



Partners in the Network

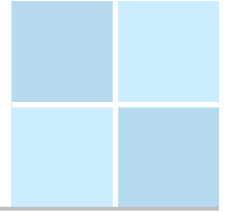
Roadshow Edinburgh

August 2005



Executive Summary

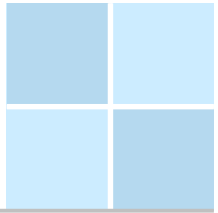




Strong Market Position

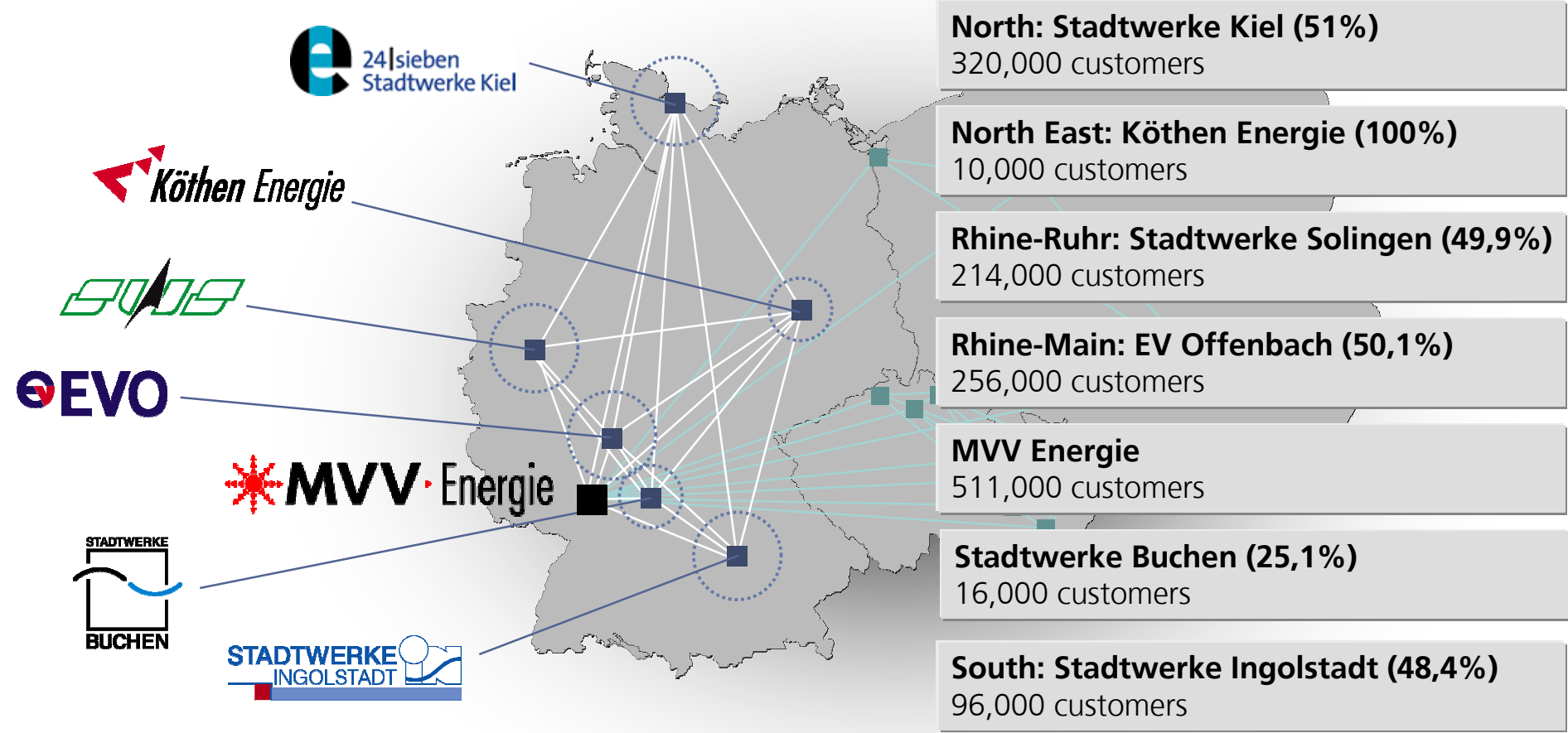
- ▶ Ranked No. 6 among German electricity suppliers in terms of volume of electricity sold to end customers
- ▶ Ranked No. 5 among European district-heating utilities in terms of volume
- ▶ Total of 1.7 million customers in Germany and Eastern Europe for electricity, district heating, gas and water
- ▶ One of the major utility companies to use refuse- and biomass-derived fuel to generate energy in Germany, with a future annual capacity of nearly 1.2 million tonnes
- ▶ Among the Top 10 in value-added services in Germany (contracting, land improvement and development)

Solid foundation for further success



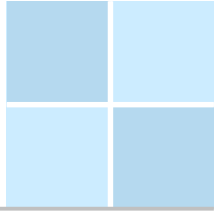
Our Network of Municipal Utility Companies

Customers¹ of the core business in Germany:



¹ including residential units in apartment blocks





Multiplying the Value of Our District Heating Expertise

Shareholdings in European District Heating Utility Companies

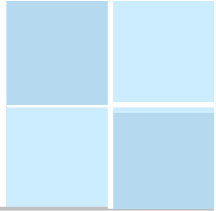


**Sales: Euro 29 million¹
192,000 customers**

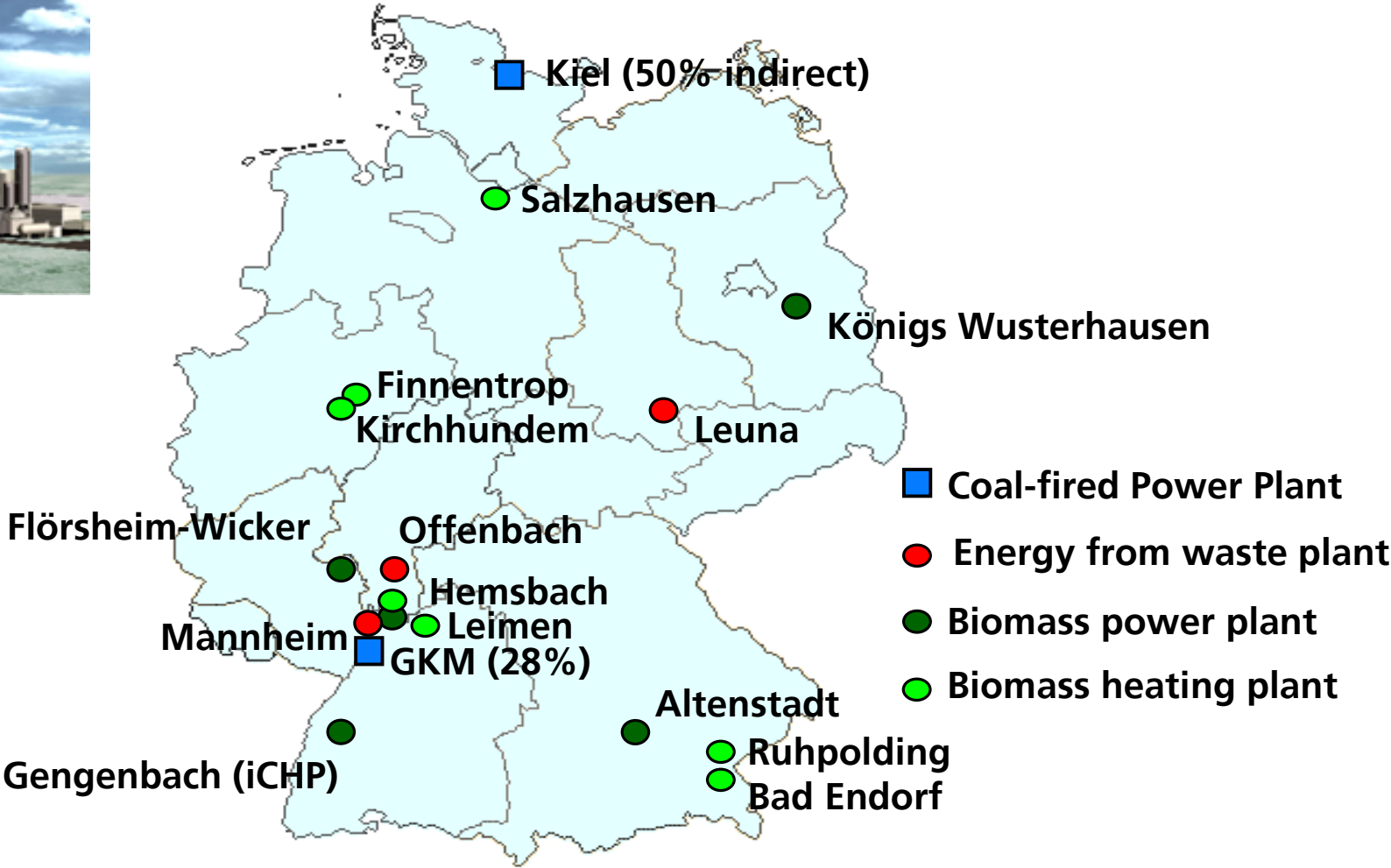
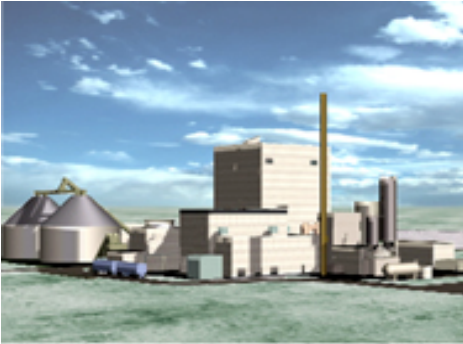
**Sales: Euro 30 million¹
104,000 customers²**

