



MVV ENERGIE
ENERGISING ▸ MY FUTURE

2015/16 Financial Year

FINANCIAL REPORT FIRST NINE MONTHS

KEY FIGURES from 1 October 2015 to 30 June 2016

Key figures of the MVV Energie Group

Euro million	1 Oct 2015 to 30 Jun 2016	1 Oct 2014 to 30 Jun 2015	% change
Sales and earnings			
Sales excluding energy taxes	3 033	2 643	+ 15
Adjusted EBITDA ¹	391	311	+ 26
Adjusted EBIT ¹	246	196	+ 26
Adjusted EBT ¹	198	169	+ 17
Adjusted net income for period ¹	142	120	+ 18
Adjusted net income for period after minority interests ¹	122	103	+ 18
Adjusted earnings per share ¹ (Euro)	1.86	1.56	+ 19
Cash flow			
Cash flow from operating activities	114	87	+ 31
Cash flow from operating activities per share (Euro)	1.74	1.32	+ 32
Capital structure			
Adjusted total assets (at 30 Jun 2016/30 Sep 2015) ²	4 570	4 073	+ 12
Adjusted equity (at 30 Jun 2016/30 Sep 2015) ²	1 508	1 376	+ 10
Adjusted equity ratio (at 30 Jun 2016/30 Sep 2015) ²	33.0 %	33.8 %	+ 2
Net financial debt (at 30 Jun 2016/30 Sep 2015)	1 412	1 341	+ 5
Investments			
Total investments	164	296	- 45
of which growth investments	96	218	- 56
of which investments in existing business	68	78	- 13
Employees			
Number of employees (headcount at 30 Jun 2016/30 Jun 2015)	6 109	5 208	+ 17
Full-time equivalents (at 30 Jun 2016/30 Jun 2015)	5 512	4 728	+ 17

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

2 excluding non-operating measurement items for financial derivatives

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BUSINESS MODEL

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

Organisation of the MVV Energie Group

We manage the MVV Energie Group in five segments on which we also base our external reporting. Business fields are allocated to the reporting segments. Further information about the reporting segments can be found in the Notes to Interim Consolidated Financial Statements ► *on Page 20.*

CORPORATE STRATEGY

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

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

BUSINESS FRAMEWORK

- **Energy Policy Changes**

- **German Electricity Market Act adopted**

The German Federal Parliament adopted the German Electricity Market Act on 23 June 2016. To enable this legislation to take effect as planned in autumn 2016, it must first pass the state aid approval assessment by the EU Commission. With the German Electricity Market Act, the federal government is introducing stronger market mechanisms to the electricity market. At the same time, it aims to ensure supply reliability with a range of measures including the creation of a capacity reserve.

However, several details of the legislative requirements that are nevertheless important for MVV Energie will only be stipulated further down the line in ordinances issued by the Federal Ministry of Economic Affairs and regulations issued by the Federal Network Agency and the Federal Cartel Office. Examples here include companies' information obligations towards the authorities and the specific structure of compensation for redispatch, i.e. for adjustments in electricity feed-in volumes from power plants by transmission grid operators.

- **Discussions for EEG Amendment completed**

The discussions surrounding the Amendment to the German Renewable Energies Act (EEG) were completed in the third quarter of our financial year. This legislation was adopted by the German Federal Parliament and Council on 8 July 2016. Subject to notification by the European Commission, the legislation will take effect as of 1 January 2017.

One fundamental change to the EEG legislation relates to the subsidy system, which is to be converted from fixed feed-in compensation to competitive tender processes. This is intended on the one hand to ensure that renewable energies are expanded in a cost-effective manner and on the other that the corridor set by the government for the addition of new capacities is complied with. The share of electricity generation attributable to renewable energies is set to reach 40 % to 45 % by 2025, subsequently rise to 55 % to 60 % by 2035 and then reach 80 % by 2050.

The tender volume for onshore wind power is set at 2 800 MW per annum for the period from 2017 to 2019 and at 2 900 MW per annum from 2020 onwards. These figures already include the repowering of older turbines. Due to grid bottlenecks, fewer onshore wind turbines are to be built in northern Germany in the medium term. The addition of new capacities there is limited to a mere 58 % of the average capacities added in the years from 2013 to 2015. The exact region affected by this requirement still has to be determined by the Federal Network Agency.

The offshore wind power expansion targets contained in the 2014 EEG amendment have been retained without amendment, with capacities of 6 GW and 15 GW targeted by 2020 and 2030 respectively. Corresponding tenders will be held from 2021 onwards.

For photovoltaics systems with electricity capacities of more than 750 kW, annual tender volumes will amount to 600 MW. Systems with lower capacities will continue to be subsidised under the 2014 EEG legislation.

An annual tender volume, in this case of 150 MW to 200 MW, is also foreseen for biomass plants with electricity capacities of more than 150 kW. Existing biomass plants may also participate in tender processes to receive ten-year follow-up subsidies. However, existing plants that use waste timber or waste pulp production liquors as fuels are excluded from participating in these tender processes.

- **EU notification of KWKG Act still outstanding**

The EU notification procedure for the German Combined Heat and Power Generation Act (KWKG), which formally took effect as of 1 January 2016, has not yet been concluded. It is unclear when the state aid assessment by the EU Commission will be completed. The subsidy assessment notices for CHP plants can only be granted once the necessary approval has been provided.

- **2050 Climate Protection Plan**

On 28 June 2016, the Federal Ministry for the Environment published the 2050 Climate Protection Plan. This is scheduled for cabinet approval in September 2016. Key points include:

- Energy generation must be almost completely CO₂-neutral at the latest by 2050. Until then, the generation of electricity from coal will gradually lose significance. No specific date for an exit from coal has been set.
- Modern natural gas power plants and existing latest-generation coal power plants are viewed as transitional technologies. This applies in particular for CHP plants aligned towards the electricity market.
- Due to the coupling of the "Electricity–Heating Energy–Transport" sectors, electricity consumption will be 200 TWh to 250 TWh higher than currently.

As well as targets to be reached by 2050, the Climate Protection Plan also sets out interim targets to be reached by 2030. These are to be achieved by means of individual measures. Among other aspects, the energy industry is also expected to make a suitable contribution towards the overall reduction target.

Amendment to German Energy and Electricity Tax Act initiated

On 26 April 2016, the Federal Ministry of Finance published a consultation draft concerning an amendment to the German Energy and Electricity Tax Act. This contains several proposals that we believe could have negative implications for the operation of energy industry generation plants. Among other aspects, it is questioned whether it should be possible to simultaneously receive an energy tax refund and to draw on a subsidy (e.g. CHP subsidy).

The Federal Ministry of Economic Affairs rejected the consultation draft in May and efforts are currently being made to reach a compromise. It is currently still unclear as to which specific requirements are to be amended in future. The legislation is due to be approved by the Federal Cabinet in autumn 2016 and then submitted to the Federal Parliament.

