



MVV ENERGIE
ENERGISING ▸ MY FUTURE

2015/16 Financial Year

FINANCIAL REPORT 1ST QUARTER

KEY FIGURES from 1 October 2015 to 31 December 2015

Key figures of the MVV Energie Group

Euro million	1 Oct 2015 to 31 Dec 2015	1 Oct 2014 to 31 Dec 2014	% change
Sales and earnings			
Sales excluding energy taxes	940	941	0
Adjusted EBITDA ¹	147	102	+44
Adjusted EBIT ¹	103	64	+61
Adjusted EBT ¹	90	54	+67
Adjusted net income for period ¹	64	38	+68
Adjusted net income for period after minority interests ¹	54	32	+69
Adjusted earnings per share ¹ (Euro)	0.82	0.48	+71
Cash flow			
Cash flow from operating activities	-21	9	—
Cash flow from operating activities per share (Euro)	-0.31	0.14	—
Capital structure			
Adjusted total assets (at 31 Dec 2015/30 Sep 2015) ²	4 690	4 073	+15
Adjusted equity (at 31 Dec 2015/30 Sep 2015) ²	1 496	1 376	+9
Adjusted equity ratio (at 31 Dec 2015/30 Sep 2015) ²	31.9 %	33.8 %	-6
Net financial debt (at 31 Dec 2015/30 Sep 2015)	1 480	1 341	+10
Investments			
Total investments	79	191	-59
of which growth investments	56	157	-64
of which investments in existing business	23	34	-32
Employees			
Number of employees (headcount at 31 Dec 2015/31 Dec 2014) ³	6 268	5 233	+20
Full-time equivalents (at 31 Dec 2015/31 Dec 2014) ³	5 662	4 768	+19

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

2 excluding non-operating measurement items for financial derivatives

3 correction in previous year's figure

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BUSINESS MODEL

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

Organisation of the MVV Energie Group

We manage the MVV Energie Group in five segments on which we also base our external reporting. Business fields are allocated to the reporting segments. Further information about the reporting segments can be found in the Notes to Interim Consolidated Financial Statements ► *on Page 19.*

CORPORATE STRATEGY

Since 2009, we have consistently been implementing our strategy, which is sustainably focused on the energy system of the future. We are continually enhancing this strategy to do justice to the changing framework. In line with with our motto

ENERGISING ► MY FUTURE

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

BUSINESS FRAMEWORK

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Energy Policy Changes

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Key energy policy factors for MVV Energie

Developments in energy policy and the regulatory framework are of great relevance for the future business performance of the MVV Energie Group. In particular, these relate to the specific structure of the Electricity Market Act, the auction design in the Renewable Energies Act (EEG) and the incentive regulation amendment.

Electricity market design specified in greater detail

The Federal Cabinet approved the German Electricity Market Act on 4 November 2015. The draft signed off by the Cabinet represented a consistently enhanced version of the White Paper submitted by the Federal Ministry for Economic Affairs and Energy (BMWi) in summer 2015. This set out 20 specific measures for structuring the future electricity market design. The legislation is now in parliament and is intended to establish stronger market mechanisms in the electricity market:

- The level of electricity prices on the wholesale market should not be restricted by regulatory mechanisms.
- Avoided grid fees should now only be paid for decentralised systems where operations are or have been launched by the end of 2020.
- Compensation for re-dispatch and for the use of grid and capacity reserves is to be marginally improved.
- Balancing energy markets are to be opened up to new providers.

We see the proposed structure for the electricity market design as sustainable. Having said this, key details of the requirements will only be stipulated further down the line by way of ordinances or decisions by the Federal Network Agency. What is important from MVV Energie's perspective is the creation of system security and the elimination of any need for permanent interventions in the market.

Amendment to KWKG Act

The German Combined Heat and Power Generation Act (KWKG) came into force on 1 January 2016. CHP on the one hand harbours substantial potential for reducing CO₂ emissions and on the other represents a major link between the heating energy and electricity markets. Upon the legislative reform, the subsidy paid for new plants was raised from 2.1 cents/kWh to 3.4 cents/kWh. An additional 0.6 cents/kWh is paid when a hard coal-powered plant is replaced by a gas-powered CHP plant. Furthermore, the budgeted subsidy volume has been doubled to Euro 1.5 billion a year. Furthermore, so-called tenant electricity models are also being promoted. However, the CHP target has been reduced significantly. Whereas the previous target involved achieving a 25 % share of total electricity generation by 2020, which corresponds to around 150 TWh, the current target involves achieving an absolute value of 120 TWh by 2025.

Key factors in structuring the EEG Amendment

In the 2014 Amendment to the German Renewable Energies Act (EEG), the legislators resolved that from 2017 the level of compensation paid for electricity from renewable energies should no longer be stipulated by law, but rather determined in competitive auctions. On 8 December 2015, the Federal Ministry for Economic Affairs and Energy presented relevant key factors for amending the EEG 2014 legislation. The amendment expected in 2016 is set to migrate the subsidy system to a tender system. This should on the one hand ensure better planning reliability, i.e. compliance with the renewable energies expansion corridors set out in the EEG 2014 legislation. On the other hand, it should create cost efficiency by promoting competition between plant operators. Not only that, it should retain the diversity of market players.

In future, these tenders should cover more than 80 % of the electricity produced at new renewable energies plants. Tenders are to be implemented for wind power and photovoltaics. The insights gained from pilot tenders for open-space photovoltaics systems in 2015 are to be drawn on when structuring the auction design.

We see tenders as the right basis for structuring the expansion in renewable energies, and thus the transformation in the German energy supply, along market-based lines, and that both for the energy industry and for the economy as a whole. Here, onshore wind power represents the most cost-effective, and therefore the most efficient, form of renewable energies generation. With decentralised distribution throughout Germany, it can also help substantially reduce the need for grid expansion. In conjunction with a sufficiently high annual tender, it would be possible to increase the target share of electricity generation attributable to renewable energies aimed at by the Federal Government by 2025 from 45 % to 55 %.

Due among other factors to the low number of individual projects planned, tenders are not foreseen for biomass, hydroelectricity and geothermal projects.

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Economic Climate

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We presented the macroeconomic and energy industry framework for our company in detail in our 2014/15 Annual Report ► *from Page 74 onwards*. In the following section, we present the main new developments in the 1st quarter of 2015/16.

German economy continues to grow

In its forecast issued in December 2015, the German Institute of Economic Research (DIW) assumes that German gross domestic product (GDP) grew by 0.3 % in the final quarter of the 2015 calendar year compared with the 3rd quarter. Overall, the experts expect GDP to have grown by 1.7 % in 2015. Information about the developments expected in the 2016 calendar year can be found in the Outlook ► *on Page 10*.