¹ 1st Half of Fiscal Year 2004/2005
² Incl. our shareholdings in Brno, which has been sold in October 2004

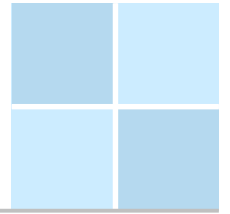




Our Power Plants for Coal, Waste and Biomass



MVV Energie's Concept as a Distributor and Service Provider



Stable Core Business

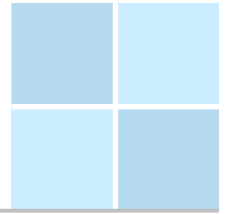
- ▶ Successful **energy distribution** (electricity, gas, district heating) as well as **energy from waste incineration, utilising biomass and water distribution**
- ▶ Long-term **customer retention** as a result of MVV owning its networks
- ▶ **Sound earnings** with huge potential for synergies

+

Growth Potential

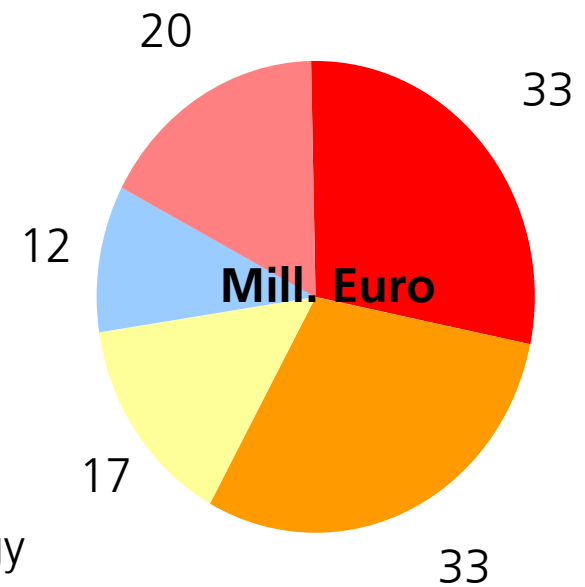
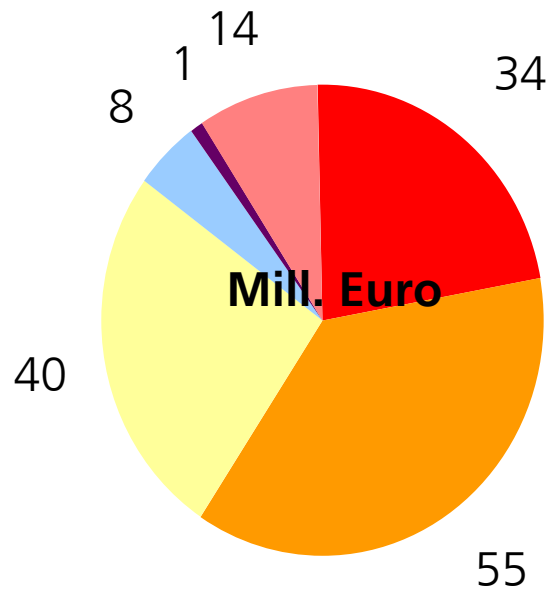
- ▶ New markets through new national and international **shareholdings**
- ▶ Building on existing customer links by means of **value-added services**
- ▶ Utilisation of new market opportunities in the **waste to energy business**

Our operating earnings (EBIT) are generated by a number of segments



1st Half of 2004/2005

Fiscal Year 2003/2004 ^{1,2}

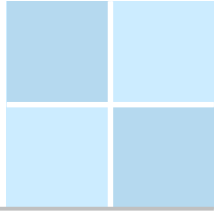


¹ EBIT adjusted

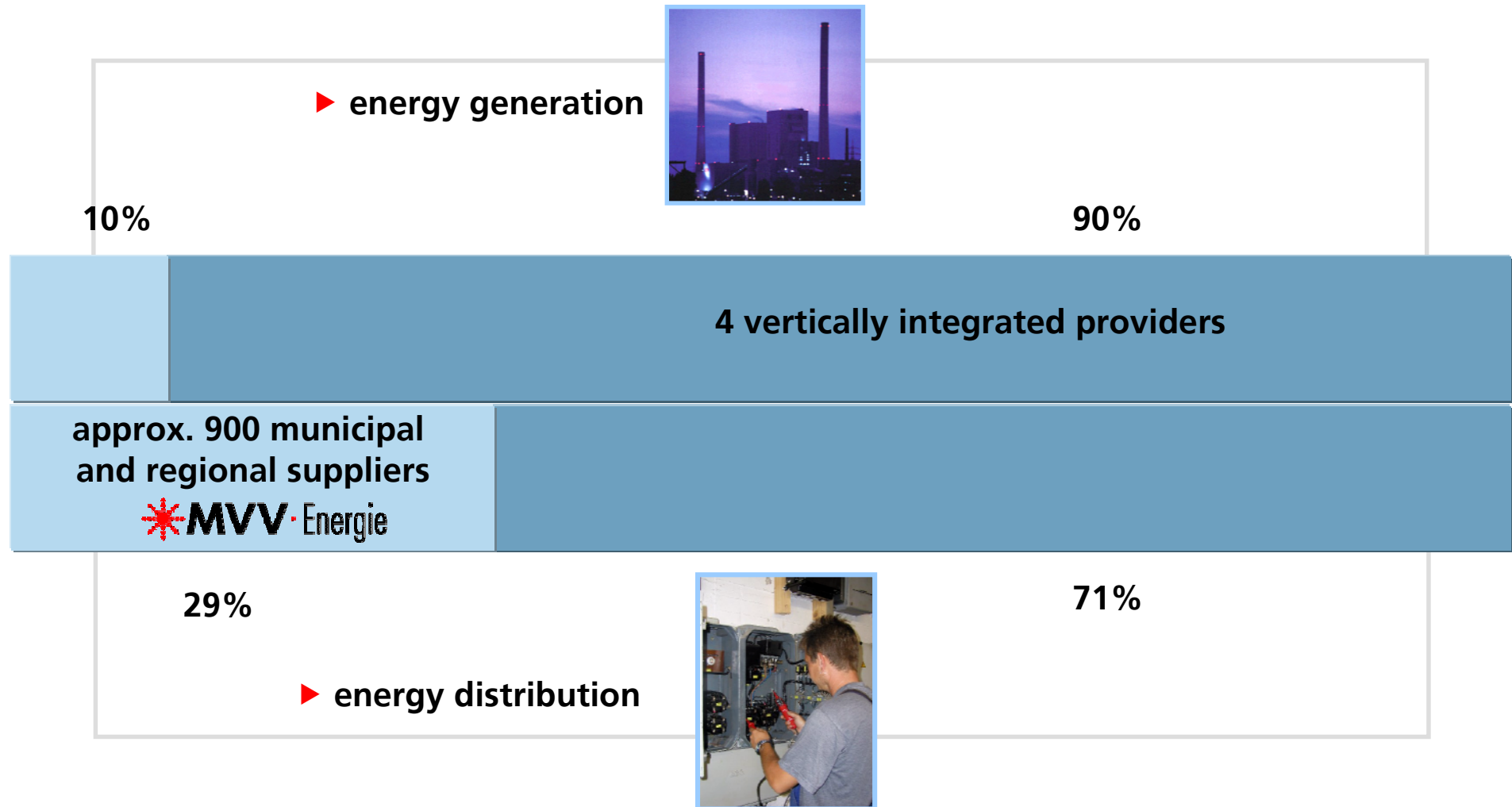
² Energy Services -18 Mio Euro

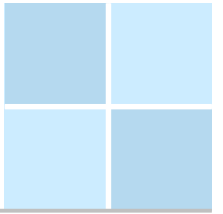
The German Energy Market





Structure of the German Electricity Industry





The Two Waves of Liberalisation

▶ 1st Wave:

- Identification and establishment of new stages in value chain (e.g. trading)
- Focus on generation
- Price war for industry customers
- Testing markets (e.g. brands)
- Predicted death of municipal companies has not come about



**Consolidation on
generation and
transmission levels**

▶ 2nd Wave:

