

## Energy Efficiency: Market for the Future

07/08

Analysts` presentation

Consolidated financial statements for the  
2007/2008 financial year pursuant to IFRS

27 January 2008

[www.mvv-investor.de](http://www.mvv-investor.de)



## MVV Energie in brief



# We have a portfolio which is largely autonomous of the regulated business (2007/2008 FY EBIT before IAS 39)

Non-regulated business: 33% of sales, 60% of EBIT					Regulated business: 67% of sales, 40% of EBIT	
Core business			Growth business		Core business	
	District heating	Water	Value-added services	Environmental energy	Electricity	Gas
<b>Sales</b> Euro mill. in %	303 12	102 4	277 11	194 7	1,382 52	356 14
<b>EBIT</b> Euro mill. in %	38 15	10 4	20 8	81 33	64 26	35 14
<b>Market position</b>	No. 3 in Germany	fragmented	No. 3 in Germany	No. 3 in Germany	No. 7 in Germany	No. 12 in Germany
	<ul style="list-style-type: none"> <li>▶ Process optimisation</li> <li>▶ External growth in submarkets</li> </ul>		<ul style="list-style-type: none"> <li>▶ Organic growth</li> <li>▶ Growth via acquisitions</li> </ul>		<ul style="list-style-type: none"> <li>▶ Efficiency enhancements</li> <li>▶ Development of new sales forms and products</li> </ul>	

Key financial data  
for 2007/2008 financial year



# Key figures of the MVV Energie Group for the 2007/2008 financial year

## Earnings performance in Euro million

	2007/08 (1.10.-30.9.)	2006/07 (1.10.-30.9.)	% Change
Sales excluding electricity and natural gas tax	<b>2,636</b>	<b>2,259</b>	<b>+17</b>
EBITDA	<b>486</b>	<b>359</b>	<b>+35</b>
EBITDA before IAS 39	<b>398</b>	<b>344</b>	<b>+16</b>
EBIT	<b>337</b>	<b>215</b>	<b>+57</b>
EBIT before IAS 39	<b>249</b>	<b>199</b>	<b>+25</b>
EBT	<b>269</b>	<b>139</b>	<b>+94</b>
EBT before IAS 39	<b>181</b>	<b>123</b>	<b>+47</b>
Annual net surplus	<b>185</b>	<b>126</b>	<b>+47</b>
Annual net surplus after minority interests	<b>170</b>	<b>109</b>	<b>+56</b>
Earnings per share <sup>1</sup> in Euro	<b>2.60</b>	<b>1.96</b>	<b>+33</b>
Free cash flow <sup>2</sup>	<b>54</b>	<b>188</b>	<b>-71</b>

<sup>1</sup> increase in number of shares (weighted annual average) from 55.8 million to 65.3 million due to capital increase

<sup>2</sup> cash flow from operating activities less investments in intangible assets, property, plant and equipment and investment property

# Sales by segment in the 2007/2008 financial year

## Sales in Euro million

	2007/08 (1.10.-30.9.)	2006/07 (1.10.-30.9.)	% Change
Electricity <sup>1</sup>	1,382	1,079	+28
District heating	303	272	+11
Gas <sup>2</sup>	356	342	+4
Water	102	104	-2
Value-added services <sup>3</sup>	277	263	+5
Environmental energy	194	184	+5
Other/consolidation	22	15	+47
	<u>2,636</u>	<u>2,259</u>	+17

<sup>1</sup> excluding electricity tax

<sup>2</sup> excluding natural gas tax

<sup>3</sup> excluding electricity and natural gas tax

# EBIT by segment in the 2007/2008 financial year<sup>1</sup>

## EBIT in Euro million

	2007/08 (1.10.-30.9.)	2006/07 (1.10.-30.9.)	% Change
Electricity <sup>1</sup>	143	54	+165
District heating	39	42	-7
Gas <sup>1</sup>	43	11	+291
Water	10	19	-47
Value-added services	20	19	+5
Environmental energy	81	71	+14
Other/consolidation	1	-1	-
	<u>337</u>	<u>215</u>	+57

<sup>1</sup> including IAS 39 Euro 88 million (previous year: Euro 16 million); of which electricity Euro 79 million (previous year: Euro 16 million), Gas Euro 8 million (previous year: Euro 0 million), district heating Euro 1 million (previous year: Euro 0 million)