Federal Council approves German Energy Turnaround Digitisation Act

Following the approval granted by the Federal Council on 8 July 2016 to the German Energy Turnaround Digitisation Act already adopted by the Federal Parliament, we expect this legislation to take effect at the latest in autumn 2016. The Act chiefly stipulates technical and data protection requirements for smart metering systems. These are set to play a major role in the expansion of renewable energies and enable energy consumers to participate in the energy market. The new requirements distinguish between several rollout groups and grant companies discretion to determine their own individual company rollout strategies. The legislation also sets annual price caps for the installation of smart meters. The level of fixed price cap per rollout group is based on the respective annual consumption volume. Ignoring the request submitted by distribution grid operators, the legislation provides for aggregated individual data to be transferred from the smart metering systems to transmission grid operators. Distribution grid operators should nevertheless receive the data they need to perform their tasks.

Federal Council approves Amendment to German Incentive Regulation Ordinance (ARegV)

On 8 July 2016, the Federal Council also approved the Amendment to the German Incentive Regulation Ordinance (ARegV) on the condition that significant changes are made. This legislation could take effect before the end of summer 2016. The Ordinance still requires grid operators to reduce inefficiencies over the five-year term of a regulation period. Ignoring the request made by the industry, however, the transition regulation governing base effects has not been extended beyond the third regulation period. The Amendment provides for the introduction of a capital cost com-

parison. Investments should be refinanced immediately via grid utilisation fees, with the respective costs being compared annually rather than over the regulation period. In this respect, we welcome the fact that future investments will no longer involve any time lag and that the so-called best-of-four approach has been retained in the efficiency comparison.

Economic Climate

The following comments supplement the information on the economic climate in our 2014/15 Annual Report ► *from Page 74 onwards* and ► *on Page 4* of the Financial Report on the 1st Quarter of 2015/16 and ► *from Page 3 onwards* of the Financial Report for the 1st Half of 2015/16.

German economy shows stable growth

In the 4th quarter of 2015, German gross domestic product (GDP) grew by 0.3 % compared with the previous quarter. Experts at the German Institute for Economic Research (DIW) expect GDP to have grown by 0.5 % compared with the previous quarter in the 1st quarter of 2016 and by 0.3 % in the 2nd quarter of 2016. Information about the developments expected in 2016 can be found in the Outlook ► *on Page 10*.

German electricity generation at previous year's level

The Association of the German Energy and Water Industries (BDEW) assumes that gross electricity generation volumes in Germany amounted to 174.1 billion kWh in the 1st quarter of 2016 and thus approximately matched the previous year's level. Renewables accounted for a 29.1 % share of electricity generation volumes (1st quarter of 2015: 27.4 %).

The share of the overall German electricity mix attributable to onshore wind turbines amounted to 13.9 %, and thus remained unchanged on the previous year, while the share contributed by offshore wind turbines rose to 2.1 % (previous year: 0.5 %). Photovoltaics systems contributed 2.7 % (previous year: 3.0 %), while biomass, including biogenic municipal waste, accounted for 7.3 % (previous year: 7.1 %).

By contrast, there was a decline in the share of electricity generated at conventional and nuclear plants. Lignite power plants contributed 22.2 % (previous year: 23.3 %) and hard coal power plants accounted for 17.6 % (previous year: 18.8 %). Nuclear energy's share fell to 13.8 % (previous year: 14.7 %). Conversely, the share contributed by natural gas rose to 12.9 % (previous year: 11.2 %).

Further reduction in wholesale market prices for fuels and electricity

Overall, energy prices showed a year-on-year reduction in the first nine months of 2015/16 financial year. The price per barrel of Brent crude oil for supply in the following month (front month) fell sharply and was listed at an average of US\$ 42.38. It was thus US\$ 22.97 down on the price in the equivalent period in the previous year. The average natural gas price in the NetConnect Germany market region for supply in the following year fell by Euro 6.47/MWh to Euro 15.80/MWh in the period under report. The average coal price per tonne for supply in the following year fell year-on-year by US\$ 17.76 to US\$ 45.16. Emission right prices per tonne averaged Euro 6.61, a reduction of Euro 0.42 on the previous year. The average front-year electricity price fell year-on-year by Euro 7.40/MWh in the period under report and amounted to an average of Euro 25.48/MWh.

Impact of Weather Conditions

Weather conditions – especially in the winter months – are a factor of great significance for the business performance of the MVV Energie Group. Degree day figures are an indicator of temperature-based heating energy requirements. Low outdoor temperatures, which are accompanied by higher heating energy requirements at our customers, lead to higher degree day figures. As the winter was once again mild, the degree day figures of the MVV Energie Group for the first nine months of the 2015/16 financial year fell slightly short of the previous year's low level.

BUSINESS PERFORMANCE

Major Events

Over and above the developments already reported in our Financial Report on the 1st Quarter of 2015/16, no events of material significance for our business performance occurred in the period from 1 October 2015 to 30 June 2016.

Development in Turnover

Turnover at the MVV Energie Group
First nine months, 1 October to 30 June

	2015/16	2014/15	% change
Electricity turnover (kWh million)	15 475	16 012	-3
Heating energy turnover (kWh million)	5 943	6 079	-2
Gas turnover (kWh million) ¹	22 543	21 301	+6
Water turnover (million m ³)	30.7	33.7	-9

¹ previous year's figure adjusted

While the volume of electricity turnover in the Sales and Services and Generation and Infrastructure reporting segments increased, electricity trading volumes in the Trading and Portfolio Management reporting segment fell significantly short of the previous year's figure. Overall, this led to a reduction in our electricity turnover in the first nine months of 2015/16. The positive performance in our Generation and Infrastructure reporting segment was attributable to our two new UK generation plants and to higher electricity volumes at our wind turbines.

A decline in volumes in the Sales and Services reporting segment led to a reduction in our overall heating energy turnover.

The growth in our gas turnover was chiefly driven by higher gas trading volumes. This factor was supplemented by the increase in gas turnover at our four biomethane plants, of which two only launched operations in May and November 2015 respectively.