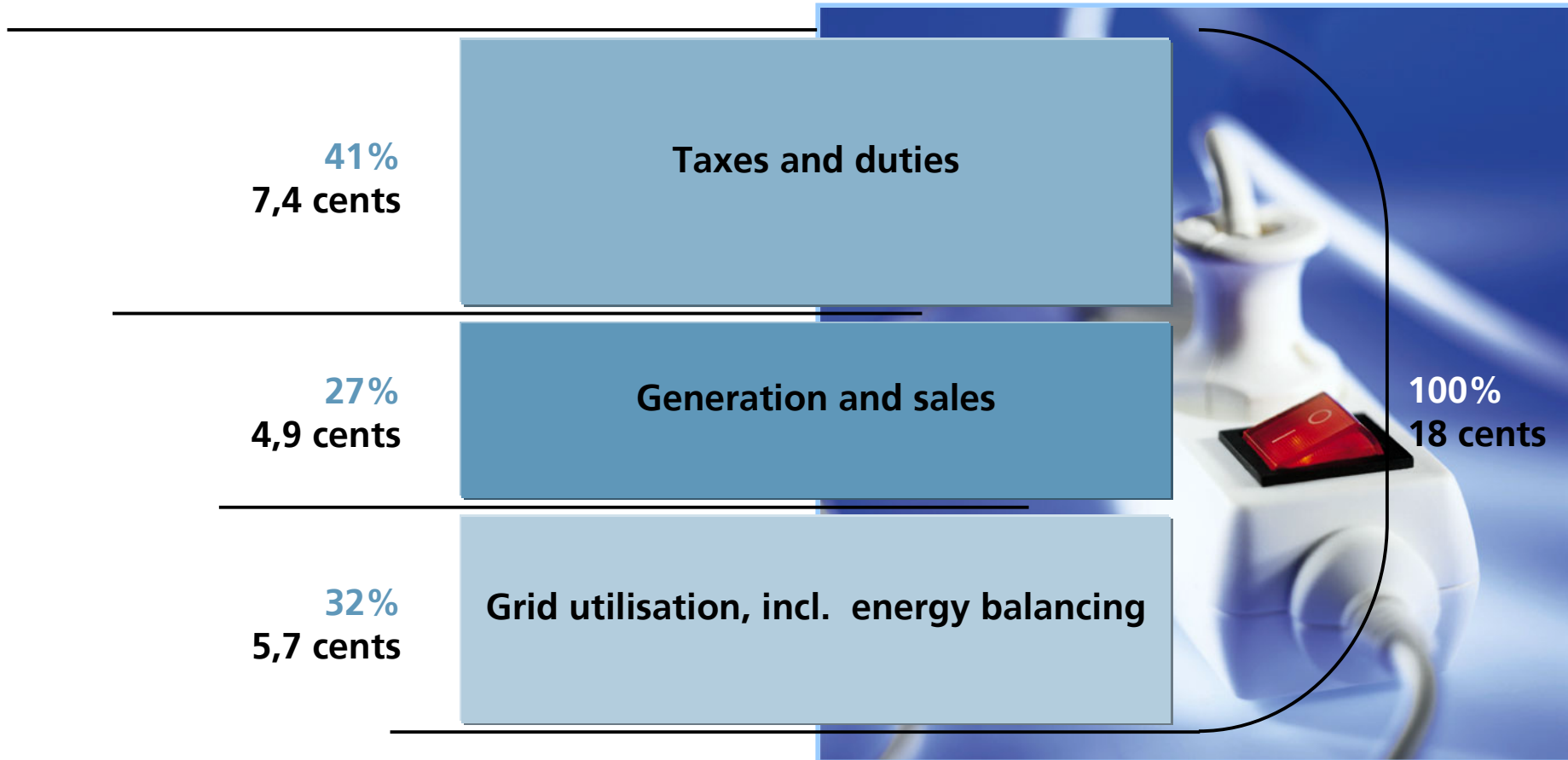
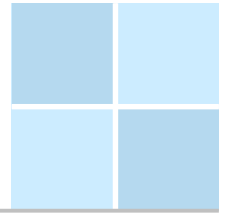
- Focus on profitability and professionalism
- Pressure on distributors' margins
- Regulatory authority, new Energy Act, CO₂ trading
- Transparency of grid operation



**Consolidation on
distribution level?**

Electricity Price Components

(per kWh)

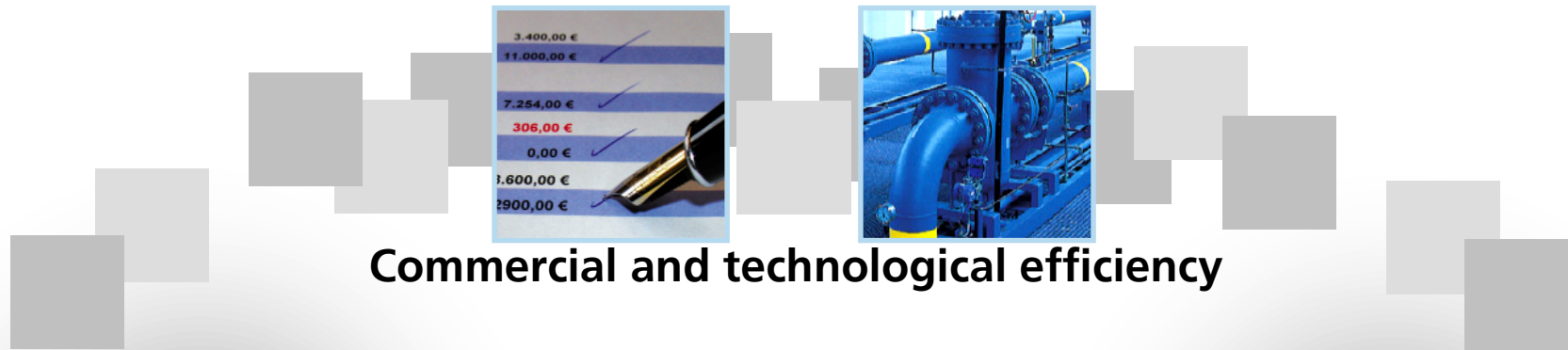
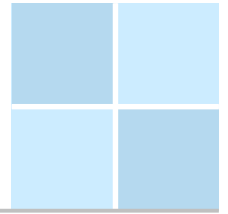


End customer with 3,500 kWh p.a. (Sources: VDN, VDEW),
average household customer price: 18 cents

Our Strategy

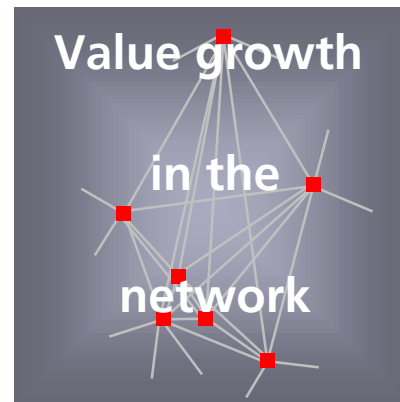


The MVV Energie Strategy



Commercial and technological efficiency

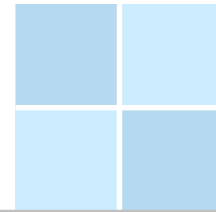
**External
Expansion of the
network**



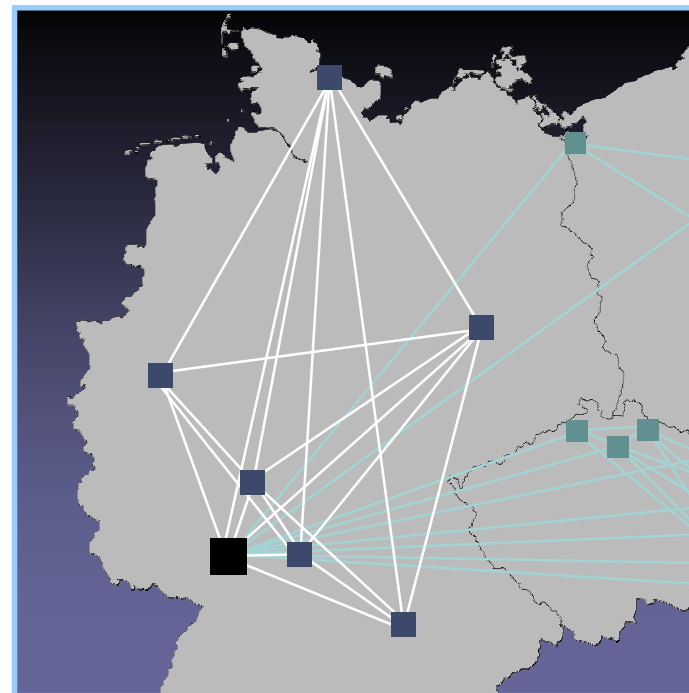
**Organic
Growth via products**

The MVV Energie Network

Learning from One Another - Improving

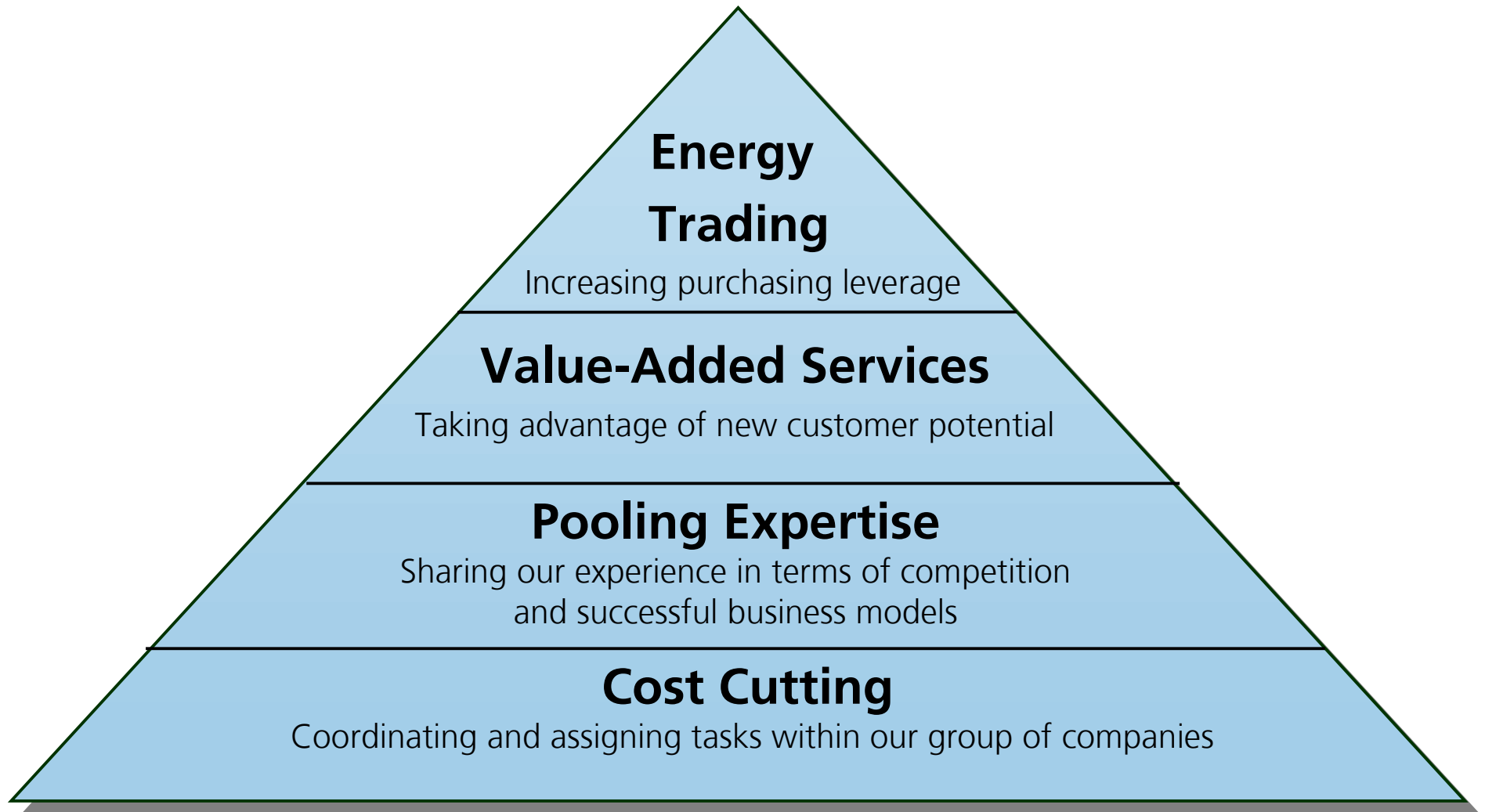
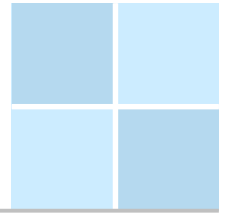


