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MVV ENERGIE
ENERGISING ► MY FUTURE

2014/15 Financial Year

HALF-YEAR FINANCIAL REPORT

KEY FIGURES

from 1 October 2014 to 31 March 2015

Key figures of the MVV Energie Group

Euro million	1 Oct 2014 to 31 Mar 2015	1 Oct 2013 to 31 Mar 2014	% change
Sales and earnings			
Sales excluding energy taxes ¹	1 841	2 056	- 10
Adjusted EBITDA ^{1,2}	230	226	+ 2
Adjusted EBIT ^{1,2}	154	150	+ 3
Adjusted EBT ^{1,2}	138	121	+ 14
Adjusted net income for period ^{1,2}	98	87	+ 13
Adjusted net income for period after minority interests ^{1,2}	82	72	+ 14
Adjusted earnings per share ^{1,2} (Euro)	1.25	1.10	+ 14
Cash flow			
Cash flow from operating activities	5	62	- 92
Cash flow from operating activities per share (Euro)	0.07	0.93	- 92
Capital structure			
Adjusted total assets (at 31 Mar 2015/30 Sep 2014) ^{1,3}	4 065	3 915	+ 4
Adjusted equity (at 31 Mar 2015/30 Sep 2014) ^{1,3}	1 400	1 396	0
Adjusted equity ratio (at 31 Mar 2015/30 Sep 2014) ^{1,3}	34.4 %	35.7 %	- 4
Net financial debt (at 31 Mar 2015/30 Sep 2014) ¹	1 390	1 063	+ 31
Investments			
Total investments ¹	250	160	+ 56
of which growth investments ¹	197	119	+ 66
of which investments in existing business ¹	53	41	+ 29
Employees			
Number of employees (at 31 Mar 2015 / 31 Mar 2014) ¹	5 220	5 127	+ 2
Full-time equivalents (at 31 Mar 2015 / 31 Mar 2014) ¹	4 750	4 613	+ 3

1 previous year's figures adjusted. Details can be found in ► *Business Performance on Page 12*

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

3 excluding non-operating measurement items for financial derivatives

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2nd Quarter of 2014/15 at a Glance

1 January to 31 March 2015

► MVV Energie AG has paid a dividend of Euro 0.90 per share for the 2013/14 financial year. Shareholders at the Annual General Meeting on 13 March 2015 thus approved the recommendation made by the Executive and Supervisory Boards to distribute a dividend at the same level as in the previous year. The distribution total once again amounted to Euro 59.3 million.

► In February 2015, MVV Energie's trading company MVV Trading GmbH announced that it had extended its trading base to the UK. Electricity volumes from the waste-fired combined heat and power plant in Plymouth and the biomass power plant at Ridham Dock are to be marketed via the British N2EX marketplace. Both plants will launch operations in 2015.

► In February 2015, Windwärts Energie GmbH, Hanover, signed a contract for technical operations management at 40 wind turbines with a total capacity of around 63 MW from within the portfolio of MVV Windenergie Deutschland GmbH. MVV Energie took over Windwärts in October 2014. Further information can be found on ► *Page 8*.

► The municipality of Edingen-Neckarhausen and MVV Energie will be maintaining their gas supply partnership already in place since 1926. In February 2015, the municipality decided to award its gas concession agreement to MVV Energie for a further 20 years. The two partners already founded a joint grid company in 2014.

LETTER FROM CEO

*Dear Shareholders,
Dear Ladies and Gentlemen,*

The German energy system has undergone fundamental change in recent years. This process of transformation will continue and gain further momentum in the years ahead. On the one hand, the energy supply is becoming more decentralised with the further expansion in renewable energies. On the other hand, customers' needs are also changing – they want to generate and consume energy smartly themselves. At the same time, we will for the foreseeable future be unable to do without conventional energies.

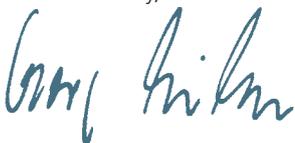
By adopting our MVV 2020 corporate strategy, we took sustainable decisions in 2009 already. One core component of this strategy involved an efficiency enhancement and ambitious investment programme, within which we aimed by 2020 to invest around Euro 3 billion in our growth businesses and in modernising and safeguarding our plants and grids. To date, we have already invested or reached binding decisions for more than Euro 2 billion of this total. We have successfully and sensibly combined renewable and highly efficient conventional energies under one roof.

In the meantime, both the regulatory climate and the economic and competitive conditions in the energy industry have changed further. To account for this, we have further enhanced our strategy. Consistent with the motto "Energising my Future", we are building on new energy and mature competence and are focusing even more closely on our customers. We will be retaining our high pace of investment. In the coming years, we will be investing Euro 3 billion in our Group's sustainable growth and our existing plants and grids. We will further expand renewable energies, enhance energy efficiency and extend the use of combined heat and power generation in conjunction with our expansion in environmentally-friendly district heating. By offering innovative sales business models and professional services, we are consistently aligning our business to customers' needs and expectations.

In our 2013/14 Annual Report published in mid-December 2014, we formulated our expectation that from an operating perspective the adjusted EBIT of the MVV Energie Group for the 2014/15 financial year as a whole would amount to between Euro 180 million and Euro 195 million. In the financial report for the 1st quarter of 2014/15, we pointed out that this earnings target had become more ambitious due to persistently mild weather conditions and the emergence of construction delays. For the financial year as a whole, we currently expect to achieve adjusted EBIT from operations at roughly the previous year's level, in which we generated adjusted EBIT of Euro 170 million. This is due to one-off factors, such as lower district heating and gas earnings as a result of weather conditions and lower earnings contributions due to the delayed launch of operations at our energy from waste plant in Plymouth and our biomass power plant at Ridham Dock.

We have already assumed a pioneering role in converting the German energy system. With our forward-looking corporate strategy, we will continue contributing to the successful implementation of this conversion and secure our competitive position.

Yours faithfully,



Dr. Georg Müller, CEO

MVV ENERGIE AG SHARE

DAX sets new record

The DAX closed at 11 966 points on 31 March 2015. The index thus surged by 22 % since the beginning of the year, posting its best quarterly performance since 2003. On 16 March 2015, the DAX closed at 12 168 points – the highest level ever at that point.

The buoyant performance shown by stock prices in the 1st quarter of 2015 was driven above all by the extensive bond purchase programme at the European Central Bank (ECB). There were also indications that corporate earnings are rising. This was due to low interest rates, which have reduced financing costs at many companies, while the lower oil price has cut energy costs and the weaker euro has boosted exports. As base rates remain persistently low, moreover, an investment in shares offered the possibility of higher returns than other forms of investment. The euro area debt crisis, which is still unresolved, the possibility of US interest rates being raised as the year progresses and geopolitical risks could nevertheless trigger a correction on the stock markets.

Share price performance

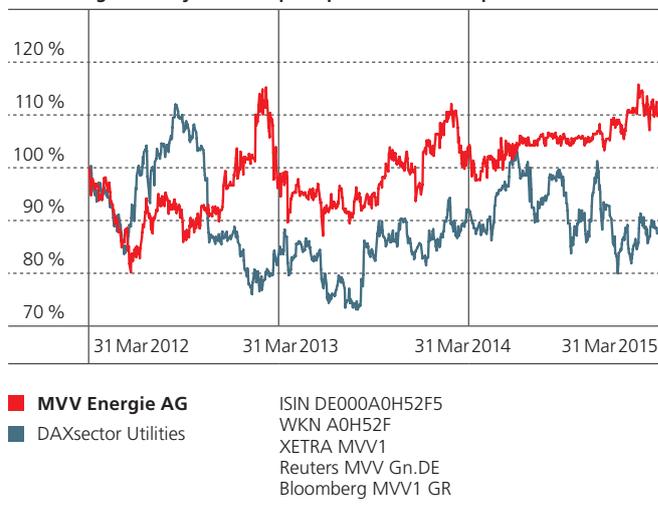
The MVV Energie AG share was listed at Euro 23.91 on 31 March 2015, as against Euro 23.50 on 31 March 2014. This corresponds to an increase of 1.7 %. Including the distribution of a dividend of Euro 0.90 in March 2015, our share price rose year-on-year by 5.7 %. In our share price performance chart we have included the dividend payments made in 2013, 2014 and 2015. Over this three-year period, our share price grew by 9.8 %, while the DAXsector Utilities index fell by 12.4 %.

Market capitalisation and trading volumes rise

Due to the slight increase in our share price, our market capitalisation as of 31 March 2015 also grew to Euro 1 576 million (previous year: Euro 1 549 million). The 4.8 % free float share was valued at around Euro 76 million (previous year: Euro 190 million based on 12.2 % free float).

Overall, around 388 000 MVV Energie AG shares were traded across all German stock markets in the months from January to March 2015. This represents a 10.9 % increase compared with the previous year's period. The equivalent value of trading volumes amounted to around Euro 10 million (previous year: Euro 9 million). Approximately 48 % of stock market trading with our share was performed in XETRA trading.

MVV Energie AG: 3-year share price performance comparison



Annual General Meeting accepts proposals

The Annual General Meeting on 13 March 2015 approved the proposals submitted by the Executive and Supervisory Boards with large majorities for all agenda items. Among other items, our shareholders approved the payment of a dividend of Euro 0.90 per share, and thus analogous to the previous year. Based on the closing price for the 2013/14 financial year, this corresponds to a dividend yield of 3.8 %. Overall, we welcomed around 1 200 visitors to our 2015 Annual General Meeting. The shareholders attending represented 96.9 % of our share capital.

BUSINESS MODEL

Organisation of the MVV Energie Group

REPORTING SEGMENTS	Generation and Infrastructure	Trading and Portfolio Management	Sales and Services	Strategic Investments	Other Activities
BUSINESS FIELDS	Generation	Trading and Portfolio Management	Sales	Strategic Investments	Shared Services
	Environmental Energy		Energy-Related Services		Cross-Divisional Functions
	Grids		New Ventures		
	Renewable Energies Project Development				

The publicly listed MVV Energie Group is one of Germany's leading energy companies. With around 100 consolidated companies, the Group has municipal and regional roots at its locations in Mannheim, Kiel and Offenbach, among others, as well as in France, the UK and the Czech Republic.

Our business portfolio comprises electricity, heating energy and biomethane generation, water production, energy trading, the distribution of electricity, district heating, gas and water via proprietary grid companies and the sale and marketing of innovative products. We are one of the leading operators of energy from waste and biomass plants and have extensive competence in the development of wind energy projects. In our energy-related services business, we offer consulting and contracting services to industrial and commercial customers. We also provide industrial parks in Germany with an extensive range of infrastructure, supply and disposal services.