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

Earnings Performance

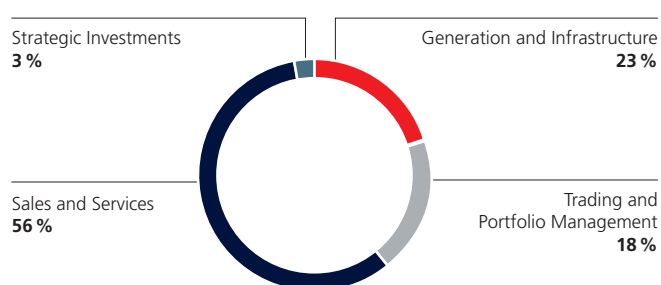
Sales performance

Sales at the MVV Energie Group excluding energy taxes First nine months, 1 October to 30 June

Euro million	2015/16	2014/15	% change
Generation and Infrastructure	696	338	>+100
Trading and Portfolio Management	542	550	-1
Sales and Services	1 707	1 668	+2
Strategic Investments	86	86	0
Other Activities	2	1	+100
Total	3 033	2 643	+15
of which electricity sales	1 504	1 471	+2
of which heating energy sales	310	326	-5
of which gas sales	590	547	+8
of which water sales	66	72	-8

Consolidated sales grew year-on-year by Euro 390 million. This growth was driven above all by the sales contributions received from the Juwi subgroup, our new UK generation plants, and the biomethane plants at which operations were newly launched in Saxony-Anhalt. These sales are presented in the Generation and Infrastructure reporting segment.

Sales at the MVV Energie Group excluding energy taxes by reporting segment, First nine months of 2015/16



Development in further key income statement items

COST OF MATERIALS increased to Euro 2 361 million, up Euro 308 million compared with the first nine months of 2014/15, and thus rose less sharply than sales.

At Euro 298 million, **ADJUSTED EMPLOYEE BENEFIT EXPENSES** were Euro 38 million higher in the period under report than in the previous year's period. This increase was chiefly due to the inclusion of the Juwi subgroup, which we have fully consolidated since 18 December 2015. Information about the development in personnel totals can be found on ► Page 9.

Excluding IAS 39 items, **OTHER OPERATING INCOME** increased year-on-year by Euro 23 million to Euro 85 million in the first nine months of 2015/16.

OTHER OPERATING EXPENSES, also excluding IAS 39 measurement items, rose to Euro 141 million, up Euro 20 million on the first nine months of the previous year.

In the income statement, the IAS 39 measurement items are included under other operating income and other operating expenses. As in the previous year, their net balance resulted in a positive measurement item of Euro 5 million. The IAS 39 items reflect the development in market prices on the commodities and energy markets. As of 30 June 2016, market prices were higher 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.

DEPRECIATION rose by Euro 30 million to Euro 145 million. This increase was due above all to the launch of operations at our new generation plants.

Reconciliation with adjusted EBIT

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

Reconciliation of EBIT (income statement) with adjusted EBIT First nine months, 1 October to 30 June

Euro million	2015/16	2014/15	+/-change
EBIT as reported in income statement	247	197	+50
Financial derivative measurement items (IAS 39)	-5	-5	0
Structural adjustment for part-time early retirement	+2	+2	0
Interest income from finance leases	+2	+2	0
Adjusted EBIT	246	196	+50

Earnings performance

Adjusted EBIT of the MVV Energie Group First nine months, 1 October to 30 June

Euro million	2015/16	2014/15	+/- change
Generation and Infrastructure	182	132	+ 50
Trading and Portfolio Management	- 17	- 14	- 3
Sales and Services	44	46	- 2
Strategic Investments	26	26	0
Other Activities	11	6	+ 5
	246	196	+ 50

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

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

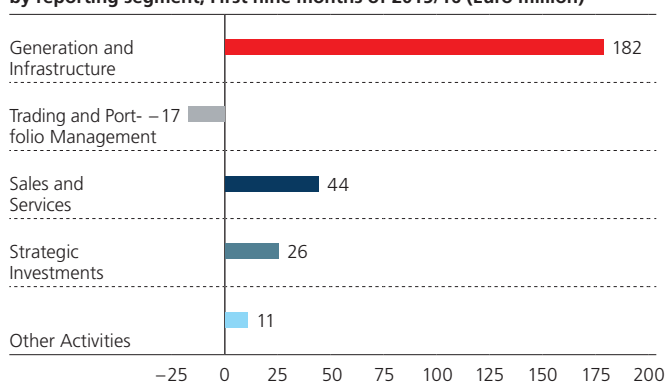
In the first half of the current financial year, non-period, one-off items and new business in the energy-related services business resulted in a positive earnings performance in the Sales and Services reporting segment. Overall, the highly intense competitive climate has left its mark on earnings in this segment. This led to a year-on-year decrease in adjusted EBIT in the first nine months of 2015/16 as a whole.

The **ADJUSTED FINANCIAL RESULT** deteriorated year-on-year to Euro -48 million in the period under report (previous year: Euro -27 million). This development was chiefly due to an increased interest charge; due to the completion of the two new UK generation plants, the relevant borrowing costs can no longer be capitalised.

Net of the adjusted financial result, **ADJUSTED EBT** amounted to Euro 198 million in the first nine months of 2015/16 (previous year: Euro 169 million). For the 2015/16 financial year as a whole we expect a tax rate of 28.0 % (previous year: 29.2 %). Adjusted taxes on income came to Euro 56 million (previous year: Euro 49 million). Net of these taxes, **ADJUSTED NET INCOME FOR THE PERIOD** amounted to Euro 142 million in the period under report (previous year: Euro 120 million).

The MVV Energie Group reported **ADJUSTED NET INCOME FOR THE PERIOD AFTER MINORITY INTERESTS** of Euro 122 million for the first nine months of 2015/16 (previous year: Euro 103 million). Calculated on this basis, **ADJUSTED EARNINGS PER SHARE** amounted to Euro 1.86 (previous year: Euro 1.56). At 65.9 million, the number of shares was unchanged on the previous year. An overview of the adjusted key figures can be found in the Key Figures Table ► on Page 1.

Adjusted EBIT of the MVV Energie Group by reporting segment, First nine months of 2015/16 (Euro million)



Net Asset and Financial Position

At Euro 5 229 million, the **TOTAL ASSETS** of the MVV Energie Group as of 30 June 2016 were Euro 645 million higher than the figure as of 30 September 2015. This increase was mainly due to the first-time full consolidation of the Juwi subgroup.

NON-CURRENT ASSETS rose to Euro 3 517 million, up Euro 4 million compared with 30 September 2015. Intangible assets increased by Euro 125 million to Euro 352 million, while property, plant and equipment grew by Euro 18 million to Euro 2 549 million, with this increase being chiefly due to the full consolidation of the Juwi subgroup. By contrast, interests in companies recognised at equity decreased by Euro 158 million to Euro 189 million.

Compared with 30 September 2015, **CURRENT ASSETS** rose by Euro 641 million to Euro 1 712 million. This increase was due on the one hand to the full consolidation of the Juwi subgroup. On the other hand, there were also increases in the traded volumes of energy trading transactions recognised under IAS 39 and in the receivables from security deposits made in the context of energy trading transactions.

The **EQUITY** of the MVV Energie Group, including non-controlling interests, rose to Euro 1 453 million, up Euro 139 million on 30 September 2015.