- ▶ **Realisation** of
 - economies of scale
 - new sales opportunities
- ▶ **Accessing**
 - growth areas
 - operational excellence
- ▶ **Utilisation** of
 - regional market expertise
 - local customer proximity
- ▶ **Options:** cooperations, alliances, shareholdings

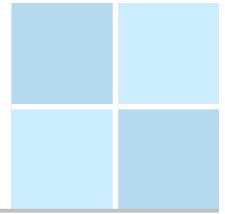


Growth safeguards the company's competitiveness in the liberalised energy market

We can exploit potential synergies and access new customer groups via shareholdings in distribution utilities

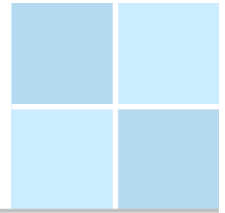


Economical Procurement via Energy Trading



- ▶ Professional Power Trading (Procurement)
- ▶ Controlling portfolios and minimising risks
- ▶ Creating special profiles for customer needs
- ▶ Additional windows of opportunity (e.g. gas trading, weather derivatives)
- ▶ Fully equipped trading floor with front, back and middle offices, as well as research department
- ▶ Member of the merged EEX power exchanges

Growth based on Energy Services

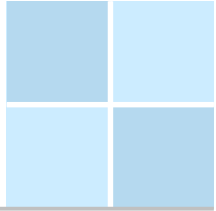


- ▶ MVV Energie is successfully positioned among the top 10 providers of energy services in the market

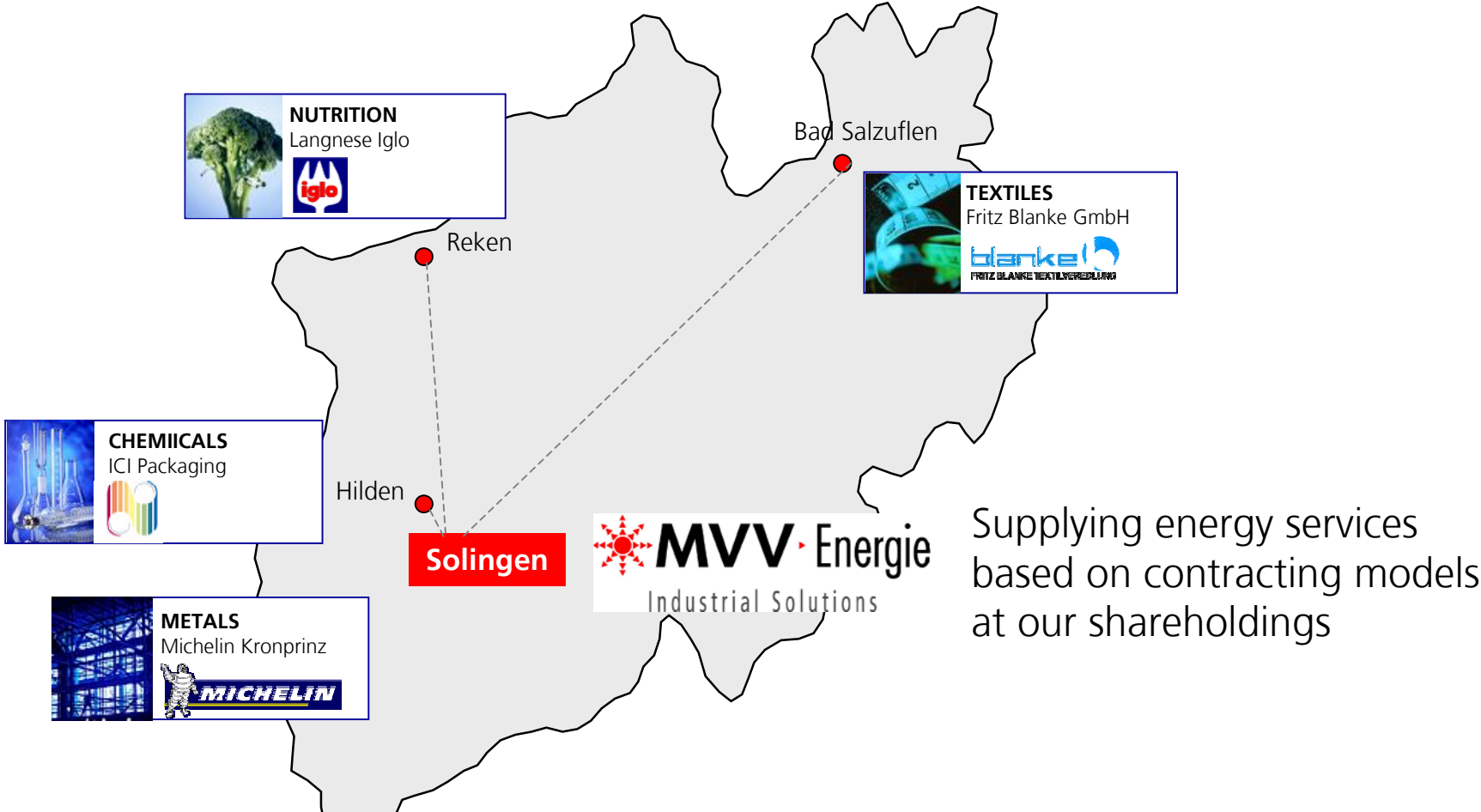
- ▶ **Goal:** based on internal and external growth to become one of the top three providers of energy and infrastructure services in Germany in the next five years

- ▶ 3 main product areas
 - **Industrial Solutions**
 - **Municipal Solutions**
 - **Advisory Services – national and international**



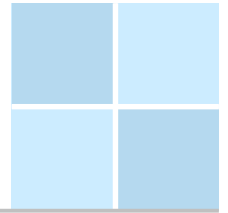


Implementation of Our Platform Concepts - taking Nordrhein-Westfalen as an example



Successful marketing via our shareholdings

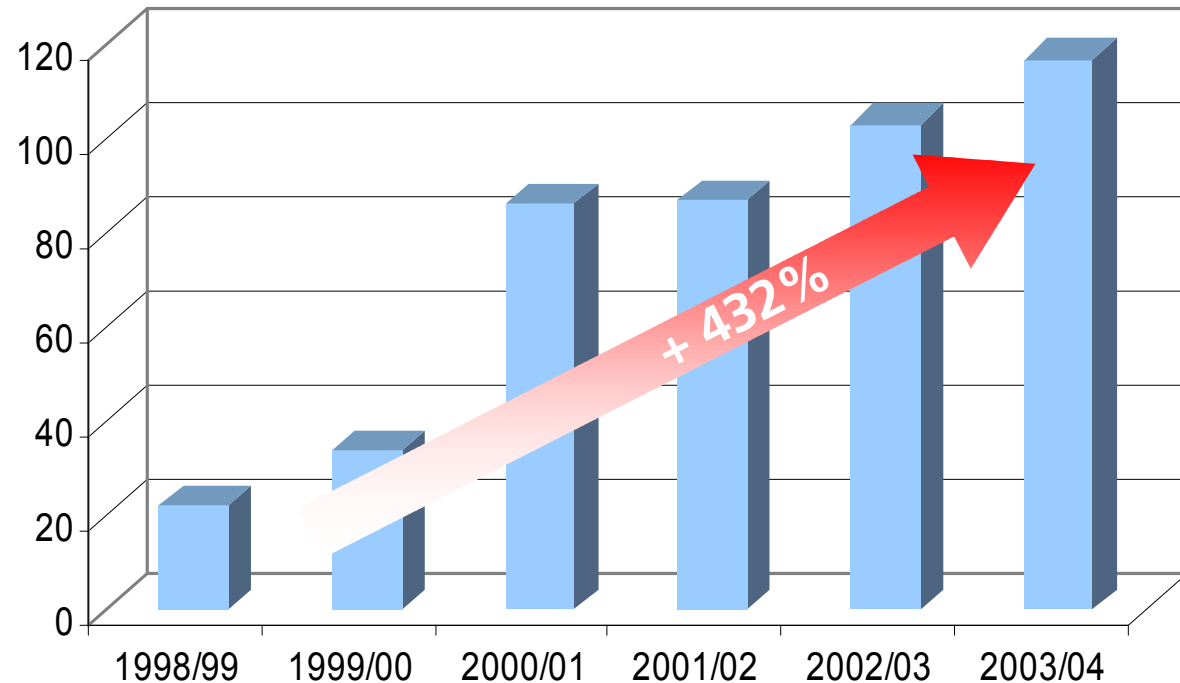
Healthy Growth in Our National and International Business in Value-Added Services



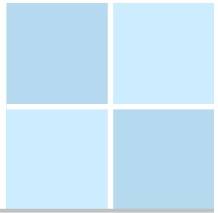
i.e.