Renewables share of German electricity generation reaches 30 %

Based on preliminary estimates compiled by the Association of the German Energy and Water Industries (BDEW), the share of electricity generation attributable to renewable energies rose to 30.0 % in 2015 – up from 25.9 % in the previous year. This increase was due to the addition of further regenerative plants and to favourable weather conditions.

The share of the electricity mix due to onshore wind turbines rose to 12.0 % (previous year: 8.9 %), while offshore wind turbines accounted for 1.3 % (previous year: 0.2 %). The share of electricity generated from photovoltaics amounted to 5.9 % (previous year: 5.7 %), while that of biomass including biogenic municipal waste came to 6.8 % (previous year: 6.9 %). Overall, the volume of electricity generated from renewable energies grew to 194.1 billion kWh in 2015 (previous year: 162.5 billion kWh).

The shares of electricity generation attributable to conventional and nuclear plants declined. Lignite power plants contributed 24.0 % (previous year: 24.8 %) and hard coal power plants accounted for 18.2 % (previous year: 18.9 %). Nuclear energy's share of electricity generation decreased to 14.1 % (previous year: 15.5 %). Natural gas witnessed a further reduction in its share to 8.8 % (previous year: 9.7 %).

Further reduction in wholesale market prices for fuels and electricity

Energy prices in the 1st quarter of the 2015/16 financial year were lower overall than in the previous year. The price per barrel of Brent crude oil for supply in the following month (front month) fell sharply and was listed at an average of US\$ 44.69. It was thus US\$ 32.38 down on the price in the equivalent period in the previous year. The average natural gas price in the NetConnect Germany market region for supply in the following year fell by Euro 5.74/MWh to Euro 17.64/MWh in the quarter under report. The average coal price per tonne for supply in the following year fell year-on-year by US\$ 24.49 to US\$ 46.56. By contrast, emission right prices per tonne averaged Euro 8.41 in the period under report, Euro 1.76 higher than in the previous year. The average front-year electricity price fell year-on-year by Euro 5.74/MWh in the period under report and was listed at an average of Euro 28.84/MWh.

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Impact of Weather Conditions

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Weather conditions are a factor of great significance for the business performance of the MVV Energie Group – and that in the winter months in particular. We use so-called degree day figures as an indicator of our customers' temperature-based heating energy requirements. Low outdoor temperatures lead to higher degree day figures, with these in turn being accompanied by higher heating energy requirements at our customers. In the 1st quarter of 2015/16, the degree day figures of the MVV Energie Group were 1 % lower than the already low comparative figure for the previous year.

BUSINESS PERFORMANCE

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Major Events

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Juwi and Windwärts boost their position

To optimise their position in the German wind power market, in October 2015 Juwi Energieprojekte GmbH and Windwärts Energie GmbH agreed to focus on their respective core markets. In view of this, all wind power projects developed by Juwi at this point in time in Lower Saxony and Schleswig-Holstein were assigned to Windwärts.

Renewable energies generation volumes expanded

In expanding its use of renewable energies, MVV Energie is building in particular on onshore wind power. We are drawing on our expertise in wind farm project development and operations management to implement projects that we primarily market to third parties. We take over individual projects into our proprietary wind power portfolio – the latest example is a wind turbine at Klosterwald Windfarm in Creglingen in Main-Tauber District, which is a joint project of MVV Energie, Windenergie Baden-Württemberg and Wirthwein. Operations with this turbine were launched in October 2015. Our subsidiary Energieversorgung Offenbach AG also boosted its wind power portfolio further in the quarter under report. The eleventh wind turbine at the windfarm on Hungerberg, located close to Kirchheimbolanden in Rhineland-Palatinate, was linked up to the grid at the end of November 2015. Overall, the MVV Energie Group thus had onshore wind turbines with an installed capacity of around 180 MW_e as of 31 December 2015. The equivalent figure at the end of the 2014/15 financial year as of 30 September 2015 was still 174 MW_e.

Since 2012, we have also been making targeted investments in biomethane plants. The second joint biomethane plant of MVV Energie and Baywa r.e., located in Barby in the Magdeburger Börde region, launched operations at the beginning of November 2015. For MVV Energie, this is already the fourth biomethane plant in Saxony-Anhalt. Like its counterparts in Klein Wanzleben, Kroppenstedt and Stassfurt, the plant in Barby can generate around 63 million kWh of biomethane a year and feed this into the public natural gas grid. The benefit of this bioenergy cluster is that it enables synergies to be exploited. Equipment and operations teams can be deployed flexibly and substrate delivery logistics can be optimally tailored to requirements.

In future, MVV Energie will also be contributing its experience to a joint venture with AVR Energie GmbH whose foundation was initiated in December 2015. The company will be named AVR BioGas GmbH. Construction work on the state-of-the-art biomethane plant on the premises of the AVR biomass CHP plant in Sinsheim is expected to begin in the 3rd quarter of 2017. Within the joint venture, MVV Energie will be responsible for marketing the biomethane.

Full consolidation of Juwi AG

We increased our shareholding in Juwi to 63.1 % by way of a capital increase in the late summer of 2015. The Federal Cartel Office approved the acquisition of control on 17 December 2015. Information about the inclusion of Juwi in MVV Energie's consolidated financial statements can be found on ► Page 16.

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Development in Turnover

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Turnover at the MVV Energie Group 1st quarter, 1 October to 31 December

	2015/16	2014/15	% change
Electricity turnover (kWh million)	4986	5996	-17
Heating energy turnover (kWh million)	2074	2095	-1
Gas turnover (kWh million) ¹	8232	7289	+13
Water turnover (million m ³)	11.3	11.1	+2

¹ previous year's figure adjusted

The reduction in our electricity turnover is mainly the result of lower electricity trading volumes in our Trading and Portfolio Management reporting segment. Electricity turnover in the Sales and Services reporting segment was also lower than in the previous year. In the Generation and Infrastructure reporting segment, by contrast, we reported higher electricity turnover thanks to our two new generation plants in the UK.

We coupled out a larger volume of process steam at our waste incineration and energy generation plant in Leuna (Trea Leuna). This led to an increase in heating energy turnover in the Generation and Infrastructure reporting segment. However, this factor only compensated in part for the weather-related reduction in district heating turnover in the Sales and Services reporting segment. Overall, our heating energy turnover in the period under report was therefore slightly lower than in the previous year.

The increase in our gas turnover was due above all to higher gas trading volumes in the Trading and Portfolio Management reporting segment.

