financial Information Update for 1<sup>st</sup> 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 of analysts' conference calls to be held during the financial year will be announced in good time.

## IMPRINT

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All financial reports of the MVV Energie Group can be downloaded from our websites. The German and English editions of the 2014/15 Annual Report can also be accessed in Flash format.

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