Organisation of the MVV Energie Group

We manage the MVV Energie Group in line with five reporting segments which we also refer to in our external reporting. Business fields structured along the energy industry value chain are allocated to the reporting segments.

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, grid facilities for electricity, heating energy, gas and water and technical service units allocated to the grids business field for the grid-based distribution of energy and water. Furthermore, this reporting segment also includes renewable energies project development.

Energy procurement and portfolio management are allocated to the **TRADING AND PORTFOLIO MANAGEMENT** reporting segment, as is the energy trading business at MVV Trading GmbH.

The **SALES AND SERVICES** reporting segment includes the retail and secondary distribution businesses for electricity, heating energy, gas and water at the MVV Energie AG, Stadtwerke Kiel AG and Energieversorgung Offenbach AG subgroups, the energy-related services businesses at the MVV Enamic GmbH and Energieversorgung Offenbach AG subgroups, as well as the new ventures business field with our activities in the field of decentralised energy management.

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.

Shared service companies and cross-divisional functions are pooled in the **OTHER ACTIVITIES** reporting segment.

CORPORATE STRATEGY

With our MVV 2020 corporate strategy, we acted in 2009 already to set course for the energy system of the future and introduced an investment programme totalling Euro 3 billion by 2020. In the past six years, we have consistently implemented this programme and already invested or reached binding decisions for more than Euro 2 billion. Over this period, the ongoing fundamental change in the energy supply has massively altered both the regulatory framework and the economic and competitive climate in the energy industry.

We have therefore continually enhanced our strategy further. Consistent with our motto

ENERGISING ► MY FUTURE

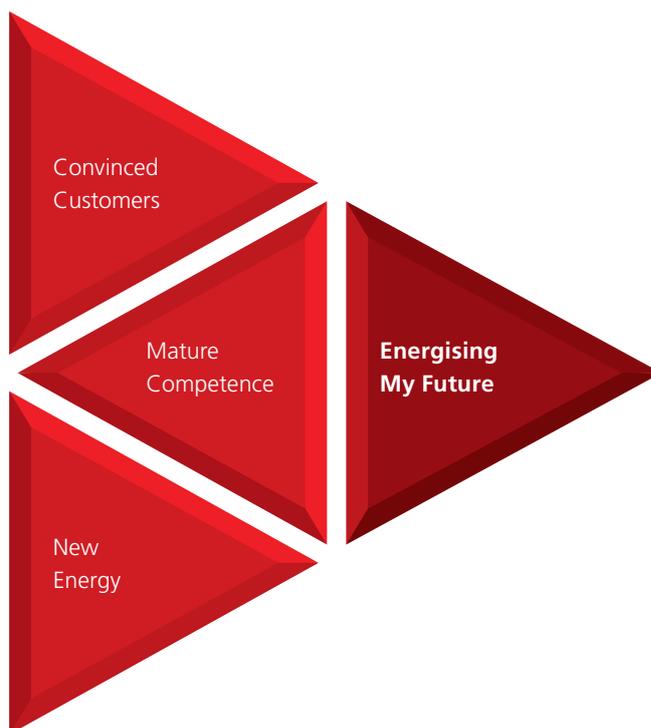
we are making customers the focus of our activities even more closely than before. We are continuing to:

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

This way, we are laying foundations to enable us to uphold our pioneering role in the energy system conversion and to safeguard and extend our competitive position in the years ahead as well.

Others talk about the energy turnaround. We make it happen.

We are also maintaining a very high pace of investment. In the coming years, we will be investing Euro 3 billion in our Group's forwardlooking growth and in the modernisation and efficiency of our existing 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.

BUSINESS FRAMEWORK

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Energy Policy Changes

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New electricity market design

The German energy policy agenda in the 1st half of our 2014/15 financial year continued to be shaped by discussions surrounding the reorganisation of the electricity market design. In October 2014, the Federal Ministry for Economic Affairs and Energy (BMWi) already published a Green Paper setting out the latest status of the discussions. The consultation period ended on 1 March 2015. By this date, the ministry had received several hundred comments, a process to which MVV Energie also contributed.

MVV Energie views reliability and plannability as the fundamental parameters applicable to the energy policy framework. The specific structure of electricity market design could be organised either by consistently enhancing the current energy-only-market, in which price peaks arising due to competition are deliberately permitted, or by introducing a decentralised incentive market. What counts is the achievement of an energy market design that creates system security and removes the need for permanent interventions in the market. The BMWi is expected to continue the process by presenting a White Paper setting out specific regulations in summer 2015.

Amendment to German CHP Generation Act (KWKG)

One factor of great significance to MVV Energie is the Amendment to the German Combined Heat and Power Generation Act (KWKG). The process of amending this legislation will have to be moved forward at the latest upon presentation of the White Paper. MVV Energie is in favour of support being provided for a limited period to CHP plants that feed energy into public grids. Such assistance may safeguard the economic viability of these plants. Moreover, we deem it necessary for the KWKG amendment process to be completed in 2015 to enable the Amendment to take effect as of 1 January 2016.

Federal Network Agency launches ground-based PV tender

From 2017 onwards, the level of compensation for electricity from renewable energies is no longer to be set by law, but should rather be determined in competitive auctions. In preparation for this step, in February 2015 the Federal Network Agency announced the first pilot tenders for ground-based photovoltaics systems. The first tender took place on 15 April 2015 and was several times oversubscribed. Average compensation for the projects thereby awarded was not significantly higher than existing EEG compensation. Fears that the new tendering instrument may fail to meet with adequate acceptance or lead to an explosion in renewables subsidy costs have therefore not been confirmed.

From our perspective, the experience thereby gained will only be transferrable to onshore wind tenders to a limited extent. These tenders are scheduled for 2017. For MVV Energie, the final structure established by the BMWi for the tender system is therefore a factor of great relevance. A cornerstone paper is planned for June 2015 and a specific proposal is expected at the end of the year. Parliament is then set to address the tendering legislation in 2016.

Increase in water extraction fee

In mid-December 2014, the Baden-Württemberg state parliament raised the fee levied on water extraction by 3 cents to 8.1 cents per cubic meter. The additional revenue is intended to boost flood protection measures in the federal state. As Mannheim's water supplier, MVV Energie AG is passing on this "water penny tax" to its customers as a component of costs and was therefore obliged to raise its water prices for the first time in eight years as of 1 January 2015.

Second regulatory period and incentive regulation amendment

We have received revenue cap assessment notices for the second regulatory period – from 2013 to 2017 for gas and from 2014 to 2018 for electricity. Annual grid fees are determined by our Netrion GmbH subsidiary each year as of 1 January on the basis of these assessment notices. Given the efficiency values and based on these assessment notices it can be assumed that, provided that upstream grid expenses do not rise significantly, revenue caps for both gas and electricity will tend slightly downwards in the course of the second regulatory period.

The Federal Network Agency (BNetzA) submitted its incentive regulation evaluation report to the Federal Ministry of Economic Affairs and Energy (BMWi) in January 2015. This report deals among other areas with the investment behaviour of grid operators. In March 2015, the BMWi published its key focuses for amending incentive regulation under the title "Modern Regulatory Framework for Modern Distribution Grids". These are intended to enhance conditions for investment, create greater incentives for efficiency, simplify procedures, increase transparency and uphold distribution grid quality. The BMWi has thus not only drawn on, but also far exceeded the findings of the BNetzA. The discussions surrounding the further development in incentive regulation have intensified as a result. Furthermore, the BMWi has presented initial cornerstones for the use of smart metering systems and their financing. Any evaluation of the legislative proposals in terms of their costs and benefits will depend on the specific structure they are given by the legislature.

• Market Climate and Competition

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According to figures published by the German Institute for Economic Research (DIW), the German economy grew by 0.7 % in the final quarter of the 2014 calendar year compared with the previous quarter. Overall, gross domestic product in Germany increased by 1.6 % in the 2014 calendar year. For January to March 2015, the DIW's economic barometer points to further growth of 0.7 % compared with the final quarter of the 2014 calendar year. Information about the developments expected in 2015 as a whole can be found in the ► *Outlook from Page 18 onwards*.

Based on calculations compiled by the Association of the German Energy and Water Industries (BDEW), renewable energies accounted for a record 26.2 % share of electricity generation in Germany in the 2014 calendar year (previous year: 24.1 %).

While wind turbine electricity generation volumes increased by 8 %, photovoltaics system electricity generation volumes showed substantial growth of 13 %. Biomass power plants, including biogenic municipal waste, achieved growth of 5 %. Wind power thus accounted for a 9 % share of electricity generation in 2014, while photovoltaics contributed 6 % and biomass including biogenic municipal waste supplied a 7 % share.

The shares of electricity generation attributable to conventional and nuclear plants showed disparate developments. As in the previous year, lignite power plants contributed 25 % while anthracite power plants accounted for 18 % (previous year: 19 %). Nuclear energy's share of electricity generation amounted to 16 % (previous year 15 %) and natural gas contributed 10 % (previous year: 11 %).

Both electricity and gas consumption declined in 2014 as a whole. Natural gas consumption was around 13 % lower, while electricity consumption decreased by around 4 %. Natural gas consumption was affected above all by the very mild weather conditions and the continuing decline in fuel use at gas power plants. In the case of electricity consumption, developments also reflect the weaker economic performance of some energy-intensive industries. Not only that, an overall improvement in energy efficiency is also apparent.

Apart from emission prices, energy prices in the 1st half of 2014/15 (October 2014 to March 2015) were lower overall than in the previous year's period. The price of Brent crude oil for supply in the following month (front month) fell sharply and was listed at an average barrel price of US\$ 66.27 – US\$ 42.35 down on the equivalent figure for the previous year. The average natural gas price in the NetConnect Germany market region for supply in the following year decreased by Euro 3.75/MWh to Euro 22.50/MWh. The average coal price per tonne for supply in the following year fell year-on-year by US\$ 16.46 and was listed at US\$ 65.52. By contrast, emission right prices per tonne averaged Euro 6.86 in the period under report, Euro 1.51 higher than in the previous year. The average front year electricity price fell year-on-year by Euro 3.42/MWh and was listed at an average of Euro 33.43/MWh in the 1st half of 2014/15.

• Weather Conditions

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

Degree day figures at the MVV Energie Group in the 1st half of our 2014/15 financial year were 2 % higher than the low figure for the 1st half of 2013/14.