Earnings Performance

Sales performance

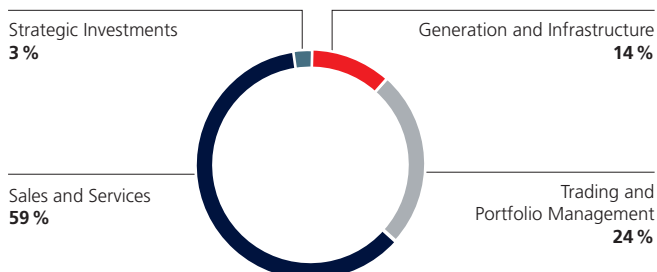
Sales at the MVV Energie Group excluding energy taxes 1st quarter, 1 October to 31 December

Euro million	2015/16	2014/15	% change
Generation and Infrastructure	127	107	+19
Trading and Portfolio Management	230	231	0
Sales and Services	552	573	-4
Strategic Investments	30	29	+3
Other Activities	1	1	0
Total	940	941	0
of which electricity sales	481	530	-9
of which heating energy sales	113	115	-2
of which gas sales	236	202	+17
of which water sales	24	24	0

The sales growth in the **GENERATION AND INFRASTRUCTURE** reporting segment was mainly driven by sales contributions from our new UK generation plants and our biomethane plants in Saxony-Anhalt.

The lower volume of electricity and heating energy turnover in the **SALES AND SERVICES** reporting segment is also reflected in sales at this segment. The direct marketing business with electricity from renewable energies performed positively. As of 31 December 2015, the sales department at MVV Energie AG was marketing the output of generation plants based on renewable energy sources with capacity of 3 500 MW (previous year: 3 300 MW).

Sales at the MVV Energie Group excluding energy taxes by reporting segment, 1st quarter of 2015/16



Development in further key income statement items

COST OF MATERIALS reduced to Euro 730 million, down Euro 8 million on the previous year's quarter.

At Euro 88 million, **ADJUSTED EMPLOYEE BENEFIT EXPENSES** were at the same level as in the previous year in the quarter under report. The increase in employee totals as of 31 December 2015 due to the first-time inclusion of the Juwi subgroup is not reflected in the employee benefit expenses for the 1st quarter of 2015/16 as Juwi was consolidated using the equity method through to 17 December 2015. Information about the development in personnel totals can be found on ► Page 9.

Excluding IAS 39 items, **OTHER OPERATING INCOME** increased year-on-year by Euro 16 million to Euro 46 million in the quarter under report.

OTHER OPERATING EXPENSES, also excluding IAS 39 measurement items, rose to Euro 54 million, up Euro 2 million on the 1st quarter of the previous year.

In the income statement, the IAS 39 measurement items are included under other operating income and other operating expenses. Their net balance resulted in a negative measurement item of Euro -20 million in the 1st quarter of 2015/16, compared with a negative measurement item of Euro -6 million in the previous year. The IAS 39 items reflect the development in market prices on the commodities and energy markets. As of 31 December 2015, market prices were lower than when the respective hedging transactions were concluded. IAS 39 has no impact on payments, neither does it affect our operating business or dividend.

Due in particular to the launch of operations at our new generation plants, **DEPRECIATION** increased to Euro 43 million, up Euro 5 million on the previous year's quarter.

Reconciliation with adjusted EBIT

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

Reconciliation of EBIT (income statement) with adjusted EBIT 1 st quarter, 1 October to 31 December			
Euro million	2015/16	2014/15	+/- change
EBIT as reported in income statement	81	56	+25
Financial derivative measurement items (IAS 39)	+20	+6	+14
Structural adjustment for part-time early retirement	+1	+1	0
Interest income from finance leases	+1	+1	0
Adjusted EBIT	103	64	+39

Earnings performance

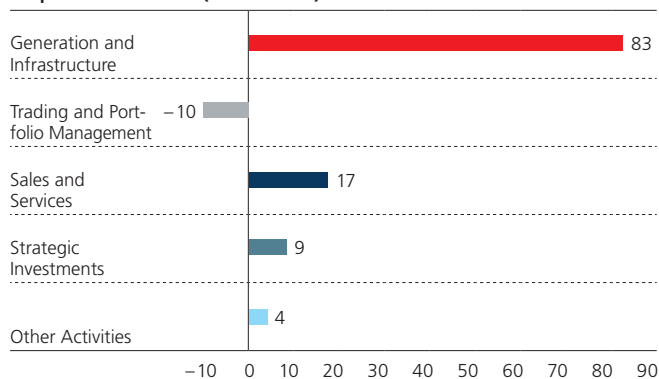
Adjusted EBIT of the MVV Energie Group 1st quarter, 1 October to 31 December

Euro million	2015/16	2014/15	+/- change
Generation and Infrastructure	83	40	+43
Trading and Portfolio Management	-10	-4	-6
Sales and Services	17	17	0
Strategic Investments	9	9	0
Other Activities	4	2	+2
	103	64	+39

The marked increase in adjusted EBIT in the **GENERATION AND INFRASTRUCTURE** reporting segment was driven above all by the renewable energies project development business field. As a result of the structure of its business as a project developer, Juwi mainly collects its earnings at the end of each calendar year. Furthermore, our earnings performance also benefited from our new generation plants in the UK, the two new biomethane plants and our wind power business.

The reduction in adjusted EBIT in the **TRADING AND PORTFOLIO MANAGEMENT** reporting segment was due on the one hand to low water levels on the Rhine, which increased the cost of coal transport in the quarter under report. Not only that, the clean dark spread (CDS) was also lower.

Adjusted EBIT of the MVV Energie Group by reporting segment 1st quarter of 2015/16 (Euro million)



The **ADJUSTED FINANCIAL RESULT** deteriorated year-on-year to Euro -13 million in the quarter under report (previous year: Euro -10 million).

Net of the adjusted financial result, **ADJUSTED EBT** amounted to Euro 90 million in the 1st quarter of 2015/16 (previous year: Euro 54 million). For the 2015/16 financial year as a whole we expect a tax rate of 29.2% (previous year: 29.2%). Adjusted taxes on income came to Euro 26 million in the quarter under report (previous year: Euro 16 million). Net of these taxes, **ADJUSTED NET INCOME FOR THE PERIOD** amounted to Euro 64 million in the 1st quarter of 2015/16 (previous year: Euro 38 million).

The MVV Energie Group reported **ADJUSTED NET INCOME FOR THE PERIOD AFTER MINORITY INTERESTS** of Euro 54 million for the quarter under report (previous year: Euro 32 million). Calculated on this basis, **ADJUSTED EARNINGS PER SHARE** for the 1st quarter of 2015/16 amounted to Euro 0.82 (previous year: Euro 0.48). 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 ► on Page 1.