Compared with 30 September 2015, **NON-CURRENT DEBT** fell by Euro 85 million to Euro 2 126 million.

Due above all to the full consolidation of the Juwi subgroup, **CURRENT DEBT** rose by Euro 591 million to Euro 1 650 million.

For group management purposes, we adjust our consolidated balance sheet to eliminate cumulative IAS 39 measurement items. We reduce the asset side by the positive fair values of derivatives and allocable deferred taxes, which amounted to Euro 659 million as of 30 June 2016 (30 September 2015: Euro 511 million). On the capital side, we eliminate negative fair values and allocable deferred taxes from liabilities. As of 30 June 2016, these amounted to Euro 714 million (30 September 2015: Euro 572 million). We eliminate the resultant net balance from equity. As of 30 June 2016, this totalled Euro –55 million (30 September 2015: Euro –61 million). Calculated on this adjusted basis, adjusted equity amounted to Euro 1 508 million as of 30 June 2016, compared with Euro 1 376 million as of 30 September 2015. As a percentage of the adjusted total assets of Euro 4 570 million (30 September 2015: Euro 4 073 million), the adjusted equity ratio amounted to 33.0 % as of 30 June 2016 as against 33.8 % as of 30 September 2015.

Investments

Of the total investments of Euro 164 million made by the MVV Energie Group in the first nine months of 2015/16, Euro 96 million (59 %) related to growth investments, while Euro 68 million (41 %) was channelled into investments in our existing business, i.e. into modernising our plants and grids.

Investments of the MVV Energie Group First nine months, 1 October to 30 June

Euro million	2015/16	2014/15	% change
Generation and Infrastructure	134	263	– 49
Trading and Portfolio Management	—	12	– 100
Sales and Services	14	11	+ 27
Strategic Investments	3	3	0
Other Activities	13	7	+ 86
Total	164	296	– 45
of which growth investments	96	218	– 56
of which investments in existing business	68	78	– 13

Financial situation and cash flow

Year-on-year, the **CASH FLOW BEFORE WORKING CAPITAL AND TAXES** rose by Euro 67 million to Euro 373 million. The **CASH FLOW FROM OPERATING ACTIVITIES** increased from Euro 87 million in the first nine months of the previous year to Euro 114 million in the first nine months of 2015/16. The **CASH FLOW FROM INVESTING ACTIVITIES** improved by Euro 168 million to Euro –89 million in the period under report. The **CASH FLOW FROM FINANCING ACTIVITIES** fell year-on-year from Euro 45 million to Euro –106 million in the first nine months of 2015/16. Further information about the cash flow statement can be found in the Notes to Interim Consolidated Financial Statements ► on Page 21.

Current and non-current financial debt rose to Euro 1 705 million, an increase of Euro 102 million compared with 30 September 2015. This increase was chiefly attributable to the first-time full consolidation of the Juwi subgroup.

The MVV Energie Group reported cash and cash equivalents of Euro 293 million as of 30 June 2016 (previous year: Euro 242 million). This increase too was principally due to the full consolidation of the Juwi subgroup.

Net financial debt (current and non-current financial debt less cash and cash equivalents) rose to Euro 1 412 million as of 30 June 2016, up Euro 71 million compared with the previous year's balance sheet date.

NON-FINANCIAL PERFORMANCE INDICATORS

Employees

The marked year-on-year increase in the number of employees is mainly due to the first-time full consolidation of our Juwi subgroup in the current 2015/16 financial year. Furthermore, there was a shift in employees away from MVV Energie AG towards our fully consolidated shareholdings. This was due to a new structure at our grid companies. Employees thus switched from technical departments at MVV Energie AG to Netrion GmbH.

Outside Germany, a total of 843 individuals worked for our Group as of 30 June 2016, of which 533 at the Czech subgroup, 231 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 30 June

	2015/16	2014/15	+/- change
MVV Energie AG	926	1 380	-454
Fully consolidated shareholdings	5 183	3 828	+ 1 355
MVV Energie Group¹	6 109	5 208	+ 901
of which in Germany	5 266	4 571	+ 695
of which abroad	843	637	+ 206

¹ including 280 trainees (previous year: 285)

Technology and Innovation

Successful practical trials with house fuel cell

Fuel cell heating appliances can help promote the energy and heating turnaround in the construction sector. After all, given their very high efficiency rates, they provide houses with an efficient, decentralised and clean supply of energy. After more than eight years, the largest set of nationwide practical trials with home fuel cells is now complete. The data gained from the Callux project supported by the Federal Ministry of Transport and Digital Infrastructure is now being evaluated.

MVV Energie also participated in the Callux project and successfully completed its practical trials at the end of June 2016. In this, we installed 27 fuel cell heating appliances at private customers in the Rhine/Neckar metropolitan region and worked together with manufacturers and customers to optimise their operation. Within the project, we managed to reduce acquisition costs by up to 60 % and even cut the cost of spare parts by up to 90 %. Not only that, we consistently enhanced the efficiency rates of the appliance generations tested, while CO₂ emissions at the buildings thereby supplied fell by up to 30 %. With the assistance of the Callux Box, a control unit developed within the project, MVV Energie was able to manage electricity production at the fuel cells in select households. Overall, the "Callux – Practical Trials for House Fuel Cell" project has played a key role in bringing fuel cells to the market maturity they have now attained when it comes to supplying houses with energy.

EVENTS AFTER BALANCE SHEET DATE

No relevant events have occurred since the balance sheet date on 30 June 2016.

OUTLOOK

German economy set to maintain upward trend

The German Institute for Economic Research (DIW) predicts that gross domestic product (GDP) in Germany will be supported by a robust domestic economy and grow by 1.7 % in 2016.

Expected sales performance

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

Expected earnings performance

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

Given the positive business performance in the first nine months – especially in the renewable energies project development business field – we are raising our earnings forecast for the 2015/16 financial year. From an operating perspective, we expect the MVV Energie Group to report adjusted EBIT of between Euro 210 million and Euro 215 million. Our previous forecast involved year-on-year earnings growth of around 15 %.

Planned investments

Based on the information currently available, we will be investing around Euro 250 million in the 2015/16 financial year. Of this total, around Euro 135 million will be channelled into growth investments and around Euro 115 million into our existing business.

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 our 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 acts as a paradigm for the smart implementation of the energy turnaround.

OPPORTUNITY AND RISK REPORT

We described our opportunity and risk management system and the risks that are relevant to our business in detail in the Opportunity and Risk Report in our 2014/15 Annual Report ► *from Page 95 onwards*. Reference is also made to our comments on opportunities and risks ► *on Page 10* of the Financial Report for the 1st Quarter of 2015/16 and ► *on Page 9* of the Financial Report for the 1st Half of 2015/16.

Opportunity and risk situation in first nine months of 2015/16

The further our financial year advances, the lower the potential fluctuations are in the annual earnings of the MVV Energie Group.