BUSINESS PERFORMANCE

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Major Developments

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Investments in the energy system of the future

With our MVV 2020 corporate strategy, we are seizing the opportunities offered by the far-reaching transformation in Germany's energy supply. Since 2009, we have invested a total of around Euro 2.3 billion in our growth businesses and in modernising and securing our plants and grids, or have reached binding decisions concerning such investments. In the coming weeks, we will be launching operations at two major investment projects. The waste-fired combined heat and power (CHP) plant in Plymouth is currently in the operations start-up phase, even though we are behind schedule at this plant. The first waste is expected to be incinerated before the end of May 2015. Our new biomass power plant with CHP capability at Ridham Dock is in the initial operations phase. In mid-March it fed electricity into the public grid for the first time. The new Block 9 at the large power plant in Mannheim (Grosskraftwerk Mannheim AG – GKM) completed its trial operations in May and is now supplying its first electricity and district heating volumes. During initial operations in mid-January 2015, the new plant was run almost at full capacity for the first time. At the end of January 2015, Block 9 took part for the first time in district heating generation at the GKM plant. At our new biomethane plant in Stassfurt, the final assembly work on the gas purification and feed-in system has been underway since the end of March. We expect this plant to be able to feed biomethane into the public natural gas grid for the first time from May 2015.

Expansion in trading activities

MVV Trading GmbH has extended its trading base. Since February 2015, this company has also been represented on the British N2EX marketplace. This move towards the UK will enable MVV Trading in future to market electricity volumes from our two new generation plants in Plymouth and at Ridham Dock.

Windwärts with successful wind farm operations

Starting in July 2015, Windwärts Energie GmbH will take over the technical operations management for 40 wind turbines with a total capacity of around 63 MW from MVV Windenergie Deutschland GmbH. The corresponding contract was signed in February. Just recently, at the end of 2014, Windwärts assumed the technical operations management for wind turbines on behalf of an independent project developer. Windwärts will be maintaining this course with, among other projects, the wind farm in Copenbrügge which it is currently implementing as general contractor. Overall, the total capacity of the wind turbines managed by Windwärts amounts to 348 MW – compared with 232 MW upon the company being taken over by MVV Windenergie as of 1 October 2014.

Innovative services for our customers

Alongside the changes in the energy industry, customer needs are also changing. Competent advice and services are gaining in significance and becoming a key competitive factor. In response to our customers' changing requirements, our sales department is developing innovative products and services.

The share of energy costs attributable to taxes and levies has been rising for years. For medium-sized industrial companies, for example, it now amounts to around 50 %. There are numerous exceptions and potential exemptions for companies – so many that it is difficult for non-specialists to note and draw on all of them. This is one area where we support our business customers. Our advisory product "MVV Ratgeber classic" offers customers free guidance through the thicket of regulations and exemptions. Over and above this, customers can also choose our exclusive advisory product "MVV Ratgeber select". Here, we check whether our customers meet the requirements for specific privileges and assist them in applying for these in good time.

Private customers increasingly in focus

In future, we will be offering private customers increased possibilities of communicating their experiences, interests and wishes to us directly and thus of playing an active role in shaping our products and services. Alongside studies on customer satisfaction and customer needs, we have also launched further new initiatives. We have, for example, established a "customer academy" which addresses specific target groups with information events about select topics. Our direct dialogue with customers also includes the so-called "customer studio" with questionnaires and group discussions. The suggestions we receive from participants and the information thereby gained form the basis for us to enhance our existing products, services and processes and to develop entirely new ones.

Concession extended

The municipality of Edingen-Neckarhausen is continuing its partnership with MVV Energie AG. Following the foundation of a joint grid company in 2014 already, in February 2015 the local council approved the renewal of the gas concession agreement. The new contract has a term running until mid-2033.

Earnings Performance

Sales performance

SALES excluding energy taxes fell year-on-year by Euro 215 million to Euro 1 841 million in the 1st half of 2014/15 (1 October 2014 to 31 March 2015). That corresponds to a 10 % reduction in sales. Of consolidated sales in the period under report, 97 % were attributable to the domestic business and 3 % to the foreign business.

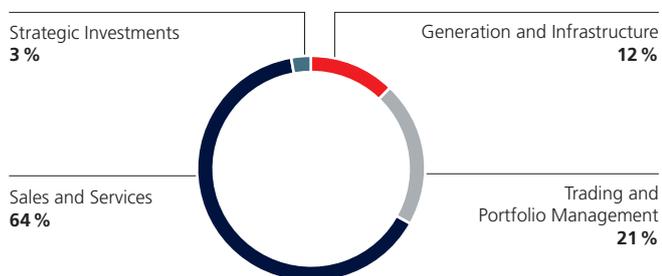
In addition to the sales performance by reporting segment, in the table below we also present sales generated with our core products of electricity, heating energy, gas and water.

Sales at the MVV Energie Group excluding energy taxes¹ 1st half, 1 October to 31 March

Euro million	2014/15	2013/14	% change
Generation and Infrastructure	221	193	+ 15
Trading and Portfolio Management	384	549	- 30
Sales and Services	1 170	1 244	- 6
Strategic Investments	65	68	- 4
Other Activities	1	2	- 50
Total	1 841	2 056	- 10
of which electricity sales	1 007	1 121	- 10
of which heating energy sales	250	252	- 1
of which gas sales	392	486	- 19
of which water sales	46	47	- 2

¹ previous year's figures adjusted

Sales at the MVV Energie Group excluding energy taxes by reporting segment, 1st half of 2014/15



Sales in the **GENERATION AND INFRASTRUCTURE** reporting segment grew by Euro 28 million (+ 15 %) to Euro 221 million in the 1st half of 2014/15. This growth was chiefly driven by our grid business.

The sales performance of the **TRADING AND PORTFOLIO MANAGEMENT** reporting segment reflects the year-on-year reduction in electricity and gas trading volumes. Overall, sales for the period under report declined by Euro 165 million (- 30 %) to Euro 384 million.

At Euro 1 170 million, sales in the **SALES AND SERVICES** reporting segment fell Euro 74 million (- 6 %) short of the previous year's figure in the 1st half of 2014/15. This reduction mainly resulted from lower electricity turnover with industrial and commercial customers/secondary distributors. Not only that, due to the sale of our SECURA Energie subsidiary in the 4th quarter of 2013/14 electricity and gas sales volumes in our private and business customer business were also lower. In the direct marketing business, our sales department currently has renewable energies power plants with capacity of 3 100 MW under contract (previous year: 2 500 MW).

Sales in the **STRATEGIC INVESTMENTS** reporting segment decreased by Euro 3 million (- 4 %) to Euro 65 million. This reduction was mainly attributable to lower heating energy turnover at our Czech subgroup.

Renewable energies generation volumes

At 442 million kWh, our renewable energies electricity generation volumes (including the biogenic share of waste and refuse-derived fuels) for the 1st half of 2014/15 fell 37 million kWh short of the previous year's figure. This reduction was mainly due to the fact that since mid-2014 our non-recyclable waste incineration and energy generation plant in Leuna (TREA Leuna) has been producing not only electricity, but also process steam. The coupling out of process steam, which the plant provides to the chemicals park operator InfraLeuna for supply to its location customers, led to a reduction in electricity generation volumes in the period under report. The following overview presents our electricity generation volumes from renewable energies in the 1st half of 2014/15. The generation of electricity using hydropower and photovoltaics only plays a subordinate role at our Group. As a result, we only record and publish this generation data on a year-end basis.

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

kWh million	2014/15	2013/14	% change
Biomass plants ¹	153	157	-3
of which biomass power plants ¹	150	153	-2
of which biomass CHP plants	3	4	-25
Biogas plants ¹	11	10	+10
Subtotal for biomass	164	167	-2
Biogenic share of waste/RDF	88	123	-28
Wind power	190	189	+1
Total	442	479	-8

¹ correction in previous year

At 190 million kWh, electricity feed-in volumes from our wind turbines slightly exceeded the previous year's figure in the 1st half of 2014/15. This was due to the connection to the grid of ten wind turbines on Hungerberg in the 2nd quarter of 2013/14. Excluding feed-in volumes from our Hungerberg wind farm, electricity generation at our wind turbines fell year-on-year by 11 % due to lower wind volumes compared with the previous year. As of 31 March 2015, our group of companies had total installed wind turbine capacity of around 174 MW_{el}.

Our biomass power plants generated 3 million kWh less electricity in the quarter under report than in the 1st half of 2013/14. This was due to scheduled inspection work at the biomass power plant in Mannheim.

The 28 % reduction in electricity generation volumes from the incineration of waste and refuse-derived fuels (biogenic share) reflects the lower volume of electricity generated due to the coupling out of process steam.

Development in turnover

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

Electricity turnover at the MVV Energie Group 1st half, 1 October to 31 March

kWh million	2014/15	2013/14	% change
Generation and Infrastructure	171	87	+97
Trading and Portfolio Management ¹	5 988	6 609	-9
Sales and Services	4 875	5 475	-11
Strategic Investments ¹	138	140	-1
Total	11 172	12 311	-9

¹ previous year's figures adjusted

Our electricity turnover in the period under report reduced by 9 % compared with the 1st half of 2013/14. This was due in particular to lower electricity trading volumes at MVV Trading GmbH in the Trading and Portfolio Management reporting segment, as well as to lower turnover volumes in the Sales and Services reporting segment.

As well as conventional electricity generation, the Generation and Infrastructure reporting segment also includes that portion of electricity generation at our wind turbines that is marketed to third parties (external turnover) and electricity generated at MVV Umwelt GmbH. The 97 % increase in electricity turnover in this reporting segment is due to the fact that, since the current financial year, the electricity supplied by the TREA Leuna plant 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 already mentioned, electricity trading volumes reduced in the 1st half of 2014/15. Overall, electricity turnover in the Trading and Portfolio Management reporting segment declined year-on-year by 9 %.

Electricity turnover in the Sales and Services reporting segment fell 11 % short of the previous year's figure in the period under report. This reduction was due in particular to lower electricity turnover with industrial and commercial customers/secondary distributors and with private and business customers. One main reason for the reduction in turnover with private and business customers was the sale of our SECURA Energie subsidiary in the 4th quarter of 2013/14.

The decline in electricity turnover in the Strategic Investments reporting segment was attributable to our Czech subgroup, which on the one hand sold less district heating produced in combined heat and power generation and on the other hand performed maintenance work.

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

kWh million	2014/15	2013/14	% change
Generation and Infrastructure	516	216	> +100
Trading and Portfolio Management	—	—	—
Sales and Services ¹	3 663	3 680	0
Strategic Investments ²	564	598	-6
Total	4 743	4 494	+ 6

¹ correction in previous year

² previous year's figures adjusted

While unusually mild weather conditions meant that heating energy turnover in the 1st quarter of 2014/15 still fell short of the previous year's quarter, sales volumes for the reporting period as a whole grew by 6 %. This increase was largely due the fact that, as already referred to, since mid-2014 our non-recyclable waste incineration and energy generation plant in Leuna (TREA Leuna) has not only been generating electricity, but also coupling out process steam. Supplies of process steam to InfraLeuna are presented as heating energy turnover in the Generation and Infrastructure reporting segment. Within the Strategic Investments reporting segment, our Czech subgroup reported lower heating energy sales volumes.