Net Asset and Financial Position

At Euro 5 474 million, the **TOTAL ASSETS** of the MVV Energie Group as of 31 December 2015 were Euro 890 million higher than the figure as of 30 September 2015. This increase was mainly due to the first-time inclusion of the Juwi subgroup.

NON-CURRENT ASSETS reduced to Euro 3 507 million, down Euro 6 million compared with 30 September 2015. The first-time inclusion of the Juwi subgroup led property, plant and equipment to rise by Euro 115 million to Euro 2 646 million. This corresponds to around 48 % of total assets.

CURRENT ASSETS rose to Euro 1 967 million, up Euro 896 million compared with 30 September 2015, and thus accounted for around 36 % of total assets. This increase was attributable on the one hand to the first-time inclusion of the Juwi subgroup. On the other hand, the traded volumes of energy trading transactions recognised under IAS 39 increased, especially for gas, as did the receivables from security deposits made in the context of energy trading transactions.

The **EQUITY** of the MVV Energie Group including non-controlling interests rose to Euro 1 420 million, up Euro 106 million on 30 September 2015.

Compared with 30 September 2015, **NON-CURRENT DEBT** increased by Euro 30 million to Euro 2 241 million.

CURRENT DEBT rose to Euro 1 813 million, up Euro 754 million on 30 September 2015. The main reason for this increase related to the first-time inclusion of the Juwi subgroup.

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 784 million as of 31 December 2015 (30 September 2015: Euro 511 million). On the capital side, we eliminate negative fair values and allocable deferred taxes from liabilities. As of 31 December 2015, these amounted to Euro 860 million (30 September 2015: Euro 572 million). We eliminate the resultant net balance from equity. As of 31 December 2015, this totalled Euro –76 million (30 September 2015: Euro –61 million). Calculated on this adjusted basis, adjusted equity amounted to Euro 1 496 million as of 31 December 2015, compared with Euro 1 376 million as of 30 September 2015. As a percentage of the adjusted total assets of Euro 4 690 million (30 September 2015: Euro 4 073 million), the adjusted equity ratio amounted to 31.9 % as of 31 December 2015 as against 33.8 % as of 30 September 2015.

Investments

Of the total investments made by the MVV Energie Group in the 1st quarter of 2015/16, Euro 56 million (71 %) related to growth investments, while a sum of Euro 23 million (29 %) was channelled into investments in our existing business, i.e. into modernising our plants and grids.

Investments of the MVV Energie Group 1st quarter, 1 October to 31 December

Euro million	2015/16	2014/15	% change
Generation and Infrastructure	67	172	– 61
Trading and Portfolio Management	—	12	– 100
Sales and Services	6	3	+ 100
Strategic Investments	1	1	0
Other Activities	5	3	+ 67
Total	79	191	– 59
of which growth investments	56	157	– 64
of which investments in existing business	23	34	– 32

Financial situation and cash flow

Due above all to the first-time inclusion of the Juwi subgroup, current and non-current financial debt increased to Euro 1 793 million, up Euro 190 million compared with 30 September 2015. Net financial debt (current and non-current financial debt less cash and cash equivalents) rose by Euro 140 million compared with the previous year's balance sheet date to Euro 1 480 million as of 31 December 2015.

The **CASH FLOW BEFORE WORKING CAPITAL AND TAXES** rose year-on-year by Euro 32 million to Euro 132 million in the 1st quarter of 2015/16. The **CASH FLOW FROM OPERATING ACTIVITIES** fell by Euro 9 million in the 1st quarter of the previous year to Euro –21 million in the 1st quarter of 2015/16. The **CASH FLOW FROM INVESTING ACTIVITIES** improved in the quarter under report by Euro 95 million to Euro –70 million. The **CASH FLOW FROM FINANCING ACTIVITIES** increased year-on-year from Euro –43 million to Euro 24 million in the 1st quarter of 2015/16. Further information about the cash flow statement can be found in the Notes to Interim Consolidated Financial Statements ► on Page 20.

The MVV Energie Group reported cash and cash equivalents of Euro 313 million as of 31 December 2015 (previous year: Euro 164 million). This increase was principally due to the first-time inclusion of the Juwi subgroup.

NON-FINANCIAL PERFORMANCE INDICATORS

Employees

The marked growth in the Group's workforce is chiefly due to the first-time inclusion of the Juwi subgroup. Compared with the end of the 2014/15 financial year (30 September 2015), the total number of employees at the MVV Energie Group grew by 960.

Outside Germany, our Group had a total of 871 employees as of 31 December 2015, of which 555 at the Czech subgroup, 237 at the foreign subsidiaries of Juwi AG and 66 at the British subsidiary of our environmental energy (Umwelt) subgroup. Via a subsidiary of Windwärts Energie GmbH, we have 13 employees in France.

Personnel figures (headcount) at balance sheet date on 31 December			
	2015/16	2014/15	+/- change
MVV Energie AG	1 368	1 402	-34
Fully consolidated shareholdings ¹	4 900	3 831	+1 069
MVV Energie Group^{1,2}	6 268	5 233	+ 1 035
of which in Germany	5 397	4 606	+791
of which abroad	871	627	+244

¹ correction in previous year's figure
² including 349 trainees (previous year: 341)

Technology and Innovation

Smart heating energy concepts using green electricity

How can green electricity be used for decentralised heating energy generation? That is what the European innovation project RealValue, in which MVV Energie is participating with its joint venture Beegy, is addressing. The project, which is due to run from the beginning of 2016 through to mid-2018, mainly involves practical trials with 400 households in Mannheim that will be equipped with smart storage heating systems. Via an internet platform, these are connected to the energy market and are controlled in line with current wind and solar power generation volumes. These modern heating appliances offer participants numerous benefits – their enhanced technology increases heating comfort, while also reducing electricity consumption. An accompanying scientific study will also clarify what requirements the participants have in smart storage heating systems and in the energy markets.

Good market opportunities for fuel cell heating appliances

In a practical trial, MVV Energie installed and operated fuel cell heating appliances in Mannheim and the Rhine/Neckar metropolitan region. The technology clearly convinced several participants in the "Callux – Practical Trials for House Fuel Cell" project – they have already bought a fuel cell to enable them to continue generating and using environmentally-friendly electricity and heating energy in their homes themselves. A market study shows that overall demand for these natural gas-powered appliances is high. Half of those surveyed are considering acquiring a fuel cell heating appliance. Tradespeople also assess the new technology as having good market chances. The project was launched in September 2008 and is set to run until mid-2016. It has been financed by the Federal Ministry of Transport and Digital Infrastructure and within the "Heating Energy Turnaround in the Boiler Room" project of the Baden-Württemberg Ministry of the Environment.