- ▶ Contracting
- ▶ Land improvement & development
- ▶ Consulting

Sales from value-added services (Euro million)

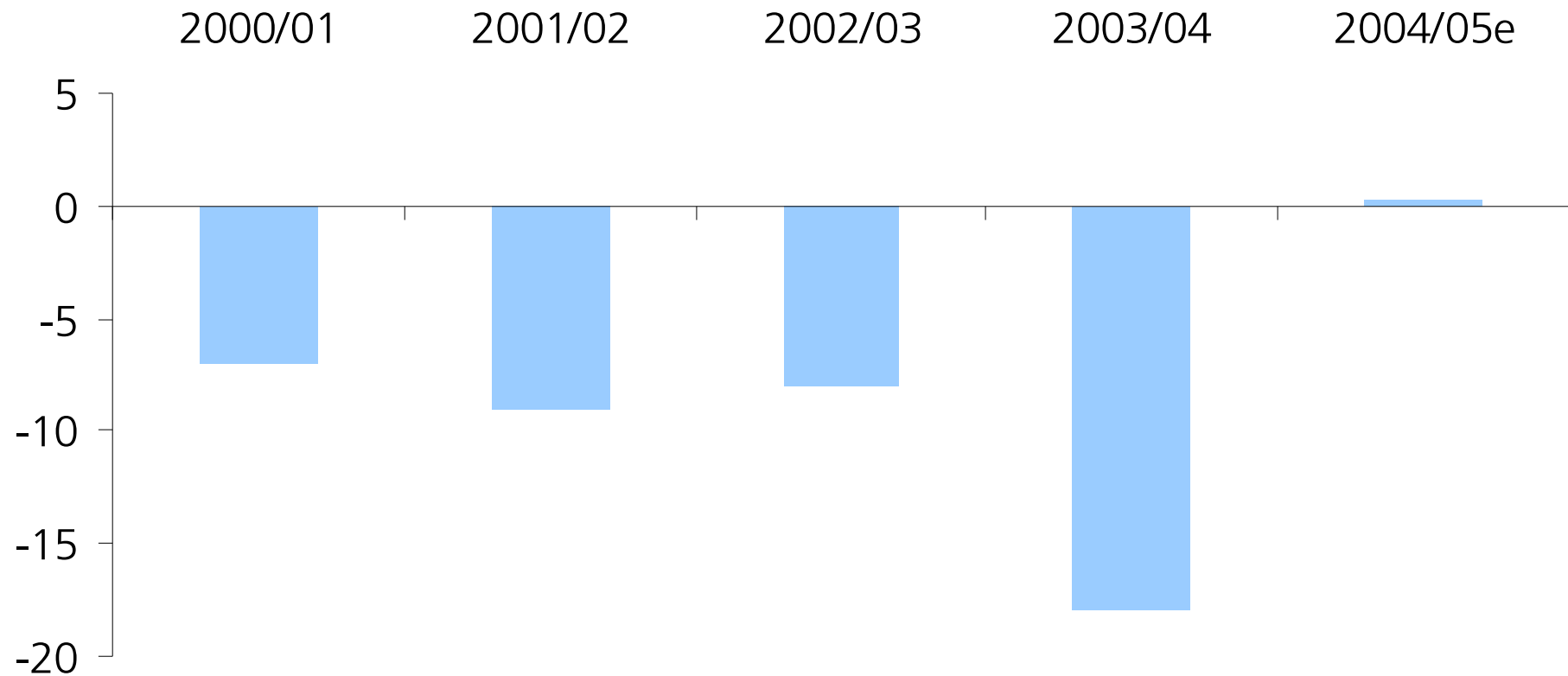


Comprehensive solutions for customers promote commodity sales

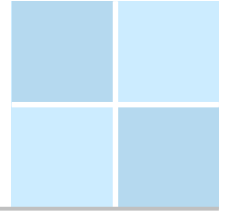


Value-Added Services prior to Turnaround

Adjusted EBIT in Euro million



Growth in Environmental Energy



- ▶ MVV Energie is the market leader in the generation of electricity from biomass

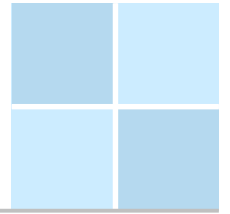
- ▶ **Goal:** together with our partners in the network to attain market leadership within 5 years with focus in the Rhine/Main region and in the region surrounding TREA Leuna, double our sales

- ▶ Environmental Energy in the MVV Energie network includes:
 - **Incineration of domestic waste**
 - **Generation of electricity from biomass**

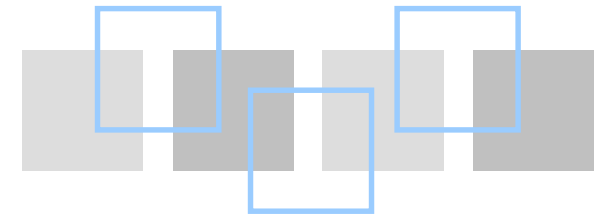
- ▶ From 2005 onwards, growth can be expected for the following reasons: waste from the Karlsruhe area, TREA Leuna going into operation and TaSi coming into effect



Horizontal Cooperation as an Alternative to Vertical Integration



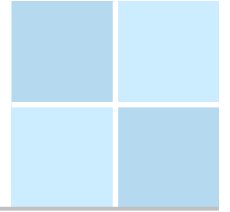
- ▶ **Competitive market environment**
- ▶ **Build up critical volume and purchasing power**
- ▶ **Multiplication of business model**, e.g. by means of
 - standardisation of technology
 - standardisation of information processing
 - centralisation of procurement and logistics functions
 - joint optimisation of energy portfolio
 - sales cooperations
 - accounting procedures



Outlook

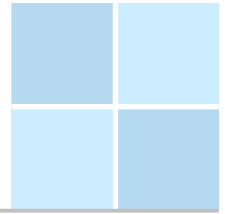


Savings potential of the newly launched “FOKUS” programme



- ▶ Administration expenses currently amount to Euro 93 million in Mannheim alone
- ▶ Starting in the coming financial year, “FOKUS” will enable us to save an increasing amount per year in terms of personnel and material expenses in the administrative divisions in Mannheim
- ▶ These savings are expected to reach their maximum level of Euro 29 million in 2008
- ▶ More than half of the savings are to be achieved by cutting jobs in a socially responsible manner
- ▶ Furthermore, we also intend to realise further potential savings at our shareholdings, e.g. by reducing staff levels in Kiel

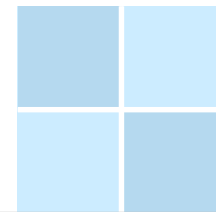
Significant Increase in Earnings Expected in Current and Next Financial Years



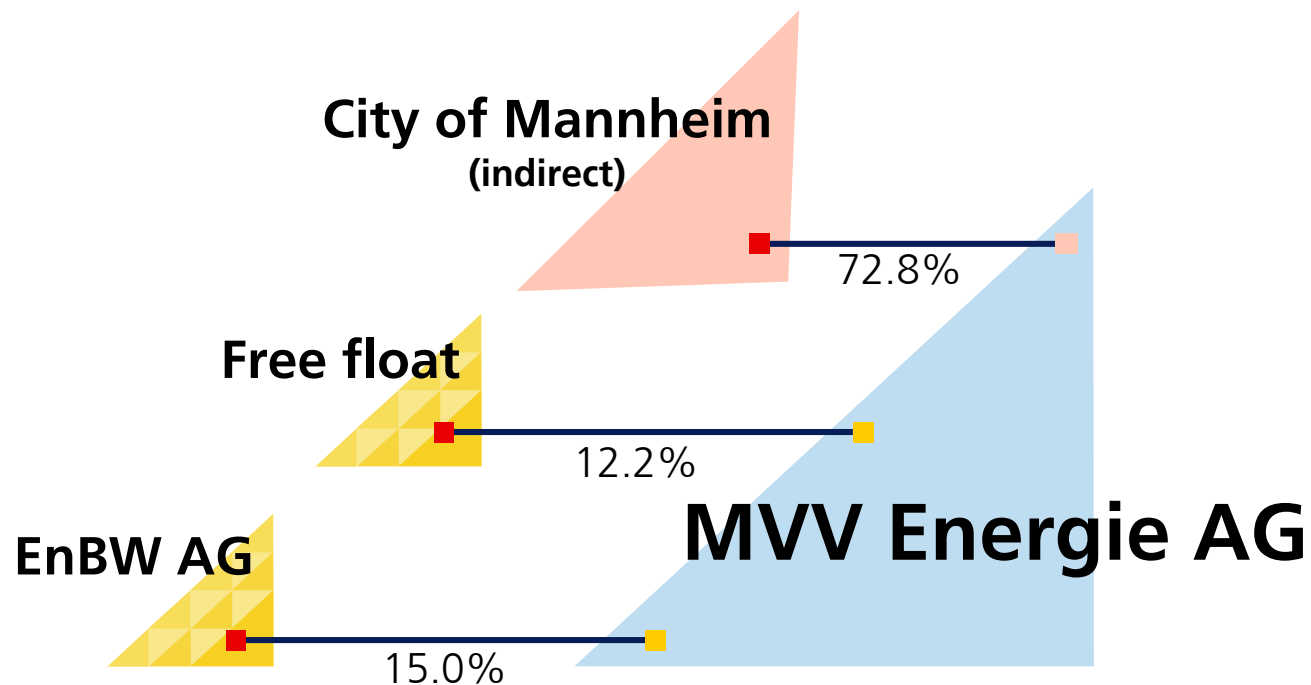
- ▶ The earnings of MVV Energie will rise in the current financial year as a result of its strategic focusing, cost-reduction measures and the initial consolidation of Kiel
- ▶ We confirm our forecast for 2004/05
 - Sales: Euro 2 billion
 - EBIT: Euro 150 million (thereof about Euro 25 million from Kiel)
- ▶ We expect this efficiency enhancement programme (e.g. procurement, IT, standardisation of technology, personnel reductions) to have a noticeable impact with effect from the coming 2005/2006 financial year
- ▶ This should then facilitate a double-digit increase in the EBIT figure
- ▶ Rising earnings will enable us to distribute a consistent attractive dividend from the achieved earnings per share for 2004/05 and to raise dividends in the near future
- ▶ Our medium-term goal involves generating a positive value spread figure on the level of the overall company (ROCE > WACC)