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

kWh million	2014/15	2013/14	% change
Generation and Infrastructure	64	35	+83
Trading and Portfolio Management ¹	5 924	9 705	-39
Sales and Services	4 442	4 255	+4
Strategic Investments ¹	113	111	+2
Total	10 543	14 106	-25

¹ previous year's figures adjusted

Gas turnover in the 1st half of 2014/15 was 25 % lower than in the previous year. This reduction was attributable to lower gas trading volumes at MVV Trading GmbH within the Trading and Portfolio Management reporting segment.

The Generation and Infrastructure reporting segment presents the gas turnover from our two biomethane plants in Saxony-Anhalt. The marked rise from 35 million kWh in the previous year to 64 million kWh in the 1st half of 2014/15 was due to the fact that our second biomethane plant has only fed biomethane into the public natural gas grid since the 2nd quarter of 2013/14.

Gas turnover increased by 4 % and 2 % in the Sales and Services and Strategic Investments reporting segments respectively in the 1st half of 2014/15.

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

m ³ million	2014/15	2013/14	% change
Generation and Infrastructure	—	—	—
Trading and Portfolio Management	—	—	—
Sales and Services	21.2	22.0	-4
Strategic Investments	0.5	0.5	0
Total	21.7	22.5	-4

At 21.7 million m³, water turnover in the 1st half of 2014/15 fell 4 % short of the previous year's figure.

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

tonnes 000s	2014/15	2013/14	% change
Generation and Infrastructure	757	781	-3
Trading and Portfolio Management	—	—	—
Sales and Services	72	78	-8
Strategic Investments	68	70	-3
Total	897	929	-3

The volume of waste and timber delivered in the period under report was 3 % lower than in the 1st half of 2013/14. This reduction was mainly attributable to the installation of a new highly efficient steam turbine at the energy from waste plant at our Energieversorgung Offenbach AG subsidiary and the resultant reduction in the waste volumes acquired.

Development in further key income statement items

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 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 under ► *Notes to Interim Consolidated Financial Statements from Page 25 onwards.*

At Euro 1 418 million, the **COST OF MATERIALS** was 14 % lower in the period under report than in the previous year. This change is largely consistent with the development in sales, with a disproportionate reduction reported in the Generation and Infrastructure reporting segment.

Largely due to the higher number of employees compared with the previous year, **ADJUSTED EMPLOYEE BENEFIT EXPENSES** rose by Euro 12 million to Euro 174 million in the 1st half of 2014/15. Further information about the development in personnel totals can be found on ► *Page 16.*

Excluding IAS 39 items, **OTHER OPERATING INCOME** decreased year-on-year by Euro 2 million to Euro 45 million in the 1st half of 2014/15. This reduction resulted from lower reversals of impairments and receipts of retired receivables on the one hand and of provisions on the other. By contrast, exchange rate gains increased compared with the previous year.

OTHER OPERATING EXPENSES excluding IAS 39 measurement items fell to Euro 81 million, down Euro 5 million on the 1st half of the previous year. This reduction was due above all to lower additions to impairments and receivable defaults.

In the income statement, the IAS 39 measurement items are included under other operating income and other operating expenses. Their net balance resulted in a positive item of Euro 114 thousand in the 1st half of 2014/15, contrasting with a positive measurement item of Euro 15 million in the previous year. The IAS 39 items reflect the development in market prices on the commodities and energy markets. As of 31 March 2015, 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.

At Euro 77 million, **DEPRECIATION** was virtually unchanged in the period under report compared with the previous year.

Reconciliation with adjusted EBIT

We refer to adjusted EBIT for our value-based internal management. To calculate this key operating earnings figure before interest and taxes on income we eliminate the positive and negative earnings items resulting from the fair value measurement of financial derivatives required by IAS 39, the net balance of which amounted to Euro 114 thousand as of 31 March 2015 and Euro 15 million as of 31 March 2014. Furthermore, we eliminate the item resulting from structural adjustments for part-time retirement, amounting to Euro –2 million and Euro –1 million in the half-year under report and previous year respectively. We add the interest income from finance leases reported below EBIT in the income statement to our adjusted EBIT. This income is attributable to contracting projects and forms part of our operating business.

In the following table we show how we reconcile the EBIT reported in the income statement for the 1st half of 2014/15 with the more meaningful adjusted EBIT figure.

Reconciliation of EBIT (income statement) with adjusted EBIT 1st half, 1 October to 31 March

Euro million	2014/15	2013/14	+/- change
EBIT as reported in income statement ¹	151	162	– 11
Financial derivative measurement items ¹	—	– 15	+ 15
Structural adjustment for part-time early retirement	+ 2	+ 1	+ 1
Interest income from finance leases ¹	+ 1	+ 2	– 1
Adjusted EBIT	154	150	+ 4

¹ previous year's figures adjusted

Earnings performance

Adjusted EBIT of the MVV Energie Group 1st half, 1 October to 31 March

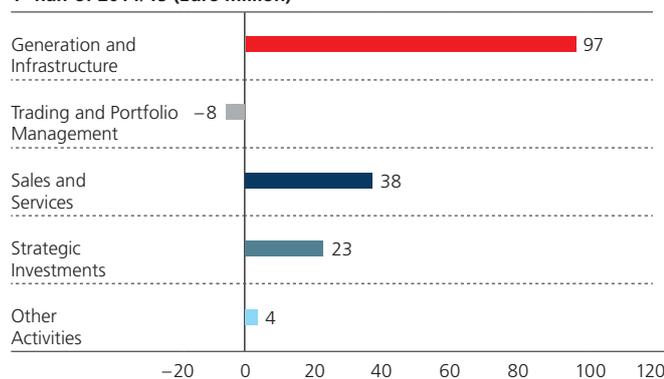
Euro million	2014/15	2013/14	+/-change
Generation and Infrastructure	97	83	+ 14
Trading and Portfolio Management	-8	-10	+ 2
Sales and Services	38	43	- 5
Strategic Investments ¹	23	27	- 4
Other Activities ¹	4	7	- 3
	154	150	+ 4

¹ previous year's figures adjusted

ADJUSTED EBIT rose year-on-year by Euro 4 million (+3 %) to Euro 154 million in the 1st half of 2014/15.

The earnings growth in the Generation and Infrastructure reporting segment (+17 %) was mainly driven by the grid business and was due above all to a change in the method used to delineate gas grid utilisation fees compared with the previous year and to accounting gains resulting from the disposal of grids. In the Sales and Services reporting segment, by contrast, the more seasonal presentation of gas grid fees impacted negatively in the period under report. These seasonal factors will reverse in the second half of the year. Overall, adjusted EBIT in the Sales and Services reporting segment fell by 12 %. Earnings in the Trading and Portfolio Management reporting segment improved by Euro 2 million to Euro -8 million. The downturn in earnings in the Strategic Investments reporting segment was attributable in particular to lower heating energy turnover at our Czech subgroup.

Adjusted EBIT of the MVV Energie Group by reporting segment 1st half of 2014/15 (Euro million)



The **ADJUSTED FINANCIAL RESULT**, which portrays the net balance of financing income and financing expenses, improved from Euro -29 million in the previous year to Euro -16 million in the period under report. The key reason for this positive development involved lower interest expenses on loans.

Net of the adjusted financial result, **ADJUSTED EBT** amounted to Euro 138 million in the 1st half of 2014/15, compared with Euro 121 million in the previous year. Based on the tax rate expected for the 2014/15 financial year as a whole, we have applied a tax rate of 29.2 % to adjusted EBT (previous year: 28.3 %).

Adjusted taxes on income amounted to Euro 40 million in the period under report (previous year: Euro 34 million). Net of these taxes, **ADJUSTED NET INCOME FOR THE PERIOD** amounted to Euro 98 million in the 1st half of 2014/15 (previous year: Euro 87 million).

Net of the adjusted share of earnings attributable to minority interests, the MVV Energie Group generated **ADJUSTED NET INCOME FOR THE PERIOD AFTER MINORITY INTERESTS** of Euro 82 million for the 1st half of 2014/15 (previous year: Euro 72 million). Calculated on this basis, **ADJUSTED EARNINGS PER SHARE** for the period under report amounted to Euro 1.25 (previous year: Euro 1.10). 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 in this Financial Report*.

• Net Asset and Financial Position

The International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRS IC) have amended and newly adopted some standards and interpretations. Detailed information about the amended standards can be found under ► *Notes to Interim Consolidated Financial Statements from Page 25 onwards*.

At Euro 4.34 billion, the **TOTAL ASSETS** of the MVV Energie Group as of 31 March 2015 were Euro 271 million higher than the figure as of 30 September 2014.

On the asset side, **NON-CURRENT ASSETS** rose to Euro 3.24 billion, up Euro 184 million compared with 30 September 2014. Property, plant and equipment increased by Euro 31 million to Euro 2.54 billion and thus accounted for around 58 % of total assets. Due in particular to the acquisition of a 50.1 % stake in Juwi AG, interests in companies recognised at equity grew by Euro 124 million to Euro 311 million. The main reason for the increase in non-current other receivables and assets by Euro 18 million was the rise in market prices and resultant increase in the fair values of energy trading transactions recognised under IAS 39.

CURRENT ASSETS rose to Euro 1.10 billion, up Euro 87 million compared with the balance sheet date on 30 September 2014, and thus accounted for a 25 % share of total assets.

The increase in trade receivables by Euro 179 million to Euro 555 million was driven by seasonal factors, as the instalments received do not fully compensate for higher heating energy consumption volumes in the winter months. Based on past experience, the volume of receivables gradually reduces as the financial year progresses. Current other receivables and assets rose to Euro 291 million, up Euro 102 million compared with 30 September 2014. This development was largely due to the higher market valuation of energy trading transactions recognised under IAS 39. Receivables for security deposits to reduce counterparty risk amounted to Euro 44 million as of 31 March 2015, as against Euro 55 million on 30 September 2014. The reduction in cash and cash equivalents by Euro 194 million to Euro 177 million chiefly resulted from the acquisition of a 50.1 % stake in Juwi AG and the takeover of the assets of Windwärts Energie GmbH. This item was also affected by the exercising of a purchase option for the non-recyclable waste incineration and energy generation plant in Leuna (TREA Leuna) and the payment of the dividend for the 2013/14 financial year.