Our business performance is generally affected by weather conditions, which influence our heating energy and gas turnover in the heating period in particular (October to March). As in the previous year, weather conditions in this period were milder than we had assumed in our planning. Average temperatures were at the same level as in the previous year, but were nevertheless significantly higher than the ten-year average.

We are closely monitoring whether and how the decision taken by the British population to leave the European Union (“Brexit”) will affect our UK business. Any medium-term weakening in the British pound would reduce the earnings of the MVV Energie Group in euros. Implications are also conceivable in terms of interest rates, commodities, demand levels and the regulatory framework. Developments will depend on the specific structure of the exit agreement reached with the EU. We currently do not expect the Brexit decision to have any significant influence on the development in key waste and waste timber prices.

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 30 June 2016

Income statement of the MVV Energie Group					
Euro 000s	1 April 2016 to 30 June 2016	1 April 2015 to 30 June 2015	1 October 2015 to 30 June 2016	1 October 2014 to 30 June 2015	Notes
Sales	1 031 702	840 738	3 165 098	2 778 542	
less electricity and natural gas taxes	41 678	39 250	132 424	135 980	
Sales less electricity and natural gas taxes	990 024	801 488	3 032 674	2 642 562	1
Changes in inventories	17 860	6 658	-2 458	4 169	
Own work capitalised	5 123	3 680	14 023	10 464	
Other operating income	-256 815	64 095	262 513	120 376	4
Cost of materials	816 521	634 406	2 361 161	2 052 670	2
Employee benefit expenses	106 349	85 839	300 227	261 923	3
Other operating expenses	-273 059	81 391	312 524	174 197	4
Income from companies recognised at equity	29 697	9 070	53 851	21 753	5
Other income from shareholdings	3 258	522	5 126	689	
EBITDA	139 336	83 877	391 817	311 223	
Depreciation	58 586	37 942	145 184	114 498	6
EBIT	80 750	45 935	246 633	196 725	
of which result of IAS 39 derivative measurement	40 196	5 192	5 269	5 306	
of which EBIT before result of IAS 39 derivative measurement	40 554	40 743	241 364	191 419	
Financing income	3 509	470	7 586	10 299	7
Financing expenses	18 066	11 609	53 195	34 862	7
EBT	66 193	34 796	201 024	172 162	
Taxes on income	17 387	10 195	56 368	50 303	8
Net income for period	48 806	24 601	144 656	121 859	
of which non-controlling interests	2 165	865	19 720	13 922	
of which earnings attributable to MVV Energie AG shareholders (net income for period after minority interests)	46 641	23 736	124 936	107 937	
Basic and diluted earnings per share (Euro)	0.71	0.36	1.90	1.64	9

STATEMENT OF COMPREHENSIVE INCOME

from 1 October 2015 to 30 June 2016

Statement of income and expenses recognised in group equity of the MVV Energie Group				
Euro 000s	1 April 2016 to 30 June 2016	1 April 2015 to 30 June 2015	1 October 2015 to 30 June 2016	1 October 2014 to 30 June 2015
Net income for period	48 806	24 601	144 656	121 859
Cash flow hedges	17 244	10 326	1 470	1 574
Currency translation differences	-1 359	-2 437	17 885	-12 154
Reclassifiable share of companies recognised at equity	—	—	-60	—
Items that may be subsequently reclassified to profit or loss	15 885	7 889	19 295	-10 580
Actuarial gains and losses	5	1	9	8
Non-reclassifiable share of companies recognised at equity	4 166	-21 963	4 166	-21 963
Items that will not be reclassified to profit or loss	4 171	-21 962	4 175	-21 955
Total comprehensive income	68 867	10 529	168 126	89 324
Non-controlling interests	6 632	1 988	21 614	15 883
Total comprehensive income attributable to MVV Energie AG shareholders	62 235	8 541	146 512	73 441

BALANCE SHEET

at 30 June 2016

Balance sheet of the MVV Energie Group

Euro 000s	30 June 2016	30 September 2015	Notes
Assets			
Non-current assets			
Intangible assets	352 191	226 885	
Property, plant and equipment	2 549 032	2 531 407	
Investment property	3 715	—	
Interests in companies recognised at equity	189 114	346 667	
Other financial assets	65 191	62 108	
Other receivables and assets	304 815	325 722	10
Deferred tax assets	52 704	20 300	11
	3 516 762	3 513 089	
Current assets			
Inventories	323 336	74 003	12
Trade receivables	589 040	367 406	13
Other receivables and assets	469 650	314 067	10
Tax receivables	4 944	13 315	
Securities	107	601	
Cash and cash equivalents	293 433	262 710	14
Assets held for sale	31 473	38 789	15
	1 711 983	1 070 891	
	5 228 745	4 583 980	
Equity and liabilities			
Equity			
Share capital	168 721	168 721	
Capital reserve	455 241	455 241	
Accumulated net income	659 371	593 776	16
Accumulated other comprehensive income	– 87 195	– 106 849	
Capital of the MVV Energie Group	1 196 138	1 110 889	
Non-controlling interests	257 077	203 437	
	1 453 215	1 314 326	
Non-current debt			
Provisions	184 907	168 434	
Tax provisions	3 115	2 969	
Financial debt	1 308 853	1 382 912	17
Other liabilities	483 668	536 008	18
Deferred tax liabilities	145 106	120 766	11
	2 125 649	2 211 089	
Current debt			
Other provisions	133 885	101 459	
Tax provisions	48 493	25 162	
Financial debt	396 394	220 452	17
Trade payables	396 827	386 455	
Other liabilities	670 933	321 435	18
Tax liabilities	3 348	303	
Liabilities held for sale	1	3 299	15
	1 649 881	1 058 565	
	5 228 745	4 583 980	

STATEMENT OF CHANGES IN EQUITY

from 1 October 2015 to 30 June 2016

Statement of changes in equity of the MVV Energie Group

Euro 000s	Equity contributed		Equity generated				Capital of MVV Energie Group	Non-controlling interests	Total capital
	Share capital of MVV Energie AG	Capital reserve of MVV Energie AG	Accumulated net income	Accumulated other comprehensive income					
				Currency translation differences	Fair value measurement of financial instruments	Actuarial gains and losses			
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	—	—	—	-12 208	-333	-21 955	-34 496	1 961	-32 535
Result of business operations	—	—	107 937	—	—	—	107 937	13 922	121 859
Total comprehensive income	—	—	107 937	-12 208	-333	-21 955	73 441	15 883	89 324
Dividends paid	—	—	-59 316	—	—	—	-59 316	-15 343	-74 659
Capital increase/reduction at subsidiaries	—	—	—	—	—	—	—	1 866	1 866
Change in scope of consolidation	—	—	2 210	—	-987	—	1 223	-1 130	93
Balance at 30 Jun 2015	168 721	455 241	629 810	-9 024	-41 116	-58 940	1 144 692	207 567	1 352 259
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	—	—	—	17 362	30	4 184	21 576	1 894	23 470
Result of business operations	—	—	124 936	—	—	—	124 936	19 720	144 656
Total comprehensive income	—	—	124 936	17 362	30	4 184	146 512	21 614	168 126
Dividends paid	—	—	-59 316	—	—	—	-59 316	-18 699	-78 015
Capital increase/reduction at subsidiaries	—	—	—	—	—	—	—	1 369	1 369
Change in scope of consolidation	—	—	-25	-2 041	111	8	-1 947	49 356	47 409
Balance at 30 Jun 2016	168 721	455 241	659 371	15 079	-47 834	-54 440	1 196 138	257 077	1 453 215