Pilot project for smart integration of energy plants

The ways in which decentralised energy systems can be optimally coordinated in terms of their operations is to be investigated and tested in the "Living Lab Walldorf" project. To this end, heat pumps, photovoltaics systems, combined heat and power units and electricity storage facilities that are integrated with smart technology will be installed in around 40 households and commercial businesses in Walldorf in Baden-Württemberg. These pilot buildings will form a community of electricity producers and electricity consumers whose roles will change dynamically. Based on self-learning software, a smart energy management system will control the efficient exchange of electricity, thus giving rise to a decentralised network that optimally integrates regenerative energies and puts them to use on location whenever possible. The district energy system will be supplemented by an electricity storage facility with capacity of 100 kWh.

Alongside MVV Energie, the partners in the project, which began on 1 December 2015, include Beegy GmbH, Stadtwerke Walldorf and the Karlsruhe Institute of Technology. Within its BWPLUS programme, the Baden-Württemberg Ministry of the Environment is promoting the project with around one million euros over three years.

EVENTS AFTER BALANCE SHEET DATE

No relevant events have occurred since the balance sheet date on 31 December 2015.

OUTLOOK

German economy maintains upward trend

Experts at the German Institute of Economic Research (DIW) expect German gross domestic product (GDP) to grow by 1.7 % in 2016. This growth should be driven by private consumer spending in particular.

Expected sales performance

From a current perspective and assuming normal weather conditions, we expect the **SALES (EXCLUDING ENERGY TAXES)** of the MVV Energie Group in the 2015/16 financial year to rise sharply compared with the previous year (Euro 3.4 billion) and to exceed Euro 4.0 billion. We expect strong sales growth in particular from the expansion in the renewable energies project development business field. This factor will be supplemented by sales contributions from our new generation plants in the UK and the two additional biomethane plants in Saxony-Anhalt.

Expected earnings performance

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

Earnings in the **TRADING AND PORTFOLIO MANAGEMENT** reporting segment will be affected above all by the development in wholesale electricity market prices and the clean dark spread (CDS). The CDS is at a low level and there are currently no signs of any recovery. As already explained under Earnings Performance ► *on Page 7*, low water levels on the Rhine led to higher coal procurement expenses in the 1st quarter of 2015/16. We are countering this factor with generation-side measures. Here, we still expect to achieve adjusted EBIT at the previous year's level.

Due to a positive one-off item in the previous year, the mild weather conditions to date and the great intensity of competition, we expect to see a substantial reduction in earnings in the **SALES AND SERVICES** reporting segment.

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

Planned investments

Based on the information currently available, we will be investing around Euro 300 million in the 2015/16 financial year. Of this total, around 150 million will be channelled into growth investments and our existing business respectively. Decisions have already been taken for around half of the growth investments.

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

OPPORTUNITY AND RISK REPORT

We described our opportunity and risk management system and the risk categories and risks relevant to our business in detail in the Opportunity and Risk Report in our 2014/15 Annual Report ► *from Page 95 onwards*.

Opportunity and risk situation in 1st quarter of 2015/16

The overall risk situation of the MVV Energie Group at the end of the 1st quarter of 2015/16 was similar to that as of 30 September 2015. There were no changes in the risk categories in the quarter under report.

Our business performance is generally affected by weather conditions, as these influence our heating energy and gas turnover in the heating period in particular. It was slightly warmer overall in the 1st quarter of 2015/16 than in the previous year and also milder than assumed in our planning. Consistent with expectations, both wholesale electricity prices and the margin achieved from conventional electricity generation (clean dark spread) remained low while competitive pressure in the electricity and gas markets was persistently high. Potential risks also result from the renewable energies project development business field. Annual earnings could be negatively affected by missing or delayed building and operating permits, as well as by volume and price fluctuations.

The Executive Board continues to assess the overall opportunity and risk situation as balanced. From a current perspective, there are no indications of any risks that could threaten the company's continued existence in the course of the 2015/16 financial year or beyond.

INCOME STATEMENT

from 1 October 2015 to 31 December 2015

Income statement of the MVV Energie Group

Euro 000s	1 Oct 2015 to 31 Dec 2015	1 Oct 2014 to 31 Dec 2014	Notes
Sales	982 718	990 761	
less electricity and natural gas taxes	43 087	49 979	
Sales less electricity and natural gas taxes	939 631	940 782	1
Changes in inventories	2 974	-894	
Own work capitalised	4 228	2 903	
Other operating income	265 332	111 525	2
Cost of materials	730 029	738 293	
Employee benefit expenses	88 059	87 667	
Other operating expenses	293 342	139 150	2
Income from companies recognised at equity	21 965	5 103	3
Other income from shareholdings	1 910	167	
EBITDA	124 610	94 476	
Depreciation	43 392	38 274	
EBITA	81 218	56 202	
EBIT	81 218	56 202	
of which result of IAS 39 derivative measurement	-20 678	-5 778	
of which EBIT before result of IAS 39 derivative measurement	101 896	61 980	
Financing income	1 689	13 510	4
Financing expenses	14 392	21 673	4
EBT	68 515	48 039	
Taxes on income	19 773	13 963	5
Net income for period	48 742	34 076	
of which non-controlling interests	9 051	3 727	
of which earnings attributable to MVV Energie AG shareholders (net income for period after minority interests)	39 691	30 349	
Basic and diluted earnings per share (Euro)	0.60	0.46	6

STATEMENT OF COMPREHENSIVE INCOME

from 1 October 2015 to 31 December 2015

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

Euro 000s	1 Oct 2015 to 31 Dec 2015	1 Oct 2014 to 31 Dec 2014
Net income for period	48 742	34 076
Cash flow hedges	531	-275
Currency translation differences	22 061	-717
Reclassifiable share of companies recognised at equity	-60	—
Items that may be subsequently reclassified to profit or loss	22 532	-992
Actuarial gains and losses	45	—
Items that will not be reclassified to profit or loss	45	—
Total comprehensive income	71 319	33 084
Non-controlling interests	8 587	4 461
Total comprehensive income attributable to MVV Energie AG shareholders	62 732	28 623