Our Shares



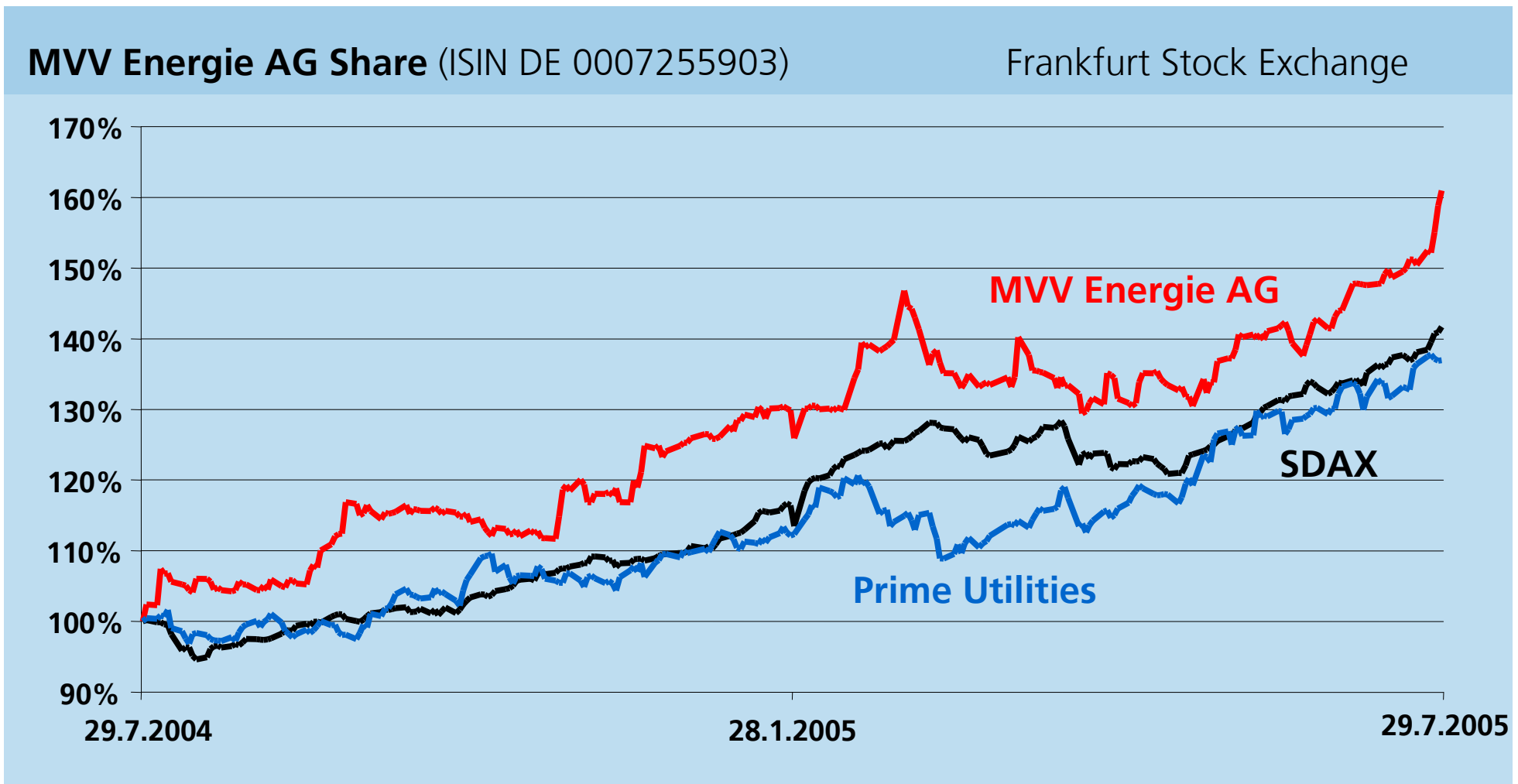
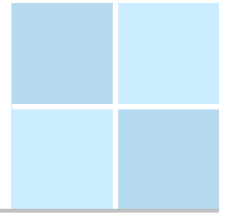


Current Shareholders Structure and Key Figures

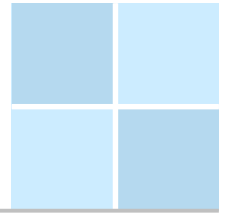


- ▶ No. of shares: 50.702 million
- ▶ Market capitalisation: Euro 963 million (Closing price on 29.7.2005: Euro 19.00)
- ▶ Free float: Euro 118 million

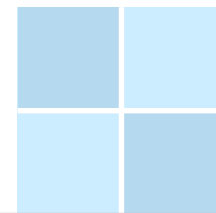
Performance Comparison of the MVV Energie AG Share with the SDAX and Prime Utilities Indices (29.7.2004 – 29.7.2005)



Capital Increase Planned



- ▶ We are planning to undertake a capital increase in order to obtain fresh equity for acquisitions or for larger-scale investments
- ▶ **Authorised capital** of up to **30%** of the equity is **available**
- ▶ Based on the current share price, this would result in additional equity capital of up to **Euro 270 million** (assuming 18 € for the new shares)
- ▶ However, the actual scale of the capital increase depends on the **investment possibilities**
- ▶ We will be flexible in our decision as to the scale of the capital increase
- ▶ The City of Mannheim is not envisaged to relinquish its shares at a secondary public offering. It aims to remain the majority shareholder in the medium term.



Advantages for Our Shareholders

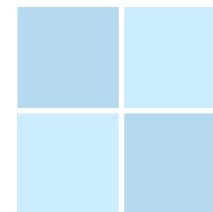
- ▶ Secure earnings thanks to **stable core business**
- ▶ Upside potential can be realised by acquiring **additional shareholdings** and expanding **value-added services** as well as **environmental energy**
- ▶ Attractive **dividend returns** (currently almost 4 %)
- ▶ Listed on the Prime Standard (**SDAX**)



We are committed to shareholder value

Key Financial Data in the 1st Half of 2004/2005



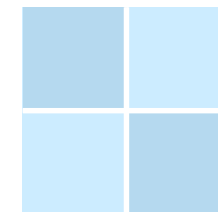


Volumes in the 1st Half of 2004/2005

Volume¹	2004/2005 1.10.-31.3.	2003/2004 1.10.-31.3.	% change
Electricity (kWh million)	9,085	6,023	+ 51
of which: wholesale ² (kWh million) (incl. secondary distributors)	4,494	1,980	+ 127
of which: retail (kWh million)	4,591	4,043	+ 14
District heating (kWh million)	5,474	5,461	-
Gas (kWh million)	8,046	6,048	+ 33
Water (m ³ million)	28.4	19.1	+ 49
Incinerated waste (tonnes 000s)	224	246	- 9

¹ total volume from all segments
² corrections in previous year's figure

Key Figures of the MVV Energie Group in the 1st Half of 2004/2005 (previous year unadjusted)

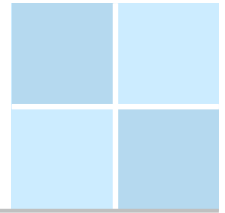


Earnings performance Euro million (unadjusted)	2004/2005 1.10.-31.3.	2003/2004 1.10.-31.3.	% change
Sales ¹	1,095	868	+ 26
EBITDA ¹	218	158	+ 38
EBITA	152	92	+ 65
EBIT	152	85	+ 79
EBT	120	58	+ 107
Net surplus for the period	75	27	+ 178
after minority interests	59	20	+ 195
Earnings per share in Euro	1.16	0.39	+ 197
Cash flow based on DVFA/SG	143	106	+ 35

¹ in previous year release of income subsidies reclassified as depreciation

Portfolio Adjustment

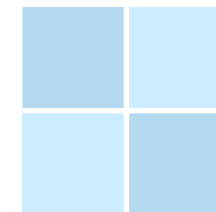
One-off expenditures impact EBIT (1st Half of 2003/2004)



- ▶ Restructuring in our Powerline business
 - Depreciation of fibre-optic grids in Mannheim: Euro 10 Million
 - Partial depreciation of fixed assets at MAnet: Euro 7 Million
 - Restructuring expenses at MAnet: Euro 1 Million

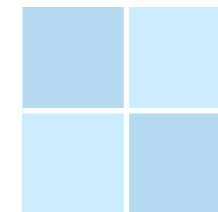
- ▶ Dropping non-core business activities
 - Partial depreciation of MVV's participation in Spain: Euro 2 Million