CASH FLOW STATEMENT

from 1 October 2015 to 30 June 2016

Cash flow statement of the MVV Energie Group¹

Euro 000s	1 Oct 2015 to 30 Jun 2016	1 Oct 2014 to 30 Jun 2015
Net income for period before taxes on income	201 024	172 162
Amortisation of intangible assets, depreciation of property, plant and equipment and investment property	145 181	114 498
Financial result	45 608	24 563
Interest received	4 725	3 906
Change in non-current provisions	7 474	8 217
Other non-cash income and expenses	– 18 189	– 16 358
Result of disposal of non-current assets	– 13 231	– 588
Cash flow before working capital and taxes	372 592	306 400
Change in other assets	– 253 138	– 404 205
Change in other liabilities	66 284	242 404
Change in current provisions	– 41 911	– 30 488
Income taxes paid	– 29 473	– 26 791
Cash flow from operating activities	114 354	87 320
Payments for investments in intangible assets, property, plant and equipment and investment property	– 155 716	– 171 569
Proceeds from disposals of intangible assets, property, plant and equipment and investment property	52 322	19 186
Proceeds from subsidy payments	21 058	20 003
Proceeds from sale of fully consolidated companies	1 187	—
Proceeds from sale of other financial assets	16 642	1 771
Payments for acquisition of fully consolidated companies and other business units	—	– 19 256
Payments for other financial assets	– 24 638	– 107 092
Cash flow from investing activities	– 89 145	– 256 957
Proceeds from taking up of loans	148 417	321 322
Payments for redemption of loans	– 132 569	– 162 120
Dividends paid	– 59 316	– 59 316
Dividends paid to non-controlling interests	– 18 699	– 15 343
Change due to changes in capital at minority shareholders	1 317	2 142
Interest paid	– 44 979	– 41 311
Cash flow from financing activities	– 105 829	45 374
Cash-effective changes in cash and cash equivalents	– 80 620	– 124 263
Change in cash and cash equivalents due to currency translation	– 2 875	2 635
Change in cash and cash equivalents due to changes in scope of consolidation	114 218	– 7 268
Cash and cash equivalents at 1 October 2015 (2014)	262 710	370 695
Cash and cash equivalents at 30 June 2016 (2015)	293 433	241 799
of which cash and cash equivalents at 30 June 2016 (2015) with restraints on disposal	1 248	4 235
Cash flow – aggregate presentation		
Cash and cash equivalents at 1 October 2015 (2014)	262 710	370 695
Cash flow from operating activities	114 354	87 320
Cash flow from investing activities	– 89 145	– 256 957
Cash flow from financing activities	– 105 829	45 374
Change in cash and cash equivalents due to currency translation	– 2 875	2 635
Change in cash and cash equivalents due to changes in scope of consolidation	114 218	– 7 268
Cash and cash equivalents at 30 June 2016 (2015)	293 433	241 799

¹ Further details about cash flow statement can be found in Note 21

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

from 1 October 2015 to 30 June 2016

Information about the company

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

These condensed interim consolidated financial statements were prepared by the Executive Board on 9 August 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 30 June 2016 have been prepared in accordance with IFRS accounting requirements as adopted by the EU, and in particular with IAS 34 "Interim Financial Reporting". These interim consolidated financial statements do not include all notes and disclosures required of a complete set of annual financial statements and should therefore be read in conjunction with the consolidated financial statements as of 30 September 2015. No application has been made of published standards and interpretations not yet requiring mandatory application.

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

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

Applicable standards and interpretations	EU endorsement	Application date 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

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

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

Changes in scope of consolidation

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

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

Scope of consolidation		
	Companies fully consolidated	Companies recognised at equity
1 Oct 2015	89	19
Additions	86	19
Disposals	7	1
30 Jun 2016	168	37

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. Object of this company is the ownership and management of shareholdings that operate wind and solar parks. The extensive special rights enjoyed by Windwärts Energie GmbH result in significant influence and thus in the company's classification as an associate. The purchase price was settled from liquid funds.

Windpark Düste GmbH & Co. KG, Hanover, was founded and fully consolidated as a further shareholding of Windwärts Energie GmbH in the 3rd quarter of 2015/16. This company has the implementation of further projects as its object.

Mainnetz GmbH, Offenbach am Main, has been fully consolidated since the 1st quarter of 2015/16. The company was founded by Energieversorgung Offenbach AG, Offenbach am Main. Following the sale of 74.9 % of the shares to MAINGAU Energie GmbH, Obertshausen, in the 2nd quarter of 2015/16, the company has been consolidated as a grid operation joint venture using the equity method.

MVV Energiedienstleistungen Regional Verwaltungs GmbH, Mannheim, was merged into the fully consolidated company MVV decon GmbH, Mannheim, in the 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.

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

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

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

The Juwi subgroup, in which MVV Alpha fünfzehn GmbH, 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 increased the scope of consolidation of the MVV Energie Group in the 1st quarter of 2015/16 by 81 fully consolidated companies and by 12 companies consolidated using the equity method. The Juwi subgroup was previously consolidated as a joint venture using the equity method.

Due to the discontinuation of activities in the Czech Republic, the fully consolidated Czech subsidiary Juwi s.r.o., Liberec, was sold in the 2nd quarter of 2015/16. This resulted in income of Euro 660 thousand at the Group.

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

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

The two companies Infrastruktur Amöneburg-Roßdorf GmbH & Co. KG, Wörrstadt, and Infrastruktur Obere Kyll GmbH & Co. KG, Wörrstadt, both subsidiaries of Juwi Gründungskommanditist Germany GmbH, Wörrstadt, and both previously classified as reserve companies, became material upon the start of construction work on the infrastructure facilities. For this reason, the two companies were fully consolidated in the MVV Energie Group from the 2nd and 3rd quarters of 2015/16 respectively.