BALANCE SHEET

at 31 December 2015

Balance sheet of the MVV Energie Group

Euro 000s	31 Dec 2015	30 Sep 2015	Notes
Assets			
Non-current assets			
Intangible assets	351 468	226 885	
Property, plant and equipment	2 646 362	2 531 407	
Investment property	3 789	—	
Interests in companies recognised at equity	205 427	346 667	
Other financial assets	65 565	62 108	
Other receivables and assets	186 919	325 722	7
Deferred tax assets	47 661	20 300	8
	3 507 191	3 513 089	
Current assets			
Inventories	314 237	74 003	9
Trade receivables	527 182	367 406	10
Other receivables and assets	755 806	314 067	7
Tax receivables	14 694	13 315	
Securities	393	601	
Cash and cash equivalents	313 237	262 710	11
Assets held for sale	41 278	38 789	12
	1 966 827	1 070 891	
	5 474 018	4 583 980	
Equity and liabilities			
Equity			
Share capital	168 721	168 721	
Capital reserve	455 241	455 241	
Accumulated net income	633 477	593 776	13
Accumulated other comprehensive income	–85 730	–106 849	
Capital of the MVV Energie Group	1 171 709	1 110 889	
Non-controlling interests	248 269	203 437	
	1 419 978	1 314 326	
Non-current debt			
Provisions	179 592	168 434	
Tax provisions	3 110	2 969	
Financial debt	1 539 562	1 382 912	14
Other liabilities	380 055	536 008	15
Deferred tax liabilities	138 973	120 766	8
	2 241 292	2 211 089	
Current debt			
Other provisions	149 443	101 459	
Tax provisions	41 955	25 162	
Financial debt	253 818	220 452	14
Trade payables	446 599	386 455	
Other liabilities	914 945	321 435	15
Tax liabilities	2 027	303	
Liabilities held for sale	3 961	3 299	12
	1 812 748	1 058 565	
	5 474 018	4 583 980	

STATEMENT OF CHANGES IN EQUITY

from 1 October 2015 to 31 December 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	Accumulated other comprehensive income					
				Currency translation differences	Fair value measurement of financial instruments	Actuarial gains and losses			
Balance at 1 Oct 2014	168 721	455 241	578 979	3 184	-39 796	-36 985	1 129 344	206 291	1 335 635
Other income and expenses recognised in equity	—	—	—	-667	-1 059	—	-1 726	734	-992
Result of business operations	—	—	30 349	—	—	—	30 349	3 727	34 076
Total comprehensive income	—	—	30 349	-667	-1 059	—	28 623	4 461	33 084
Dividends paid	—	—	—	—	—	—	—	-6 879	-6 879
Capital increase/reduction at subsidiaries	—	—	—	—	—	—	—	1 875	1 875
Change in scope of consolidation	—	—	2 731	—	-987	—	1 744	-1 135	609
Balance at 31 Dec 2014	168 721	455 241	612 059	2 517	-41 842	-36 985	1 159 711	204 613	1 364 324
Balance at 1 Oct 2015	168 721	455 241	593 776	-242	-47 975	-58 632	1 110 889	203 437	1 314 326
Other income and expenses recognised in equity	—	—	—	21 967	1 029	45	23 041	-464	22 577
Result of business operations	—	—	39 691	—	—	—	39 691	9 051	48 742
Total comprehensive income	—	—	39 691	21 967	1 029	45	62 732	8 587	71 319
Dividends paid	—	—	—	—	—	—	—	-11 179	-11 179
Capital increase/reduction at subsidiaries	—	—	—	—	—	—	—	1 367	1 367
Change in scope of consolidation	—	—	10	-2 041	111	8	-1 912	46 057	44 145
Balance at 31 Dec 2015	168 721	455 241	633 477	19 684	-46 835	-58 579	1 171 709	248 269	1 419 978

CASH FLOW STATEMENT

from 1 October 2015 to 31 December 2015

Cash flow statement of the MVV Energie Group

Euro 000s	1 Oct 2015 to 31 Dec 2015	1 Oct 2014 to 31 Dec 2014
Net income for period before taxes on income	68 515	48 039
Amortisation of intangible assets, depreciation of property, plant and equipment and investment property	43 392	38 274
Financial result	12 702	8 163
Interest received	1 076	1 269
Change in non-current provisions	2 167	2 673
Other non-cash income and expenses	7 123	4 124
Result of disposal of non-current assets	-2 590	-2 331
Cash flow before working capital and taxes	132 385	100 211
Change in other assets	-619 710	-478 366
Change in other liabilities	504 296	415 748
Change in current provisions	-27 009	-22 660
Income taxes paid	-10 565	-6 029
Cash flow from operating activities	-20 603	8 904
Payments for investments in intangible assets, property, plant and equipment and investment property	-75 855	-73 508
Proceeds from disposals of intangible assets, property, plant and equipment and investment property	4 243	21 317
Proceeds from subsidy payments	5 251	7 506
Proceeds from sale of other financial assets	1 797	581
Payments for acquisition of fully consolidated companies and other business units	—	-16 256
Payments for other financial assets	-5 033	-104 113
Cash flow from investing activities	-69 597	-164 473
Proceeds from taking up of loans	78 692	47 524
Payments for redemption of loans	-30 491	-71 941
Dividends paid to non-controlling interests	-11 179	-6 879
Change due to changes in capital at minority shareholders	1 280	740
Interest paid	-14 233	-12 804
Cash flow from financing activities	24 069	-43 360
Cash-effective changes in cash and cash equivalents	-66 131	-198 929
Change in cash and cash equivalents due to currency translation	606	-393
Change in cash and cash equivalents due to changes in scope of consolidation	116 052	-7 413
Cash and cash equivalents at 1 October 2015 (2014)	262 710	370 694
Cash and cash equivalents at 31 December 2015 (2014)	313 237	163 959
of which cash and cash equivalents at 31 December 2015 (2014) with restraints on disposal	1 255	4 241
Cash flow – aggregate presentation		
Cash and cash equivalents at 1 October 2015 (2014)	262 710	370 694
Cash flow from operating activities	-20 603	8 904
Cash flow from investing activities	-69 597	-164 473
Cash flow from financing activities	24 069	-43 360
Change in cash and cash equivalents due to currency translation	606	-393
Change in cash and cash equivalents due to changes in scope of consolidation	116 052	-7 413
Cash and cash equivalents at 31 December 2015 (2014)	313 237	163 959

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

from 1 October 2015 to 31 December 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 generator, distributor and service provider in its reporting segments of Generation and Infrastructure, Trading and Portfolio Management, Sales and Services, Strategic Investments and Other Activities.

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

Accounting policies

The condensed interim consolidated financial statements for the period from 1 October 2015 to 31 December 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 2015. No application has been made of published standards and interpretations not yet requiring mandatory application.