EBIT Adjusted for One-off Factors in the 1st Half of 2004/2005



EBIT in Euro million	2004/2005 1.1.-31.3.	2003/2004 1.1.-31.3.	change
EBIT MVV Energie Group (unadjusted)	152	85	+ 67
+ costs of portfolio streamlining (Powerline: Euro 18 million, Spain: Euro 2 million)	–	+ 20	- 20
EBIT MVV Energie Group (adjusted)	<u>152</u>	<u>105</u>	<u>+ 47</u>

Key Figures of the MVV Energie Group in the 1st Half of 2004/2005 (previous year adjusted)

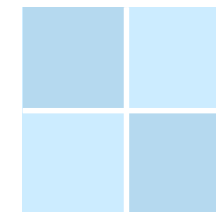


Earnings performance Euro million	2004/2005 1.10.-31.3.	adjusted ¹	
		2003/2004 1.10.-31.3.	% change
Sales ²	1,095	868	+ 26
EBITDA ²	218	161	+ 35
EBITA	152	111	+ 37
EBIT	152	105	+ 45
EBT	120	78	+ 54
Net surplus for the period	75	43	+ 74
after minority interests	59	36	+ 64
Earnings per share in Euro	1.16	0.71	+ 63
Cash flow based on DVFA/SG	143	111	+ 29

¹ in previous year excluding expenses relating to streamlining of portfolio and restructuring measures

² in previous year release of income subsidies reclassified as depreciation

Initial Consolidation Factors from Stadtwerke Kiel in the 1st Half of 2004/2005



Euro million		Volume 1.10.-31.3.	Sales 1.10.-31.3.	EBIT 1.10.-31.3.
Electricity	(kWh million)	3,067	76	4
District heating	(kWh million)	808	36	8
Gas	(kWh million)	2,098	69	12
Water	(m ³ million)	9.0	16	3
Other/consolidation		–	3	–
Total			<u>200</u>	<u>27</u>

Sales by Segment in the 1st Half of 2004/2005

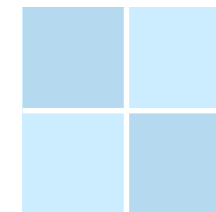
Sales in Euro million	2004/2005 1.10.-31.3.	2003/2004 1.10.-31.3.	% change
Electricity ^{1, 2}	490	379	+ 29
District heating ²	174	169	+ 3
Gas ^{2, 3}	251	176	+ 43
Water ²	51	34	+ 50
Value-added services	55	58	- 5
Environmental energy	59	47	+ 26
Other/consolidation	15	5	+ 200
Total sales	<u>1,095</u>	<u>868</u>	<u>+ 26</u>

¹ including energy tax of Euro 55 million (previous year: Euro 44 million)

² in previous year release of income subsidies in particular reclassified as depreciation

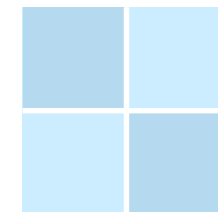
³ including gas tax of Euro 44 million (previous year: Euro 33 million)

EBIT by Segment in the 1st Half of 2004/2005 (previous year unadjusted)



EBIT in Euro million	2004/2005 1.10.-31.3.	2003/2004 1.10.-31.3.	% change
Electricity	34	17	+ 100
District heating	55	48	+ 15
Gas	40	27	+ 48
Water	8	5	+ 60
Value-added services	1	- 21	-
Environmental energy	14	11	+ 27
Other/consolidation	-	- 2	-
Total EBIT	152	85	+ 79

EBIT by Segment in the 1st Half of 2004/2005 (previous year adjusted)



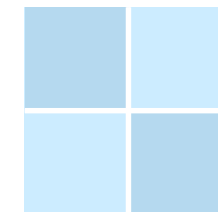
EBIT in Euro million	adjusted ¹		% change
	2004/2005 1.10.-31.3.	2003/2004 1.10.-31.3.	
Electricity	34	17	+ 100
District heating	55	48	+ 15
Gas	40	27	+ 48
Water	8	5	+ 60
Value-added services	1	- 3	-
Environmental energy	14	11	+ 27
Other/consolidation	-	-	-
Total EBIT	152	105	+ 45

¹ in previous year excluding expenses relating to streamlining of portfolio and restructuring measures

Sales by Region in the 1st Half of 2004/2005

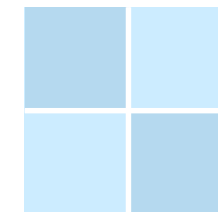
Sales in Euro million	2004/2005 1.10.-31.3.	2003/2004 1.10.-31.3.	% change
MVV Energie AG	613	531	+ 16
Energieversorgung Offenbach	166	153	+ 9
SW Solingen	52	48	+ 8
SW Ingolstadt	46	45	+ 2
SW Kiel	200	–	–
Energie Köthen	9	9	–
Municipal utility shareholdings in Germany	473	255	+ 86
Other shareholdings	37	29	+ 28
Total Germany	1,123	815	+ 38
MVV Energie CZ, Prague	30	70	- 57
MVV Polska	29	24	+ 21
International Consulting, Portugal/Spain	7	2	+ 250
Total abroad	66	96	- 31
Consolidation	- 94	- 43	
MVV Energie Group	<u>1,095</u>	<u>868</u>	<u>+ 26</u>

EBIT by Region in the 1st Half of 2004/2005 (previous year unadjusted)



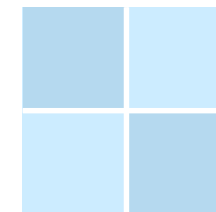
EBIT in Euro million	2004/2005 1.10.-31.3.	2003/2004 1.10.-31.3.	% change
MVV Energie AG (excl. income from shareholdings)	67	40	+ 68
Energieversorgung Offenbach	24	22	+ 9
SW Solingen	9	8	+ 13
SW Ingolstadt	9	10	- 10
SW Kiel	27	-	-
Energie Köthen	2	2	-
Municipal utility shareholdings in Germany	71	42	+ 69
Other shareholdings	1	- 11	+ 109
Total Germany	139	71	+ 96
MVV Energie CZ, Prague	11	19	- 42
MVV Polska	2	2	-
International Consulting, Portugal/Spain	0	0	-
Total abroad	13	21	- 38
Consolidation (03/04: Amortisation of goodwill)	-	- 7	
MVV Energie Group	152	85	+ 79

EBIT by Region in the 1st Half of 2004/2005 (previous year adjusted)

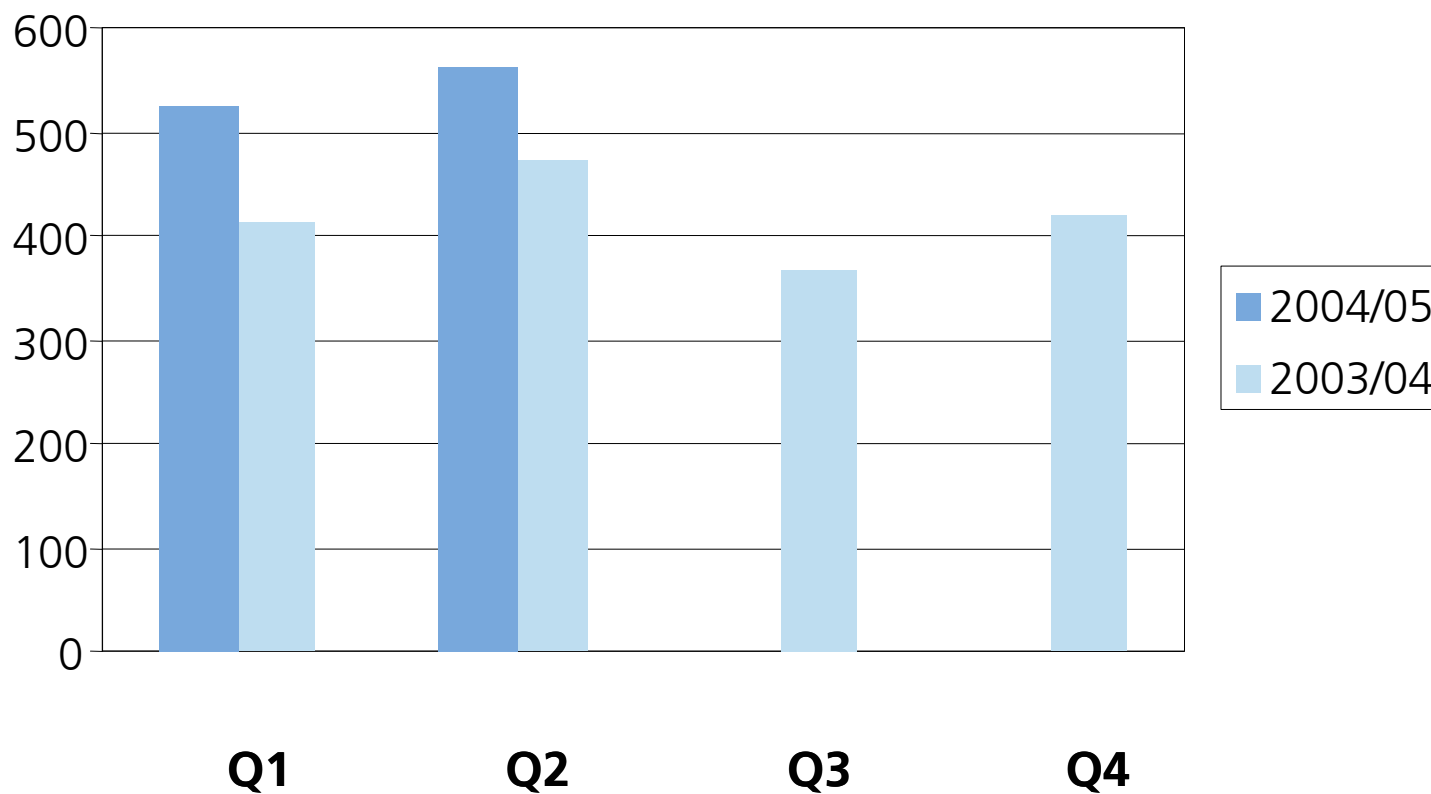


EBIT in Euro million	2004/2005 1.10.-31.3.	2003/2004 1.10.-31.3.	% change
MVV Energie AG (excl. income from shareholdings)	67	52	+ 29
Energieversorgung Offenbach	24	22	+ 9
SW Solingen	9	8	+ 13
SW Ingolstadt	9	10	- 10
SW Kiel	27	-	-
Energie Köthen	2	2	-
Municipal utility shareholdings in Germany	71	42	+ 82
Other shareholdings	1	- 3	+ 150
Total Germany	139	91	+ 53
MVV Energie CZ, Prague	11	19	- 88
MVV Polska	2	2	-
International Consulting, Portugal/Spain	0	0	-
Total abroad	13	21	- 75
Consolidation (03/04: Amortisation of goodwill)	-	- 7	
MVV Energie Group	152	105	+ 45