On the equity and liabilities side of the balance sheet, the **EQUITY** of the MVV Energie Group including non-controlling interests hardly changed compared with 30 September 2014 and amounted to Euro 1.34 billion as of 31 March 2015.

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 277 million as of 31 March 2015 (30 September 2014: Euro 156 million). On the capital side, we eliminate negative fair values and allocable deferred taxes from liabilities. As of 31 March 2015, these amounted to Euro 335 million (30 September: Euro 216 million). We eliminate the resultant net balance from equity. As of 31 March 2015, this totalled Euro –58 million (30 September 2014: Euro –60 million). Calculated on this adjusted basis, adjusted equity amounted to Euro 1.40 billion as of 31 March 2015 and thus remained unchanged on 30 September 2014. As a percentage of the adjusted total assets of Euro 4.07 billion (30 September 2014: Euro 3.91 billion), the adjusted equity ratio amounted to 34.4 % as of 31 March 2015, compared with 35.7 % as of 30 September 2014.

Compared with 30 September 2014, **NON-CURRENT DEBT** rose by Euro 204 million to Euro 1.91 billion in the period under report. The increase in non-current financial debt by Euro 156 million chiefly resulted from the taking up a foreign currency loan to finance further investments at a UK subsidiary. Non-current other liabilities rose by Euro 52 million. This was due above all to higher market prices and the resultant increase in the fair values of energy trading transactions recognised under IAS 39, as well as to recognised liabilities arising in the context of a company purchase and the agreed earn out clause.

CURRENT DEBT rose to Euro 1.09 billion, up Euro 60 million compared with 31 December 2014. This was chiefly driven by the increase in current other liabilities by Euro 90 million, a development in turn largely due to higher market prices and the resultant rise in the fair values of energy trading transactions recognised under IAS 39. By contrast, other provisions decreased by Euro 27 million. As of 31 March 2015, current other liabilities included security deposits of Euro 2 million to reduce counterparty risk (margin), compared with Euro 1 million as of 30 September 2014.

Investments

The MVV Energie Group invested a total of Euro 250 million in the 1st half of 2014/15 (previous year: Euro 160 million). Of total investments, Euro 197 million (79 %) related to growth investments, while Euro 53 million (21 %) was channelled into investments in our existing business, i.e. into modernising our plants and grids.

Our largest investment projects in the period under report 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 50.1 % stake in Juwi AG
- the takeover of Windwärts Energie GmbH
- the construction of our biomethane plant in Stassfurt
- measures to expand and increase the density of our district heating grids.

Investments of the MVV Energie Group 1st half, 1 October to 31 March

Euro million	2014/15	2013/14	+/- change
Generation and Infrastructure	225	138	+87
Trading and Portfolio Management ¹	12	9	+3
Sales and Services	7	5	+2
Strategic Investments ²	1	1	0
Other Activities	5	7	-2
Total	250	160	+90
of which growth investments ²	197	119	+78
of which investments in existing business ²	53	41	+12

¹ correction in previous year

² previous year's figures adjusted

Financial position and cash flow

Due to the taking up of a foreign currency loan to finance further investments at a UK subsidiary, current and non-current financial debt increased to Euro 1.57 billion, up by Euro 133 million compared with 30 September 2014. Net financial debt (current and non-current financial debt less cash and cash equivalents) rose by Euro 327 million compared with the previous year's balance sheet date to Euro 1.39 billion as of 31 March 2015.

The **CASH FLOW BEFORE WORKING CAPITAL AND TAXES** decreased to Euro 228 million in the period under report, down Euro 3 million compared with the 1st half of 2013/14. This reduction was mainly attributable to the net income for the period before taxes on income and the financial result following the elimination of other non-cash income and expenses.

The **CASH FLOW FROM OPERATING ACTIVITIES** fell from Euro 62 million in the 1st half of the previous year to Euro 5 million in the period under report and resulted from changes in working capital, such as in the trade receivables, trade payables and security deposit items.

The **CASH FLOW FROM INVESTING ACTIVITIES** reduced year-on-year by Euro 93 million to Euro -216 million in the 1st half of 2014/15. This was chiefly due to the payments made for the investment in Juwi AG and for the takeover of assets in Windwärts Energie GmbH.

The **CASH FLOW FROM FINANCING ACTIVITIES** rose from Euro 20 million in the 1st half of 2013/14 to Euro 22 million in the period under report. This increase was principally the result of higher net new borrowing.

As of 31 March 2015, the MVV Energie Group reported cash and cash equivalents of Euro 177 million (previous year: Euro 359 million).

Professional financial management

The MVV Energie AG parent company manages a cash pool for itself and 30 further shareholdings within our Group. In this capacity, it procures and secures both its own liquidity and financing funds for the shareholdings included in the cash pool. Capital required for investments is provided in the form of shareholder loans. We have secured the financing of our two largest investment projects – the energy from waste plant in Plymouth and the biomass plant at Ridham Dock. Given the high volume of investment in the UK, the development in the euro/sterling exchange rate is becoming a more significant factor for our group earnings.

EMPLOYEES

The MVV Energie Group had a total of 5 220 employees as of 31 March 2015, 93 employees more than at the same date in the previous year. The development in our employee total was affected by two opposing factors. In the 1st quarter of 2014/15 we took over Windwärts Energie GmbH and boosted the operations team at our British subsidiary MVV Environment Devonport Limited. Furthermore, a subsidiary of Energieversorgung Offenbach AG took over MDW Muldendienst West GmbH as of 1 January 2015. These developments were opposed by reductions in the workforce at MVV Energie AG and Stadtwerke Kiel AG in particular.

In Germany, a total of 4 589 individuals worked at our companies as of 31 March 2015, 50 more than one year earlier. Outside Germany, the MVV Energie Group had 43 employees more overall on 31 March 2015 than a year ago (previous year: 588). Of the total of 631 employees abroad, 565 worked at our Czech subgroup and 52 at our British subsidiary. A subsidiary of Windwärts Energie GmbH had 14 employees in France.

Compared with the balance sheet date for the previous quarter (31 December 2014), the MVV Energie Group's total workforce reduced by 17 employees in Germany and increased by 4 employees abroad.

Personnel figure (headcount) at balance sheet date on 31 March

	2014/15	2013/14	+/- change
MVV Energie AG	1 381	1 435	- 54
Fully consolidated shareholdings	3 839	3 692	+ 147
MVV Energie Group^{1, 2}	5 220	5 127	+ 93

1 previous year's figure adjusted

2 including 290 trainees (previous year: 294)

RESEARCH AND DEVELOPMENT

Practical trials with smart metering systems

Soluvia Metering GmbH, MVV Energie's service provider for data procurement and technical metering, will be extending its field of activities. In future, it will also act as a smart meter gateway administrator for grid operators and competitive metering point operators.

Smart meter gateways are the interface between energy suppliers and metering systems – they represent the central control unit within the metering process. Soluvia Metering is thus preparing for the mandatory introduction of smart metering systems for energy suppliers and for managing and processing the data thereby measured. Corresponding ordinances for smart meters and grids are expected to be adopted in the further course of 2015.

In cooperation with the IT service provider Schleupen AG, Soluvia Metering therefore launched its first practical trials in April 2015 already. By October 2015, Soluvia Metering will be installing 100 smart metering systems in three grid regions. The software for the smart meter gateway will be supplied and subsequently enhanced by Schleupen AG. The trial phase, in which theoretical concepts will be tested in practice, will last at least two years. These early practical trials should enable us to offer the new services within the respective deadlines and to guarantee smooth operations with the smart metering systems.

OPPORTUNITY AND RISK REPORT

In our 2013/14 Annual Report, we described our opportunity and risk management system in the combined management report, where we provided extensive disclosures concerning its structure and process organisation, our risk categories and the measures we take to reduce or transfer risks. Furthermore, we also describe the factors with the potential to significantly influence our earnings.

Opportunity/risk situation

The overall risk situation of the MVV Energie Group at the end of the 1st half of 2014/15 was similar to that as of 30 September 2014. There were no changes in the risk categories in the period under report.

Our operating earnings are always partly dependent on weather conditions, which influence our heating energy and gas volumes above all in the heating period. In the period under report, it was slightly colder overall than in the previous year, but nevertheless milder than expected in the 1st quarter of 2014/15 in particular. Due to weather conditions, wind power production volumes fell short of our expectations. As expected, wholesale electricity prices and the margin achieved from conventional electricity generation (clean dark spread) remained persistently low. Competitive pressure remained intense in the electricity and gas markets. We are countering this pressure by offering innovative products with substantial customer benefits.

The operation and progress made with the construction of our plants are further factors of great significance for our earnings performance. During the period under report, we did not witness any unscheduled downtime at our plants. Construction work on Block 9 at the large power plant in Mannheim (Grosskraftwerk Mannheim AG – GKM) and on the biomethane plant in Stassfurt progressed on schedule. As already communicated in the financial report for the 1st quarter of 2014/15, delays arose in the construction of the energy from waste plant in Plymouth. In early April 2015, boiler damage that is now being remedied occurred during the initial operations phase at the biomass power plant at Ridham Dock. Trial operations will be recommenced once the damages have been repaired by the manufacturer.

We are currently expanding our activities in the field of decentralised energy management and pressing consistently ahead with onshore wind turbine project development.

Executive Board assessment

The Executive Board continues to assess the overall opportunity and risk situation as balanced. There were no indications in the 1st half of 2014/15 that the company's continued existence could be threatened, whether now or in future, by any individual risks or the aggregate total of all risks.

EVENTS AFTER BALANCE SHEET DATE

No events of material significance for MVV Energie's business occurred between the balance sheet date on 31 March 2015 and the preparation of the interim consolidated financial statements for the 1st half of 2014/15.

OUTLOOK

German economy set to show strong growth in 2015

Experts at the German Institute for Economic Research (DIW) have forecast growth of 2.2 % for Germany's gross domestic product in 2015. This growth should primarily be driven by private consumer spending, which will benefit from higher incomes and favourable developments on the labour market. Despite this positive overall outlook, macroeconomic risks continue to apply. Political disagreements concerning the continuation of reforms in crisis-hit countries in the euro area could lead to disruptions on the financial markets, as could any intensification in the conflict between Russia and Ukraine. The same applies for increases in US base rates, should these be raised more suddenly or more substantially than expected.