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

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

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

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

Due to the amendment to IFRS 8 within the 2010–12 Improvement Project the note disclosures on segment reporting have been extended to include an assessment of the criteria referred to for business segment aggregation.

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

Changes in scope of consolidation

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

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

Scope of consolidation	Companies fully consolidated	Companies recognised at equity
1 Oct 2015	89	19
Additions	82	13
Disposals	1	1
31 Dec 2015	170	31

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

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

Mainnetz GmbH, Offenbach am Main, a company whose future business activities will involve acquiring, maintaining, expanding and operating the electricity distribution grid in specific urban districts, has been fully consolidated as of the 1st quarter of 2015/16. The company was founded by Energieversorgung Offenbach AG, Offenbach.

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

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

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

Identifiable assets and liabilities

	Juwi subgroup, Wörrstadt
Euro 000s	Carrying amount
Intangible assets	27 751
Property, plant and equipment	62 285
Financial assets	24 616
Investment property	3 789
Inventories	230 849
Trade receivables	108 785
Other receivables	25 947
Cash and cash equivalents	116 024
Assets held for sale	2 338
Deferred tax assets	20 152
Provisions	86 749
Trade payables	68 479
Financial debt	139 637
Other liabilities	191 040
Liabilities held for sale	280
Deferred tax liabilities	16 845
Fair value of net assets	119 506
Minority interests acquired	3 280
Share of net assets acquired	73 362
Goodwill	96 820

The measurement of the assets and liabilities taken over is of a preliminary nature as the purchase price allocations have not yet been completed. Due to time restrictions, the share of the income statement attributable to the Juwi subgroup for the period from 18 December 2015 to 31 December 2015 could not yet be included in the quarterly financial statements. The earnings contributions are nevertheless expected to be positive.

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 Dec 2015	30 Sep 2015	1 Oct 2015 to 31 Dec 2015	1 Oct 2014 to 31 Dec 2014
1 Euro				
Czech crowns (CZK)	27.023	27.023	27.057	27.630
British pounds (GBP)	0.734	0.734	0.722	0.789
US dollars (USD)	1.089	—	1.095	—
South African rand (ZAR)	16.953	—	15.557	—

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.

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 36 143 thousand (previous year: Euro 23 914 thousand).

2 Other operating income and other operating expenses

Other operating income

Euro 000s	1 Oct 2015 to 31 Dec 2015	1 Oct 2014 to 31 Dec 2014
Income from derivatives recognised under IAS 39	219 136	81 670
Income from emission rights	16 139	10 603
Income from sale of assets	3 388	2 403
Reversal of provisions	2 678	263
Reversal of impairments and receipts of retired receivables	2 386	1 976
Agency services and personnel supplies	1 645	1 513
Exchange rate gains	1 280	1 277
Other	18 680	11 820
	265 332	111 525

Other operating expenses

Euro 000s	1 Oct 2015 to 31 Dec 2015	1 Oct 2014 to 31 Dec 2014
Expenses for derivatives recognised under IAS 39	239 814	87 448
Expenses for emission rights	11 689	11 260
Contributions, fees and duties	7 308	6 964
Rental, leasehold and leasing	4 823	4 452
Expenses for maintenance, repairs and IT services	3 713	14 562
Additions to write-downs and receivable defaults	2 565	2 867
Exchange rate losses	1 120	841
Other	22 310	10 756
	293 342	139 150

The change in other operating income and other operating expenses is chiefly due to the recognition of derivatives measured under IAS 39. Commodity prices showed a more marked reduction in the 1st quarter of 2015/16 than in the comparative period in the previous year. The measurement of these items under IAS 39 resulted in a negative net effect of Euro 20 678 thousand in the 1st quarter of 2015/16 (previous year: negative effect of Euro 5 778 thousand).

3 Income from companies recognised at equity

The income of Euro 21 965 thousand from companies recognised at equity (previous year: Euro 5 103 thousand) is attributable to the subsequent measurement of joint ventures and companies over which the MVV Energie Group has significant influence.

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 2015 to 31 Dec 2015	1 Oct 2014 to 31 Dec 2014
Taxes on income	19 773	13 963
Effective tax rate in %	28.9	29.1

6 Earnings per share

Earnings attributable to MVV Energie AG shareholders and earnings per share

	1 Oct 2015 to 31 Dec 2015	1 Oct 2014 to 31 Dec 2014
Earnings attributable to MVV Energie AG shareholders (Euro 000s)	39 691	30 349
Number of shares in 000s (weighted average)	65 907	65 907
Earnings per share (Euro)	0.60	0.46

It was not necessary to account for any dilution effects.

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Notes to Balance Sheet

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7 Other receivables and assets

The increase in other receivables and assets compared with 30 September 2015 is principally due to the increased volumes of energy trading transactions recognised under IAS 39, and here for gas in particular, as well as to the higher volumes of receivables from security deposits for energy trading transactions. This effect was opposed by market price levels and the resultant reduction in the fair values of energy trading transactions recognised under IAS 39.

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 240 234 thousand compared with 30 September 2015. This increase was chiefly due to the first-time inclusion of the Juwi subgroup. Furthermore, this balance sheet item was also influenced by the increase in unfinished services at the renewable energies project development companies and by a higher volume of raw materials and supplies at the biomethane plants.

10 Trade receivables

Trade receivables rose significantly in the 1st quarter of 2015/16 due to the first-time inclusion of the Juwi subgroup in the MVV Energie Group. Excluding this one-off factor, the remaining increase corresponds to the customary seasonal course of business. The customer instalments received are insufficient to compensate in full for higher energy consumption during the winter months and thus lead to a seasonal increase in trade receivables.

11 Cash and cash equivalents

The increase in cash and cash equivalents results from the first-time inclusion of the Juwi subgroup.

12 Assets and liabilities held for sale

Given the intention to sell non-current assets, at the end of the 2014/15 financial year various non-current asset items and associated construction cost grants were classified as held for sale. The sales negotiations had not yet been completed at the end of the 1st quarter of 2015/16. Furthermore, in the 1st quarter of 2015/16 subsidiaries were identified whose assets and liabilities have been reclassified in accordance with IFRS 5.

13 Dividends paid

The Annual General Meeting on 4 March 2016 will decide on the proposal submitted by the Executive and Supervisory Boards of MVV Energie AG to distribute a dividend of Euro 0.90 per share, and thus unchanged on the previous year, for the 2014/15 financial year (total distribution: Euro 59 316 thousand).