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

The companies Rockenhausen Windenergie-Projektentwicklungs GmbH, Rockenhausen, and Windpark Rothenborn GmbH & Co. KG, Wörrstadt, were included in the Juwi subgroup as joint ventures using the equity method in the 3rd quarter of 2015/16. Juwi Energieprojekte GmbH, Wörrstadt, holds a 49 % stake in the project development company Rockenhausen Windenergie-Projektentwicklungs GmbH and a 51 % stake in Windpark Rothenborn GmbH & Co. KG, a company which operates and manages wind turbines.

In the 3rd quarter of 2015/16, the joint venture AVR BioGas GmbH, Sinsheim, was founded by MVV Energie AG together with two partners, namely AVR Energie GmbH, Sinsheim, and Stadtwerke Sinsheim Versorgungs GmbH & Co. KG, Sinsheim. MVV Energie AG holds a 41.5% stake in the new company, which will in future operate in the field of biomethane refinement and marketing. The joint venture has been consolidated in the MVV Energie Group using the equity method.

MVV Enamic GmbH, Mannheim, acquired a 25.1 % stake in enerix Franchise GmbH & Co. KG, Regensburg, in the 3rd quarter of 2015/16. The new investment in this company, which will be developing and operating a franchise system for the sale of energy-related solutions and decentralised energy systems, has been consolidated as a joint venture using the equity method.

MVV Windpark Hain-Ost GmbH, Mannheim, a company fully consolidated since the past financial year, was transferred to the joint venture Stadtwerke Ingolstadt Energie GmbH, Ingolstadt, in the 3rd quarter of 2015/16.

The fair values of the assets and liabilities identifiable upon the full consolidation of the Juwi subgroup have been presented in the following table. All of the goodwill recognised is attributable to the MVV Energie Group. No share of goodwill attributable to minority interests was identified.

Identifiable assets and liabilities	Juwi subgroup, Wörrstadt
Euro 000s	Recognised upon acquisition
Intangible assets	29 940
Property, plant and equipment	62 285
Financial assets	21 816
Investment property	3 789
Inventories	238 935
Trade receivables	108 785
Other receivables	25 947
Cash and cash equivalents	116 024
Assets held for sale	2 338
Deferred tax assets	25 142
Provisions	86 749
Trade payables	68 479
Financial debt	139 637
Other liabilities	191 040
Liabilities held for sale	280
Deferred tax liabilities	20 201
Fair value of net assets	128 615
Minority interests acquired	3 280
Share of net assets acquired	81 182
Goodwill	99 468

Currency translation

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

	Rate on reporting date		Average rate	
	30 Jun 2016	30 Sep 2015	1 Oct 2015 to 30 Jun 2016	1 Oct 2014 to 30 Jun 2015
1 Euro				
Czech crowns (CZK)	27.131	27.187	27.046	27.545
British pounds (GBP)	0.827	0.738	0.760	0.752
US dollars (USD)	1.110	—	1.109	—
South African rand (ZAR)	16.446	—	16.643	—

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. Due to its business model, the Juwi subgroup's seasonality deviates slightly from that at the MVV Energie Group. As a result, we expect this subgroup's figures to have more markedly positive impact 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 298 189 thousand (previous year: Euro 74 322 thousand). The increase in the foreign share of sales is chiefly due to the first-time inclusion of the Juwi subgroup with several foreign subsidiaries in the consolidated financial statements of MVV Energie AG.

2 Cost of materials

Cost of materials rose by Euro 308 491 thousand compared with the equivalent period in the previous year. This increase was mainly due to the initial consolidation of Juwi AG in the current financial year.

3 Employee benefit expenses

Employee benefit expenses rose by Euro 38 304 thousand compared with the previous year's period. This increase was also primarily due to the initial consolidation of Juwi AG in the current financial year.

4 Other operating income and other operating expenses

Other operating income

Euro 000s	1 Oct 2015 to 30 Jun 2016	1 Oct 2014 to 30 Jun 2015
Income from derivatives recognised under IAS 39	177 096	58 447
Income from emission rights	17 495	16 146
Reversal of provisions	10 689	2 000
Reversal of impairments and receipts of retired receivables	5 664	5 871
Exchange rate gains	5 074	4 288
Agency services and personnel supplies	4 748	4 502
Income from sale of assets	4 309	3 036
Other	37 438	26 086
	262 513	120 376

Other operating expenses

Euro 000s	1 Oct 2015 to 30 Jun 2016	1 Oct 2014 to 30 Jun 2015
Expenses for derivatives recognised under IAS 39	171 826	53 141
Contributions, fees and duties	25 155	17 064
Other services	17 454	19 836
Rental, leasehold and leasing	14 914	14 037
Expenses for advisory services	12 418	14 907
Expenses for maintenance, repairs and IT services	11 786	8 574
Additions to write-downs and receivables defaults	8 318	8 534
Other operating taxes (including energy taxes)	8 102	12 501
Other employee-related expenses	7 962	8 162
Public relations	7 014	8 385
Exchange rate losses	6 438	2 440
Other	21 137	6 616
	312 524	174 197

The change in other operating income and other operating expenses is chiefly due to the recognition of derivatives measured under IAS 39. The measurement of these items under IAS 39 resulted in a positive net effect of Euro 5 270 thousand in the 3rd quarter of 2015/16 (previous year: positive effect of Euro 5 306 thousand).

5 Income from companies recognised at equity

The income of Euro 53 851 thousand from companies recognised at equity (previous year: Euro 21 753 thousand) is attributable to the subsequent measurement of joint ventures and of companies over which the MVV Energie Group exercises significant influence.

6 Depreciation

The increase in depreciation is due above all to the launch of operations at our new generation plants.

7 Financing income and financing expenses

Financing income and financing expenses mainly involve interest on loans and currency translation income and expenses. Furthermore, the financial result is also influenced by interest income from finance leases and expenses arising upon the reclassification through profit or loss of interest derivatives in connection with cash flow hedge accounting.

8 Taxes on income

Taxes on income

Euro 000s	1 Oct 2015 to 30 Jun 2016	1 Oct 2014 to 30 Jun 2015
Taxes on income	56 368	50 303
Effective tax rate in %	28.0	29.2

9 Earnings per share

Earnings attributable to MVV Energie AG shareholders and earnings per share

	1 Oct 2015 to 30 Jun 2016	1 Oct 2014 to 30 Jun 2015
Earnings attributable to MVV Energie AG shareholders (Euro 000s)	124 936	107 937
Number of shares in 000s (weighted average)	65 907	65 907
Earnings per share (Euro)	1.90	1.64

It was not necessary to account for any dilution effects.

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Notes to Balance Sheet

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10 Other receivables and assets

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

11 Deferred taxes

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

12 Inventories

Inventories rose by Euro 249 333 thousand compared with 30 September 2015. This increase was chiefly due to the first-time inclusion of the Juwi subgroup.