Numerous energy policy decisions pending

Energy policy decisions will continue to impact significantly on the economic performance of companies in the energy industry. Factors particularly relevant for the MVV Energie Group include the structure of the electricity market design, the amendment to the German Combined Heat and Power Generation Act (KWKG), the requirements for the third regulatory period and the specific auction design selected to determine the compensation paid for electricity from renewable energies on a competitive basis. Further information about these factors can be found in the chapter ► *Business Framework from Page 6 onwards.*

Energy system of the future calls for new business models

The expansion in renewable energies means that the energy supply is becoming more decentralised. Customers are increasingly evolving into "prosumers" characterised by both proprietary energy generation and smart consumption. The energy industry therefore has to develop innovative products, new business models and smart services to satisfy our customers' needs.

Future markets, products and services

Within renewable energies, we are focusing above all on expanding **ONSHORE WIND POWER**. Our partnership with Juwi AG and the takeover of Windwärts Energie GmbH have enabled us to significantly boost our expertise in the field of wind farm project development and to extend our operations management competencies. We are drawing on these skills by stepping up our project development and implementation activities. Our primary aim is to market these projects or, where appropriate, to include them in the wind power portfolio at MVV Energie AG and thus further expand our portfolio.

Together with BayWa r.e., we are currently completing our third **BIOMETHANE PLANT** in Saxony-Anhalt. This new plant is expected to feed biomethane into the public natural gas grid for the first time from May 2015.

We are further expanding our use of **DISTRICT HEATING BASED ON COMBINED HEAT AND POWER GENERATION** at our Mannheim and Offenbach locations in particular and are increasing grid density. The state-of-the-art, highly efficient Block 9 at the large power plant in Mannheim (Grosskraftwerk Mannheim AG – GKM) launched commercial operations at the beginning of May 2015. This will replace the older Blocks 3 and 4 and thus secure the region's electricity and heating energy supply in the long term.

Business developments at our **KIEL SUBGROUP** will be shaped by the phasing out of operations at the joint power plant in Kiel (Gemeinschaftskraftwerk Kiel AG – GKK), a joint venture between E.ON Kraftwerke GmbH and Stadtwerke Kiel. The planned follow-up generation solution involves building a new gas-power combined heat and power plant.

While the waste and biomass markets in Germany do not offer any growth potential for new markets, the same activities in the **UK AND FRANCE** continue to harbour growth opportunities for our group of companies. Our two new generation plants in the UK – the waste-fired combined heat and power plant in Plymouth and the biomass power plant with CHP capability at Ridham Dock – are set to launch full operations in the coming weeks. In France, Solutions Européennes de Valorisation Énergétique S.A.S. (SEVE) is applying for operations management tenders at energy from waste plants. The company is a joint venture between our subsidiary MVV Umwelt GmbH and the French Semardel Group.

We are consistently working on further developing our **DECENTRALISED ENERGY MANAGEMENT** business models and solutions.

For industrial and commercial companies, **ENERGY SAVING AND ENERGY EFFICIENCY SOLUTIONS** are playing an ever more important role. As an energy-related service provider, we will seize the opportunities arising as a result.

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

From a current perspective, we expect the **SALES (EXCLUDING ENERGY TAXES) OF THE MVV ENERGIE GROUP** in the 2014/15 financial year to turn out around 10 % lower than the previous year's figure (Euro 3.7 billion). Lower sales from electricity and gas trading volumes and lower sales with corporate customers and in our direct marketing business mean that we will be unable to meet our original target of matching the previous year's sales. Furthermore, we expect reduced revenues due to low wind volumes to date, weather-related losses of turnover and construction delays.

Expected earnings performance

Wholesale market electricity prices have declined yet further in recent months. The margin achieved from conventional electricity generation (clean dark spread) – which is largely determined by wholesale market electricity prices, coal procurement expenses including the development in the euro/US dollar exchange rate and the price of CO₂ emission rights – remains low. This factor is negatively impacting on our earnings in the 2014/15 financial year. Furthermore, earnings have also been negatively affected by the mild weather conditions and low wind volumes in the period under report.

We are countering these negative factors with cost savings and efficiency enhancements. This way, we are also compensating for part of the start-up costs associated with our growth investments and rising employee benefit expenses. Our two plants in the UK and the biomethane plant in Stassfurt will gradually launch operations and, depending on the specific time at which full operations are launched, will make initial earnings contributions in the current financial year.

In our 2013/14 Annual Report published in mid-December 2014, we formulated our expectation that the **ADJUSTED EBIT OF THE MVV ENERGIE GROUP** would amount to between Euro 180 million and Euro 195 million from an operating perspective in the 2014/15 financial year. In the financial report for the 1st quarter of 2014/15, we pointed out that this earnings target had become more ambitious due to persistently mild weather conditions and

the emergence of construction delays. The mild weather conditions are responsible for lower earnings in our district heating and gas businesses. Furthermore, the later launch of operations at our energy from waste plant in Plymouth and the biomass power plant at Ridham Dock will also result in lower earnings contributions in the current financial year than we originally aimed for and expected at the beginning of the financial year. Given these one-off factors, on the basis of the information currently available we rather expect to achieve operating adjusted EBIT at roughly the previous year's level, in which adjusted EBIT amounted to Euro 170 million. The earnings forecast for the current financial year still does not include at-equity income from Juwi AG.

The earnings performance of the **GENERATION AND INFRASTRUCTURE REPORTING SEGMENT** in the current financial year will largely be shaped by the development in the electricity price and wind volumes. Its earnings will also be affected by additional costs resulting from implementation of legal requirements. The takeover of Windwärts Energie GmbH will lead to start-up costs in the current financial year that will negatively affect earnings. Given our grid business and the positive earnings contributions from our new plants in the UK and the biomethane plant in Stassfurt, we expect earnings in the Generation and Infrastructure reporting segment to rise compared with the 2013/14 financial year.

Earnings at the **TRADING AND PORTFOLIO MANAGEMENT REPORTING SEGMENT** will be influenced above all by the development in the clean dark spread (CDS). We currently expect the CDS to remain at its current low level in 2015. All in all, we expect the Trading and Portfolio Management reporting segment to post lower earnings than in the previous year.

In the **SALES AND SERVICES REPORTING SEGMENT** we expect to see positive earnings contributions from our sales activities. By contrast, earnings will be negatively affected by start-up costs at BEEGY GmbH, which is still in the development stage. In general, the earnings performance of the Sales and Services reporting segment is significantly affected by weather conditions. Overall, we expect segment earnings in the 2014/15 financial year to fall short of the previous year's figure.

Investments of up to Euro 400 million

From a current perspective, we expect to invest around Euro 400 million in the 2014/15 financial year. Of this sum, around Euro 270 million will be invested in growth and around Euro 130 million in our existing business. Our largest growth investments – the energy from waste plant in Plymouth and the biomass power plant at Ridham Dock – are allocated to the Generation and Infrastructure reporting segment. The further expansion in renewable energies, both with partners and as a project developer, is also included in this reporting segment. A further focus of our investment activities involves expanding and increasing the density of our district heating grids in Mannheim and Offenbach. With the investments budgeted for our existing business, we will be optimising our supply plants and grids, and thus maintaining their substance.

Solid capital resources and financing structure

The MVV Energie Group has no difficulty in covering its liquidity requirements given its continuing good access to the financial market.

Our adjusted equity ratio of 34.4 % enables us to maintain a high pace for our investments in the current 2014/15 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 either on the capital market or by using our liquid resources. As alternatives to the bank market, we are monitoring other sources of financing, including the promissory note loan market. We have defined key figures as guidelines for debt-financed growth and adhere to these. This way, we continue to ensure an implicit rating on investment grade level for MVV Energie.

Opportunities and risks

The risk categories and risks relevant to the MVV Energie Group in the current 2014/15 financial year are presented in detail in the Opportunity and Risk Report in our 2013/14 Annual Report. We currently do not expect to see any changes for the 2014/15 financial year. Incalculable factors, such as weather conditions, regularly affect our operating earnings. Our major investment projects in particular are a source of uncertainty. Like with any major construction project, despite high-quality project management unscheduled delays may arise through to completion. Once operations have been fully launched at our new plants in Plymouth and Ridham Dock in the UK, the development in the euro/sterling exchange rate may gain in significance for our future company earnings.

The conversion in the German energy system is a source of both opportunities for and risks to our medium and long-term profitable growth.

From a current perspective, there are no indications of any risks that could threaten the company's continuing existence in the course of the 2014/15 financial year or beyond.

INCOME STATEMENT

from 1 October 2014 to 31 March 2015

Income statement of the MVV Energie Group

Euro 000s	1 Jan 2015 to 31 Mar 2015	1 Jan 2014 to 31 Mar 2014	1 Oct 2014 to 31 Mar 2015	1 Oct 2013 to 31 Mar 2014	Notes
Sales ¹	947 043	1 056 943	1 937 804	2 161 731	
less electricity and natural gas taxes ¹	46 751	52 025	96 730	105 465	
Sales after electricity and natural gas taxes	900 292	1 004 918	1 841 074	2 056 266	1
Changes in inventories ¹	-1 595	-1 221	-2 489	112	
Own work capitalised ¹	3 881	3 938	6 784	6 903	
Other operating income ¹	-55 244	68 687	56 281	237 429	2
Cost of materials ¹	679 971	824 084	1 418 264	1 650 516	
Employee benefit expenses ¹	88 417	82 072	176 084	163 694	
Other operating expenses ¹	-46 344	73 641	92 806	261 899	2
Income from companies recognised at equity ¹	7 580	6 697	12 683	13 315	3
Other income from shareholdings	—	—	167	364	
EBITDA	132 870	103 222	227 346	238 280	
Depreciation ¹	38 282	37 230	76 556	76 024	
EBITA	94 588	65 992	150 790	162 256	
EBIT	94 588	65 992	150 790	162 256	
of which result of IAS 39 derivative measurement ¹	5 892	-6 760	114	14 905	
of which EBIT before result of IAS 39 derivative measurement	88 696	72 752	150 676	147 351	
Financing income ¹	-3 681	3 283	9 829	5 752	4
Financing expenses ¹	1 580	19 410	23 253	34 327	4
EBT	89 327	49 865	137 366	133 681	
Taxes on income ¹	26 145	13 822	40 108	38 039	5
Net income for period	63 182	36 043	97 258	95 642	
of which non-controlling interests ¹	9 330	9 675	13 057	18 907	
of which earnings attributable to MVV Energie AG shareholders (net income for period after minority interests)	53 852	26 368	84 201	76 735	
Basic and diluted earnings per share (Euro)	0.82	0.40	1.28	1.16	6