14 Financial debt

Financial debt has risen by Euro 190 016 thousand compared with 30 September 2015. This increase chiefly results from the first-time inclusion of the Juwi subgroup. Furthermore, financial funds were taken up to finance investments.

15 Other liabilities

The rise in other liabilities is mainly due to the increase in the volume of energy trading transactions recognised under IAS 39, as well as to advance payments received for orders for projects still due to be realised on account of the first-time inclusion of the Juwi subgroup. This effect was opposed by market price levels and the resultant reduction in the fair values of energy trading transactions recognised under IAS 39.

16 Contingent liabilities

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

17 Segment report

Income statement of the MVV Energie Group by segment from 1 October 2015 to 31 December 2015

Euro 000s	External sales excluding energy taxes	Intercompany sales excluding energy taxes	Depreciation and amortisation	Adjusted EBIT
Generation and Infrastructure	126 381	174 224	32 429	83 416
Trading and Portfolio Management	230 329	185 282	72	-9 655
Sales and Services	552 297	73 855	4 412	17 243
Strategic Investments	29 791	1 183	2 641	8 690
Other Activities	833	6 390	3 838	3 537
Consolidation	—	-440 934	—	-3
	939 631	—	43 392	103 228

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

Euro 000s	External sales excluding energy taxes	Intercompany sales excluding energy taxes	Depreciation and amortisation	Adjusted EBIT
Generation and Infrastructure	106 549	165 237	27 897	40 346
Trading and Portfolio Management	230 360	236 023	72	-3 870
Sales and Services	573 306	87 561	3 889	17 041
Strategic Investments	29 370	452	2 622	8 481
Other Activities	1 197	6 450	3 794	1 717
Consolidation	—	-495 723	—	12
	940 782	—	38 274	63 727

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 energy industry value creation stages have been allocated to the reporting segments of Generation and Infrastructure, Trading and Portfolio Management, Sales and Services, Strategic Investments and Other Activities.

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

- The **GENERATION AND INFRASTRUCTURE** reporting segment comprises the conventional power plants, energy from waste plants and biomass power plants at the Mannheim, Stadtwerke Kiel, Energieversorgung Offenbach and MVV Umwelt subgroups. It also contains our waterworks, wind turbines and biomethane plants. Moreover, it comprises grid facilities for electricity, heating energy, gas and water and technical service units for the grid-based distribution of energy and water and thus allocated to the grids business field. Furthermore, this reporting segment includes the renewable energies project development business field, especially Juwi AG and Windwärts GmbH.

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

- The **TRADING AND PORTFOLIO MANAGEMENT** reporting segment includes energy procurement and portfolio management and the energy trading business at MVV Trading GmbH.

- The **SALES AND SERVICES** reporting segment includes the retail and secondary distribution business for electricity, heating energy, gas and water at the Mannheim, Stadtwerke Kiel and Energieversorgung Offenbach subgroups, the energy-related services business at the MVV Enamic and Energieversorgung Offenbach subgroups and the new ventures business field.

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

- The **STRATEGIC INVESTMENTS** reporting segment consists of the Köthen Energie and MVV Energie CZ subgroups and the at-equity result of the Stadtwerke Ingolstadt subgroup.
- The **OTHER ACTIVITIES** reporting segment consists in particular of the shared service companies and cross-divisional functions.
- Consolidation includes figures for transactions with other reporting segments that are eliminated for consolidation purposes.

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

Of segment sales with external customers, 96.2 % were generated in Germany (previous year: 97.5 %). The regional breakdown of sales is based on the geographical location of the respective companies.

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

The 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 2015 to 31 Dec 2015	1 Oct 2014 to 31 Dec 2014	+/- change
EBIT as per income statement	81 218	56 202	25 016
Financial derivative measurement items	20 678	5 778	14 900
Structural adjustment for part-time early retirement	606	984	-378
Interest income from finance leases	726	763	-37
Adjusted EBIT	103 228	63 727	39 501

18 Cash flow statement

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

The reduction in the cash flow from operating activities in the 1st quarter of 2015/16 was attributable in particular to the change in working capital.

The cash flow from investing activities showed a substantial year-on-year improvement. This was principally due to the considerably lower volume of payments for other financial assets and the acquisition of companies.

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

19 Related party disclosures

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

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

Related party disclosures

Euro 000s	Goods and services provided				Receivables		Liabilities	
	Income		Expenses		31 Dec 2015	30 Sep 2015	31 Dec 2015	30 Sep 2015
	1 Oct 2015 to 31 Dec 2015	1 Oct 2014 to 31 Dec 2014	1 Oct 2015 to 31 Dec 2015	1 Oct 2014 to 31 Dec 2014				
Abfallwirtschaft Mannheim	95	95	8	45	89	28	—	—
ABG Abfallbeseitigungsgesellschaft mbH	5	4	836	925	—	—	599	1 162
GBG Mannheimer Wohnungsbaugesellschaft mbH	382	513	15	32	1 169	929	—	25
m:con – mannheim:congress GmbH	962	932	102	102	7 011	6 513	—	—
MVV GmbH	12	22	—	150	1	—	—	—
MVV Verkehr GmbH	8	21	—	—	4	4	—	—
Rhein-Neckar-Verkehr GmbH	1 656	1 498	2	1	980	558	3 289	2 800
Stadtentwässerung Mannheim	339	658	59	107	44	7	23	13
City of Mannheim	3 135	3 847	5 504	5 615	156	1 259	6 827	7 635
Companies recognised at equity	35 429	29 350	75 209	67 836	31 155	22 728	47 192	53 802
Other related parties	3 676	2 367	276	553	4 060	865	371	642
	45 699	39 307	82 011	75 366	44 669	32 891	58 301	66 079

20 Events after balance sheet date

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

Mannheim, 10 February 2016

MVV Energie AG

Executive Board



Dr. Müller



Bekker



Klöpfer



Dr. Roll

RESPONSIBILITY STATEMENT

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

Mannheim, 10 February 2016

MVV Energie AG

Executive Board



Dr. Müller



Bekker



Klöpfer



Dr. Roll

FINANCIAL CALENDAR

- **12 February 2016**
Financial Information Update for 1st Quarter of 2015/16
- **4 March 2016**
Annual General Meeting
- **13 May 2016**
Financial Report for 1st Half of 2015/16
- **12 August 2016**
Financial Information Update for 1st Nine Months of 2015/16
- **13 December 2016**
Annual Financial Report 2015/16 (Annual Report)
- **13 December 2016**
Annual Results Press Conference and Analysts' Conference for 2015/16 Financial Year

The dates of analysts' conference calls to be held during the financial year will be announced in good time.

IMPRINT

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

www.mvv-investor.de