13 Trade receivables

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

14 Cash and cash equivalents

Cash and cash equivalents were positively influenced by the first-time inclusion of the Juwi subgroup. This effect was opposed by the payment of the dividend for the 2014/15 financial year and unscheduled loan repayments, although these items did not fully offset the rise in liquid funds.

15 Assets and liabilities held for sale

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

In the course of strategic portfolio streamlining measures and the resultant intention to sell, one at-equity shareholding was categorised as available for sale in the 3rd quarter of 2015/16. The sale of this shareholding is expected to be executed in the 4th quarter of 2015/16.

16 Dividends paid

The Annual General Meeting on 4 March 2016 approved the distribution of a dividend of Euro 0.90 per individual share, and thus unchanged on the previous year, for the 2014/15 financial year (total distribution: Euro 59 316 thousand). Furthermore, a total of Euro 18 699 thousand was distributed to minority shareholders on subgroup level.

17 Financial debt

Financial debt has risen by Euro 101 882 thousand compared with 30 September 2015. This increase chiefly results from the first-time inclusion of the Juwi subgroup.

18 Other liabilities

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

19 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.

20 Segment report

Income statement of the MVV Energie Group by segment from 1 October 2015 to 30 June 2016

Euro 000s	External sales excluding energy taxes	Intercompany sales excluding energy taxes	Depreciation and amortisation	Adjusted EBIT
Generation and Infrastructure	696 382	482 884	107 819	182 103
Trading and Portfolio Management	541 447	514 251	209	- 17 071
Sales and Services	1 707 038	199 240	15 894	44 047
Strategic Investments	85 716	3 454	7 846	26 153
Other Activities	2 091	19 247	13 416	10 217
Consolidation	—	- 1 219 076	—	—
	3 032 674	—	145 184	245 449

Income statement of the MVV Energie Group by segment from 1 October 2014 to 30 June 2015

Euro 000s	External sales excluding energy taxes	Intercompany sales excluding energy taxes	Depreciation and amortisation	Adjusted EBIT
Generation and Infrastructure	337 709	496 899	82 803	132 468
Trading and Portfolio Management	549 781	587 969	215	- 14 389
Sales and Services	1 667 660	214 556	11 453	46 529
Strategic Investments	85 747	994	7 845	25 602
Other Activities	1 665	19 376	12 182	6 035
Consolidation	—	- 1 319 794	—	- 42
	2 642 562	—	114 498	196 203

External reporting is consistent with the internal management structure, the so-called “management approach” pursuant to IFRS 8. Units are grouped in such a way that the pooling of suitable specialist competence under one roof forms the basis for stringent portfolio management at the Group. Business fields based on the respective energy industry value creation stages have been allocated to the reporting segments of Generation and Infrastructure, Trading and Portfolio Management, Sales and Services, Strategic Investments and Other Activities. The characteristics referred to when identifying and aggregating segments relate above all to asset and capital intensity, technical features, customer structures and needs, internal cooperations and the pooling of activities and processes.

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

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

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

- The **STRATEGIC INVESTMENTS** reporting segment consists of the Köthen Energie and MVV Energie CZ subgroups and the at-equity result of the Stadtwerke Ingolstadt subgroup.
- The **OTHER ACTIVITIES** reporting segment consists in particular of the shared service companies and cross-divisional functions.

- Consolidation includes figures for transactions with other reporting segments that are eliminated for consolidation purposes.
- Intercompany sales represent the volume of sales between segments. The transfer prices correspond to customary market terms. Segment sales prior to consolidation are equivalent to the total of intercompany and external sales.
- Of segment sales with external customers, 91.8 % were generated in Germany (previous year: 97.2 %). The regional breakdown of sales is based on the geographical location of the respective companies.
- No individual customers of the MVV Energie Group account for or exceed 10 % of the Group's total sales.

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

Reconciliation of EBIT (income statement) with adjusted EBIT			
Euro 000s	1 Oct 2015 to 30 Jun 2016	1 Oct 2014 to 30 Jun 2015	+/- change
EBIT as per income statement	246 633	196 725	49 908
Financial derivative measurement items	-5 269	-5 306	37
Structural adjustment for part-time early retirement	1 865	2 446	-581
Interest income from finance leases	2 220	2 338	-118
Adjusted EBIT	245 449	196 203	49 246

21 Cash flow statement

The cash flow before working capital and taxes rose significantly in the first nine months of 2015/16 compared with the equivalent period in the previous year. This was due to net income for the period before income taxes, which rose significantly even after the elimination of non-cash income and expenses.

The substantial improvement in the cash flow before working capital and taxes also led to an increase in the cash flow from operating activities, an increase only minimised by the outflow of capital within working capital.

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

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

22 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

	Goods and services provided				Receivables		Liabilities	
	Income		Expenses		30 Jun 2016	30 Sep 2015	30 Jun 2016	30 Sep 2015
	1 Oct 2015 to 30 Jun 2016	1 Oct 2014 to 30 Jun 2015	1 Oct 2015 to 30 Jun 2016	1 Oct 2014 to 30 Jun 2015				
Euro 000s								
Abfallwirtschaft Mannheim	289	235	21	68	87	28	1	—
ABG Abfallbeseitigungsgesellschaft mbH	16	17	2 373	2 205	—	—	212	1 162
GBG Mannheimer Wohnungsbaugesellschaft mbH	10 526	9 542	103	123	607	929	—	25
m:con – mannheim:congress GmbH	2 997	2 882	349	341	7 351	6 513	—	—
MVV GmbH	55	65	—	160	1	—	—	—
MVV Verkehr GmbH	24	36	5	9	7	4	—	—
Rhein-Neckar-Verkehr GmbH	4 850	3 967	271	2	1 992	558	1 640	2 800
Stadtentwässerung Mannheim	1 327	1 825	522	802	133	7	19	13
City of Mannheim	10 542	12 177	16 609	16 386	1 438	1 259	7 811	7 635
Companies recognised at equity	73 241	64 924	177 026	184 121	24 677	22 728	44 801	53 802
Other related parties	20 009	14 753	922	1 941	4 033	865	568	642
	123 876	110 423	198 201	206 158	40 326	32 891	55 052	66 079

23 Events after balance sheet date

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

Mannheim, 9 August 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, 9 August 2016

MVV Energie AG

Executive Board



Dr. Müller



Bekker



Klöpfer



Dr. Roll

FINANCIAL CALENDAR

- **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
- **15 February 2017**
Financial Information Update for 1st Quarter of 2016/17
- **10 March 2017**
Annual General Meeting
- **12 May 2017**
Financial Report for 1st Half of 2016/17
- **15 August 2017**
Financial Information Update for 1st Nine Months of 2016/17
- **12 December 2017**
Annual Financial Report 2016/17 (Annual Report)
- **12 December 2017**
Annual Results Press Conference and Analysts' Conference for 2016/17 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