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

STATEMENT OF COMPREHENSIVE INCOME

from 1 October 2014 to 31 March 2015

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

Euro 000s	1 Oct 2015 to 31 Mar 2015	1 Oct 2014 to 31 Mar 2014	1 Oct 2014 to 31 Mar 2015	1 Oct 2013 to 31 Mar 2014
Net income for period	63 182	36 043	97 258	95 642
Cash flow hedges	-8 477	-6 039	-8 752	3 010
Currency translation differences	-9 000	-984	-9 717	-7 269
Items that may be subsequently reclassified to profit or loss	-17 477	-7 023	-18 469	-4 259
Actuarial gains and losses	7	—	7	—
Items that will not be reclassified to profit or loss	7	—	7	—
Total comprehensive income	45 719	29 020	78 796	91 383
Non-controlling interests ¹	9 434	8 622	13 895	18 639
Total comprehensive income attributable to MVV Energie AG shareholders	36 285	20 398	64 901	72 744

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

BALANCE SHEET

at 31 March 2015

Balance sheet of the MVV Energie Group

Euro 000s	31 Mar 2015	30 Sep 2014	1 Oct 2013	Notes
Assets				
Non-current assets				
Intangible assets ¹	218 122	201 717	198 275	
Property, plant and equipment ¹	2 534 897	2 504 334	2 395 043	
Investment property	279	284	294	
Interests in companies recognised at equity ¹	311 217	187 518	162 679	
Other financial assets ¹	64 617	63 959	83 478	
Other receivables and assets ¹	92 804	75 224	119 904	7
Deferred tax assets ¹	17 598	22 572	22 346	8
	3 239 534	3 055 608	2 982 019	
Current assets				
Inventories ¹	67 947	61 881	46 945	9
Trade receivables ¹	555 376	376 019	444 551	10
Other receivables and assets ¹	291 038	189 470	250 882	7
Tax receivables	10 377	13 466	23 983	
Securities	1 013	1 293	1 949	
Cash and cash equivalents ¹	176 721	370 694	418 234	11
Assets held for sale	—	2 305	—	
	1 102 472	1 015 128	1 186 544	
	4 342 006	4 070 736	4 168 563	
Equity and liabilities				
Equity				
Share capital	168 721	168 721	168 721	
Capital reserve	455 241	455 241	455 241	
Accumulated net income ¹	606 059	578 979	545 707	12
Accumulated other comprehensive income ¹	-93 884	-73 597	-73 936	
Capital of the MVV Energie Group	1 136 137	1 129 344	1 095 733	
Non-controlling interests ¹	206 295	206 291	207 242	
	1 342 432	1 335 635	1 302 975	
Non-current debt				
Provisions ¹	168 918	163 408	144 271	
Tax provisions	2 508	2 508	—	
Financial debt ¹	1 310 374	1 154 602	1 105 474	13
Other liabilities ¹	302 836	251 226	330 074	14
Deferred tax liabilities ¹	129 969	138 558	133 756	8
	1 914 605	1 710 302	1 713 575	
Current debt				
Other provisions ¹	70 684	98 329	103 413	
Tax provisions	28 676	12 948	8 073	
Financial debt ¹	256 170	278 650	394 793	13
Trade payables ¹	406 808	402 201	383 095	
Other liabilities ¹	321 499	232 040	262 450	14
Tax liabilities	1 132	631	189	
	1 084 969	1 024 799	1 152 013	
	4 342 006	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 31 March 2015

Statement of changes in equity of the MVV Energie Group

Euro 000s	Equity contributed		Equity generated				Capital of MVV Energie Group	Non-controlling interests	Total capital
	Share capital of MVV Energie AG	Capital reserve of MVV Energie AG	Accumulated net income	Currency translation differences	Fair value measurement of financial instruments	Actuarial gains and losses			
Balance at 1 Oct 2013¹	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	—	—	—	-6 887	2 896	—	-3 991	-268	-4 259
Result of business operations ¹	—	—	76 735	—	—	—	76 735	18 907	95 642
Total comprehensive income	—	—	76 735	-6 887	2 896	—	72 744	18 639	91 383
Dividends paid	—	—	-59 316	—	—	—	-59 316	-18 862	-78 178
Capital increase/reduction at subsidiaries	—	—	—	—	—	—	—	6 565	6 565
Change in scope of consolidation	—	—	9	—	—	—	9	-9	—
Balance at 31 Mar 2014¹	168 721	455 241	563 135	9 973	-47 988	-39 912	1 109 170	213 575	1 322 745
Balance at 1 Oct 2014¹	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	—	—	—	-9 711	-9 596	7	-19 300	838	-18 462
Result of business operations	—	—	84 201	—	—	—	84 201	13 057	97 258
Total comprehensive income	—	—	84 201	-9 711	-9 596	7	64 901	13 895	78 796
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
Balance at 31 Mar 2015	168 721	455 241	606 059	-6 527	-50 379	-36 978	1 136 137	206 295	1 342 432

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

CASH FLOW STATEMENT

from 1 October 2014 to 31 March 2015

Cash flow statement of the MVV Energie Group

Euro 000s	1 Oct 2014 to 31 Mar 2015	1 Oct 2013 to 31 Mar 2014
Net income for period before taxes on income ¹	137 366	133 681
Amortisation of intangible assets, property, plant and equipment and investment property ¹	76 556	76 024
Financial result ¹	13 424	28 575
Interest received ¹	2 755	3 533
Change in non-current provisions ¹	5 510	8 660
Other non-cash income and expenses ¹	-7 652	-17 322
Result of disposal of non-current assets ¹	-186	-2 236
Cash flow before working capital and taxes	227 773	230 915
Change in other assets ¹	-545 920	-309 486
Change in other liabilities ¹	372 706	200 433
Change in current provisions ¹	-31 566	-38 479
Income taxes paid ¹	-18 342	-21 795
Cash flow from operating activities	4 651	61 588
Payments for investments in intangible assets, property, plant and equipment and investment property ¹	-128 556	-159 855
Proceeds from disposals of intangible assets, property, plant and equipment and investment property ¹	18 791	17 335
Proceeds from subsidy payments ¹	15 108	7 135
Proceeds from sale of other financial assets ¹	1 071	14 132
Payments for acquisition of fully consolidated companies and other business units	-19 256	—
Payments for other financial assets ¹	-102 869	-1 199
Cash flow from investing activities	-215 711	-122 452
Proceeds from taking up of loans ¹	229 295	190 304
Payments for redemption of loans ¹	-107 543	-84 326
Dividends paid	-59 316	-59 316
Dividends paid to non-controlling interests	-14 636	-18 862
Change due to changes in capital at minority shareholders	745	6 558
Interest paid ¹	-26 232	-32 126
Cash flow from financing activities	22 313	2 232
Cash-effective changes in cash and cash equivalents ¹	-188 747	-58 632
Change in cash and cash equivalents due to currency translation	2 137	-871
Change in cash and cash equivalents due to changes in scope of consolidation	-7 363	48
Cash and cash equivalents at 1 Oct 2014 (2013) ¹	370 694	418 234
Cash and cash equivalents at 31 Mar 2015 (2014)¹	176 721	358 779
of which cash and cash equivalents at 31 Mar 2015 (2014) with restraints on disposal	4 227	1 172
Cash flow – aggregate presentation		
Cash and cash equivalents at 1 Oct 2014 (2013)¹	370 694	418 234
Cash flow from operating activities	4 651	61 588
Cash flow from investing activities	-215 711	-122 452
Cash flow from financing activities	22 313	2 232
Change in cash and cash equivalents due to currency translation	2 137	-871
Change in cash and cash equivalents due to changes in scope of consolidation	-7 363	48
Cash and cash equivalents at 31 Mar 2015 (2014)¹	176 721	358 779

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

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

from 1 October 2014 to 31 March 2015

Information about the company

MVV Energie AG has its legal domicile in Mannheim, Germany. It is the parent company of the MVV Energie Group and acts as an energy distribution company and service provider in its 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 12 May 2015. Neither the condensed interim consolidated financial statements nor the interim group management report were subject to any audit review requirement.

Accounting policies

The condensed interim consolidated statements for the period from 1 October 2014 to 31 March 2015 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 2014. 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 2015 are therefore consistent with those applied in the consolidated financial statements as of 30 September 2014.

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

Applicable standards and interpretations		EU endorsement	Application date ¹
IAS 36	Disclosures for Non-Financial Assets	19 Dec 2013	1 Jan 2014
IFRIC 21	Levies	13 Jun 2014	17 Jun 2014
IAS 39	Novations of Derivatives and Continuation of Hedge Accounting	19 Dec 2013	1 Jan 2014
IAS 32	Financial Instruments – Presentation Offsetting Financial Assets and Financial Liabilities	13 Dec 2012	1 Jan 2014
IFRS 10	Consolidated Financial Statements	11 Dec 2012	1 Jan 2014
IFRS 11	Joint Arrangements	11 Dec 2012	1 Jan 2014
IFRS 12	Disclosures of Interests in Other Entities	11 Dec 2012	1 Jan 2014
IAS 27	Separate Financial Statements	11 Dec 2012	1 Jan 2014
IAS 28	Investments in Associates and Joint Ventures	11 Dec 2012	1 Jan 2014
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
IFRS 10, IFRS 12, IAS 27	Investment Entities	20 Nov 2013	1 Jan 2014

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

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

First-time application of IFRS 11 has led to an amendment in the method of consolidation at companies in the Stadtwerke Ingolstadt subgroup. In future, these companies will no longer be recognised proportionately, but will rather be included at equity in the consolidated financial statements. 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 income statement of the MVV Energie Group

Euro 000s	Change on 31 Mar 2014
Sales after electricity and natural gas taxes	-46 619
EBIT	-3 122

Adjustments to 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 further adjustments in the method of consolidation.

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
30 Sep 2014 ¹	82	18
Additions	6	1
Disposals	1	1
31 Mar 2015	87	18

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

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. 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, a wholly-owned subsidiary of MVV Energie AG, Mannheim, was founded with the name BEEGY GmbH, Mannheim. This company has provisionally been reported under other majority shareholdings.

As of 16 October 2014, 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 the German shareholding 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 Sylva II KG to implement further wind projects. These companies will be fully consolidated.

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 the context of an asset deal, the company was renamed as MDW Muldendienst West GmbH.

The company SWKiel Speicher GmbH, Kiel, was founded by Stadtwerke Kiel AG, Kiel, 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 applies. 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.

The fair values upon acquisition of the identifiable assets and liabilities acquired upon the two aforementioned asset 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
Euro 000s	Recognised upon acquisition	Recognised upon acquisition
Intangible assets	51	1 921
Property, plant and equipment	974	1 064
Financial assets	611	—
Inventories	9 535	15
Trade receivables	465	—
Other receivables	40	—
Cash and cash equivalents	288	—
Deferred expenses and accrued income	6	—
Provisions	233	—
Trade payables	11	—
Other liabilities	259	—
Fair value of net assets	11 467	3 000
Goodwill	4 789	—

The measurement of the assets and liabilities taken over is provisional, as the purchase price allocations have not yet been completed.