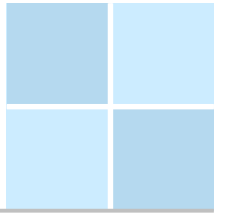
Sales at Record Heights



Sales ¹ by Quarter in Euro million

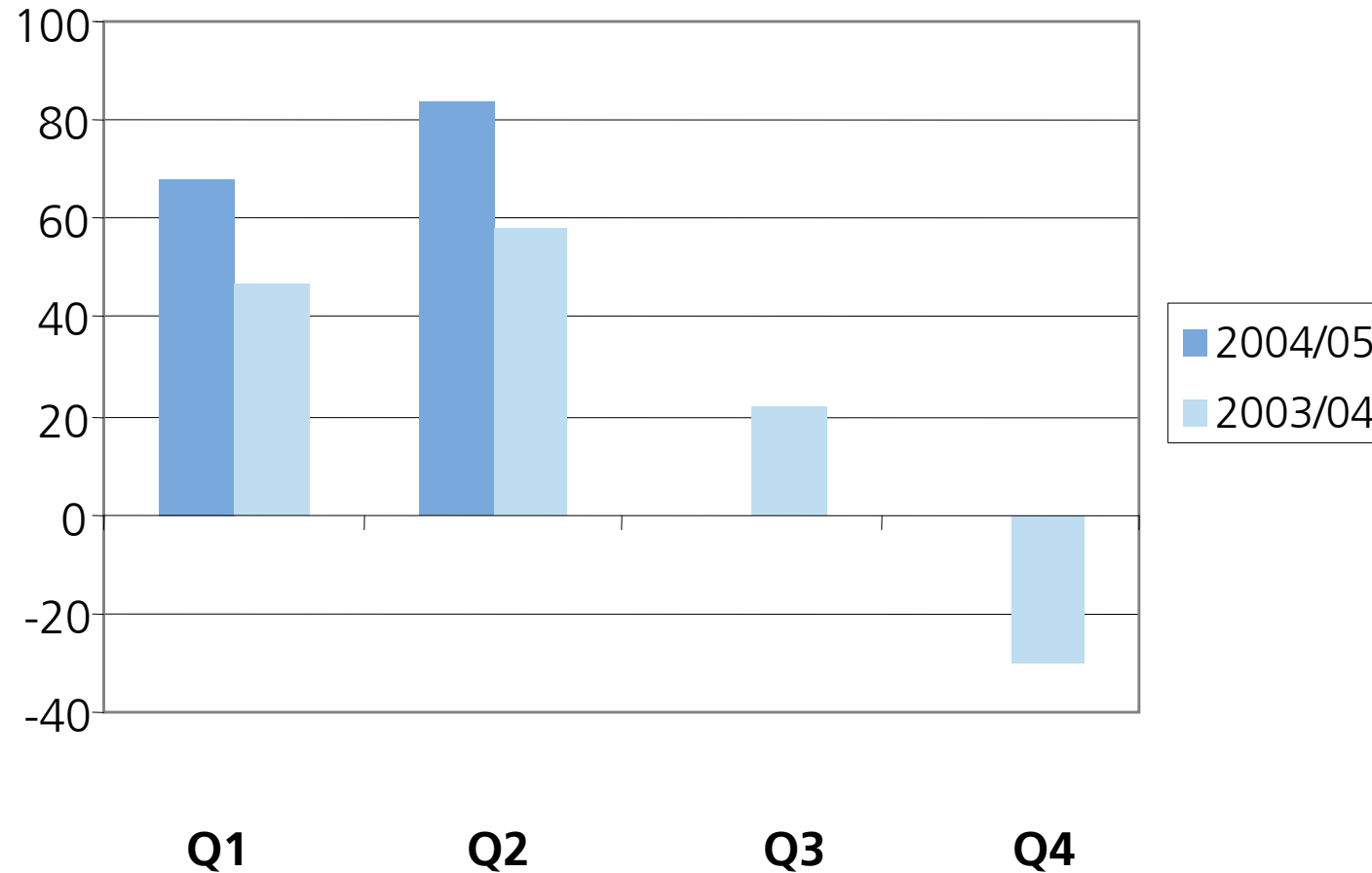


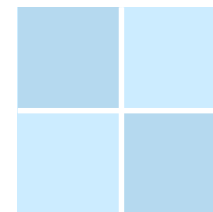
¹ in previous year release of income subsidies in particular reclassified as depreciation



Strong Seasonal Cycles in the Results

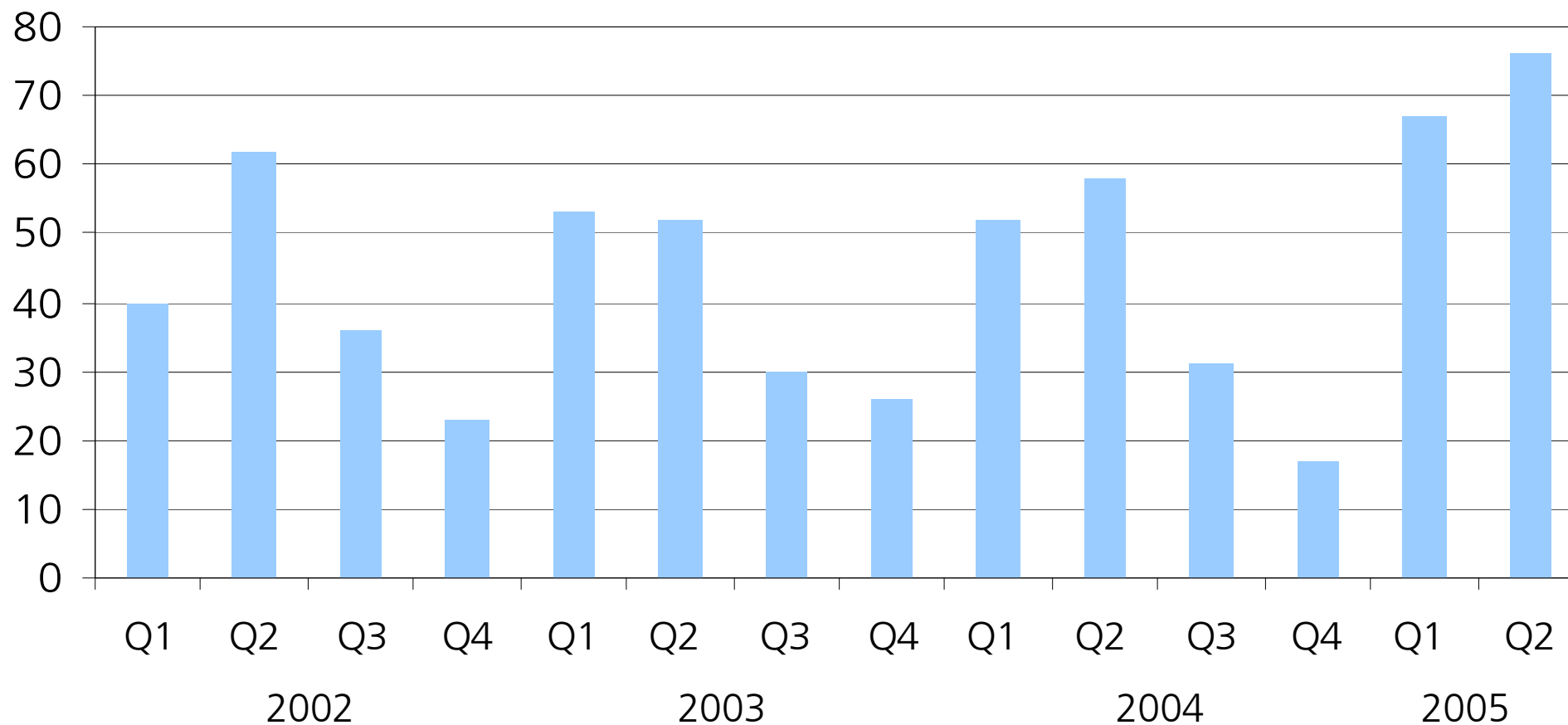
EBIT by Quarter (previous year adjusted) in Euro million



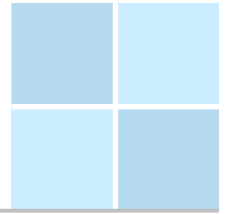


Highest Quarterly Cash Flow for 3 Years

Cash Flow (DVFA) in Euro million



Solid Equity Capitalisation



Euro million