The purchase prices were settled from liquid funds.

Currency translation

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

Currency translation

	Rate on reporting date		Average rate	
	31 Mar 2015	30 Sep 2014	1 Oct 2014 to 31 Mar 2015	1 Oct 2013 to 31 Mar 2014
1 Euro				
Czech crowns (CZK)	27.533	27.500	27.627	27.047
British pounds (GBP)	0.727	0.777	0.766	0.834

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 3rd and 4th quarters. The mild weather in the 1st half of 2014/15 had a corresponding impact on the Group's business performance.

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 53 095 thousand.

2 Other operating income and other operating expenses

Other operating income

Euro 000s	1 Oct 2014 to 31 Mar 2015	1 Oct 2013 to 31 Mar 2014
Income from derivatives recognised under IAS 39 ¹	11 781	190 842
Income from emission rights	10 751	9 285
Reversal of impairments and receipts of retired receivables ¹	4 103	10 838
Exchange rate gains	3 729	944
Agency agreements and personnel supplies	2 872	2 623
Income from sale of assets ¹	2 550	2 681
Reversal of provisions	1 191	4 870
Other ¹	19 304	15 346
	56 281	237 429

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

Other operating expenses

Euro 000s	1 Oct 2014 to 31 Mar 2015	1 Oct 2013 to 31 Mar 2014
Expenses for derivatives recognised under IAS 39 ¹	11 667	175 938
Contributions, fees and duties ¹	12 707	12 124
Rental, leasehold and leasing ¹	9 682	9 038
Expenses for maintenance, repairs and IT services ¹	6 104	8 499
Additions to write-downs and receivable defaults ¹	5 491	11 093
Exchange rate losses	1 745	1 219
Other ¹	45 410	43 988
	92 806	261 899

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

The change in other operating income and other operating expenses is chiefly due to the recognition of derivatives measured under IAS 39. Commodity prices witnessed a lower degree of volatility in the 1st half of 2014/15 than in the comparative period. The measurement of these items under IAS 39 resulted in a positive net effect of Euro 114 thousand in the 1st half of 2014/15 (previous year: positive effect of Euro 14 904 thousand).

3 Income from companies recognised at equity

The income of Euro 12 863 thousand from companies recognised at equity (previous year: Euro 13 315 thousand) is attributable to the subsequent measurement of companies recognised at equity at the MVV Energie Group.

4 Financing income and financing expenses

Financing income and financing expenses mainly involve interest on loans and financial leases, currency translation income and expenses for financing facilities, as well as IAS 39 measurement items.

5 Taxes on income

Taxes on income

Euro 000s	1 Oct 2014 to 31 Mar 2015	1 Oct 2013 to 31 Mar 2014
Taxes on income ¹	40 108	38 039
Effective tax rate in %	29.2	28.5

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

6 Earnings per share

Earnings attributable to MVV Energie AG shareholders and earnings per share

	1 Oct 2014 to 31 Mar 2015	1 Oct 2013 to 31 Mar 2014
Earnings attributable to MVV Energie AG shareholders (Euro 000s) ¹	84 201	76 735
No. of shares in 000s (weighted average)	65 907	65 907
Earnings per share (Euro) ¹	1.28	1.16

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

It was not necessary to account for any dilution effects.

Notes to Balance Sheet

7 Other receivables and assets

The increase in other receivables and assets compared with 30 September 2014 is principally due to higher market prices and the resultant increase in the fair values of energy trading transactions recognised under IAS 39. This effect was opposed by the developments in receivables from security deposits for energy trading transactions and input tax receivables.

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 6 066 thousand compared with 30 September 2014. This increase is chiefly due to the addition of Windwärts Energie GmbH, Mannheim, and Vents d'Oc Énergies Renouvelables SARL, Montpellier, as well as to adjustments in the business model to account for new market circumstances and resultant changes in the recognition of receivables for existing projects. Operations at the gas storage facility have led to volatile movements in inventories.

10 Trade receivables

The increase in trade receivables in the 1st half of 2014/15 largely corresponds to the customary seasonal course of business. Customer instalments received do not compensate in full for increased energy turnover during the winter months and thus led to a seasonal rise in trade receivables.

11 Cash and cash equivalents

The sharp reduction in cash and cash equivalents is primarily due to the investment made in extending the wind power value chain. A further major factor involves the exercising of the purchase option for a non-recyclable waste incineration and energy generation plant. Cash and cash equivalents were additionally reduced by payment of the dividend for the 2013/14 financial year.

12 Dividends paid

The Annual General Meeting on 13 March 2015 approved the distribution of a dividend of Euro 0.90 per individual share, and thus unchanged on the previous year, for the 2013/14 financial year (total distribution: Euro 59 316 thousand). Moreover, a total of Euro 14 636 thousand was distributed to minority shareholders on sub-group level.

13 Financial debt

Financial debt increased by Euro 133 292 thousand compared with 30 September 2014. This increase chiefly resulted from the taking up of a foreign currency loan for the further financing of investments at a British subsidiary.

14 Other liabilities

The increase in other liabilities is mainly due to higher market prices and the resultant increase in the fair values of energy trading transactions recognised under IAS 39, as well as to the recognition of liabilities arising in the context of a company purchase and the agreed earn-out clause.

15 Contingent liabilities

There have been no material changes in contingent liabilities since 30 September 2014.

16 Segment report

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
	1 841 074	—	76 556	153 818

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

Euro 000s	External sales excluding energy taxes ¹	Intercompany sales excluding energy taxes ¹	Depreciation and amortisation ¹	Adjusted EBIT ¹
Generation and Infrastructure	192 906	344 854	54 984	83 146
Trading and Portfolio Management	549 142	514 462	144	-10 025
Sales and Services	1 244 206	181 910	7 988	43 343
Strategic Investments	68 144	1 361	5 402	27 350
Other Activities	1 868	13 089	7 506	4 410
Consolidation	—	-1 055 676	—	2 175
	2 056 266	—	76 024	150 399

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

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

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

- The **GENERATION AND INFRASTRUCTURE** reporting segment comprises the conventional power plants, energy from waste plants and biomass power plants at the Mannheim, Stadtwerke Kiel, Energieversorgung Offenbach and MVV Umwelt subgroups. Furthermore, this reporting segment includes our waterworks, wind power portfolio, biomethane plants and renewable energies project development. Moreover, this segment also includes grid facilities for electricity, heating energy, gas and water and technical service units allocated to the grids business field for grid-based energy and water distribution.
- The **TRADING AND PORTFOLIO MANAGEMENT** reporting segment includes energy procurement and portfolio management and the energy trading business at MVV Trading GmbH.
- The **SALES AND SERVICES** reporting segment consists of the retail and secondary distribution electricity, heating energy, gas and water business 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 activities in the field of decentralised energy management.
- 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 of cross-divisional functions.
- Consolidation includes figures relating to transactions with other reporting segments that are eliminated for consolidation purposes.

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

Of segment sales with external customers, 97.1 % were generated in Germany (previous year: 97.2 %). The regional breakdown of sales is based on the geographical location of the customers.

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:

Reconciliation of EBIT (income statement) with adjusted EBIT

Euro 000s	1 Oct 2014 to 31 Mar 2015	1 Oct 2013 to 31 Mar 2014	+/- change
EBIT as per income statement ¹	150 790	162 256	- 11 466
Financial derivative measurement items ¹	- 114	- 14 905	14 791
Structural adjustment for part-time early retirement	1 630	1 257	373
Interest income from finance leases ¹	1 512	1 791	- 279
Adjusted EBIT	153 818	150 399	3 419

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

17 Cash flow statement

The cash flow before working capital and taxes reduced slightly in the 1st half of 2014/15 compared with the equivalent period in the previous year. This was chiefly due to net income before taxes on income and the financial result after elimination of other non-cash income and expenses.

The change in working capital was the main reason for the reduction in the cash flow from operating activities in the 1st half of 2014/15.

The cash flow from investing activities showed a sharp year-on-year reduction in the 1st half of 2014/15. This was due to outgoing payments for the investment in Juwi AG and the Windwärts asset deal.

The cash flow from financing activities rose significantly compared with the previous year's period, a development chiefly due to increased net new borrowing.

18 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 2015	30 Sep 2014	31 Mar 2015	30 Sep 2014
	1 Oct 2014 to 31 Mar 2015	1 Oct 2013 to 31 Mar 2014	1 Oct 2014 to 31 Mar 2015	1 Oct 2013 to 31 Mar 2014				
Abfallwirtschaft Mannheim	122	129	61	16	—	76	—	—
ABG Abfallbeseitigungsgesellschaft mbH	8	8	1 592	1 691	—	—	503	597
GBG Mannheimer Wohnungsbaugesellschaft mbH	9 301	10 358	102	48	416	823	—	—
m:con – mannheim:congress GmbH	1 904	1 877	164	174	7 553	6 641	—	—
MVV GmbH	33	45	160	—	4	17	—	—
MVV Verkehr GmbH	27	80	9	10	19	12	—	—
Rhein-Neckar-Verkehr GmbH	3 138	3 347	1	2	1 989	983	2 409	264
Stadtentwässerung Mannheim	1 414	2 476	658	1 461	89	367	—	—
City of Mannheim	8 694	10 104	10 465	10 680	1 329	1 156	10 240	4 605
Companies recognised at equity ¹	47 277	54 199	127 935	129 934	15 067	17 608	45 384	17 435
Other related parties	12 128	8 502	837	830	1 469	636	451	511
	84 046	91 125	141 984	144 846	27 935	28 319	58 987	23 412

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

19 Events after balance sheet date

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

Mannheim, 12 May 2015

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 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 2014/15 financial year.”

Mannheim, 12 May 2015

MVV Energie AG

Executive Board



Dr. Müller



Bekker



Klöpfer



Dr. Roll

FINANCIAL CALENDAR

- **15 May 2015**
Financial Report for 1st Half of 2014/15
- **15 May 2015**
Analysts' Conference for 1st Half of 2014/15
- **14 August 2015**
Financial Report for 1st Nine Months of 2014/15
- **14 August 2015**
Analysts' Conference for 1st Nine Months of 2014/15
- **10 December 2015**
Annual Financial Report 2014/15 (Annual Report)
- **10 December 2015**
Annual Results Press Conference and Analysts' Conference for 2014/15 Financial Year

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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 2013/14 Annual Report can also be accessed in Flash format.

www.mvv-investor.de