## EBIT before IAS 39 by segment in the 2007/2008 financial year

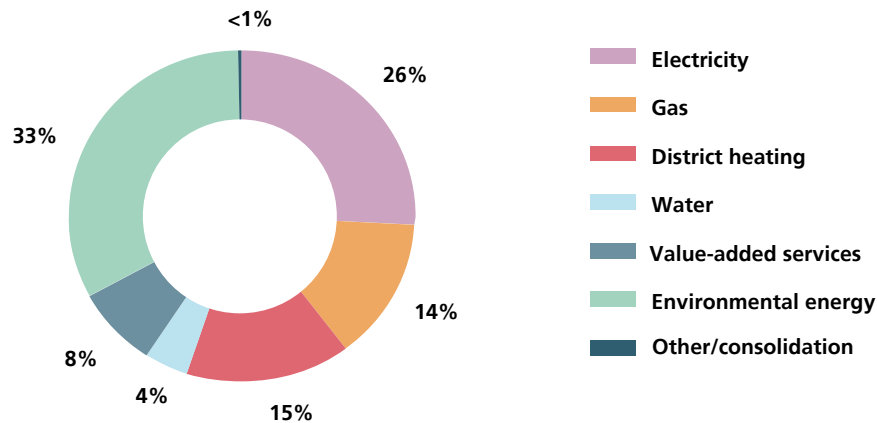
### EBIT in Euro million

	2007/08 (1.10.-30.9.)	2006/07 (1.10.-30.9.)	% Change
Electricity	64	38	+68
District heating	38	42	-10
Gas	35	11	+218
Water	10	19	-47
Value-added services	20	19	+5
Environmental energy	81	71	+14
Other/consolidation	1	-1	-
	<u>249</u>	<u>199</u>	+25

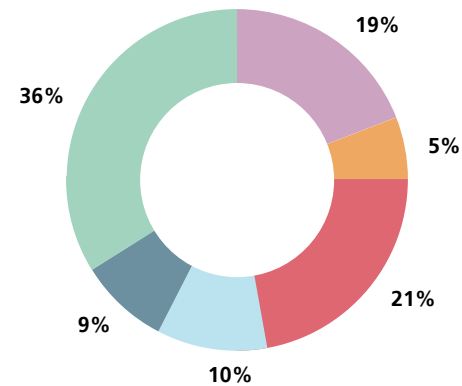


# EBIT before IAS 39 by segment – well-balanced business portfolio

EBIT before IAS 39 in 2007/08 FY<sup>1</sup>



EBIT before IAS 39 in 2006/07 FY<sup>1</sup>

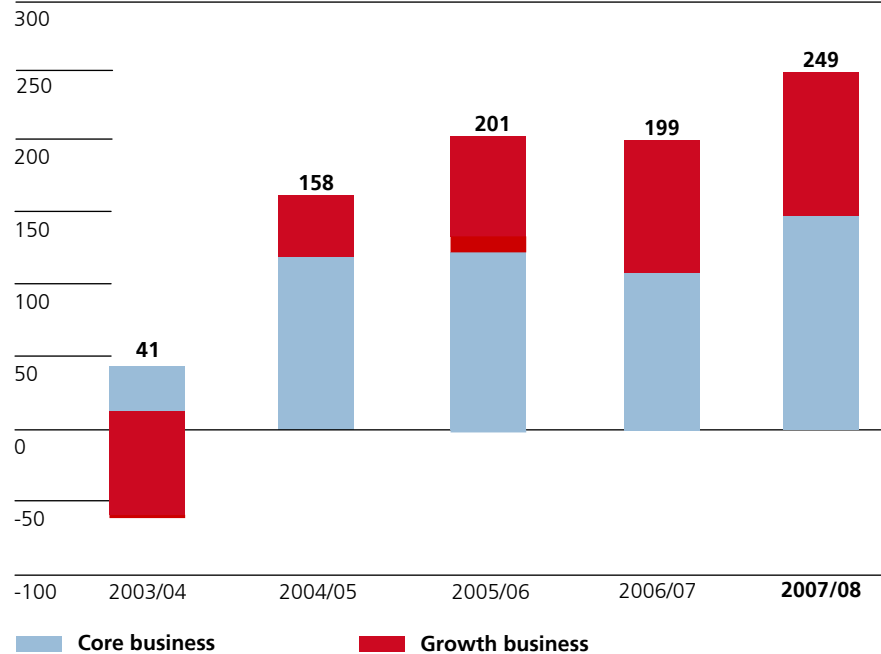


<sup>1</sup> 2007/08 FY: other/consolidation Euro 1 million (previous year: Euro -1 million) not shown in chart

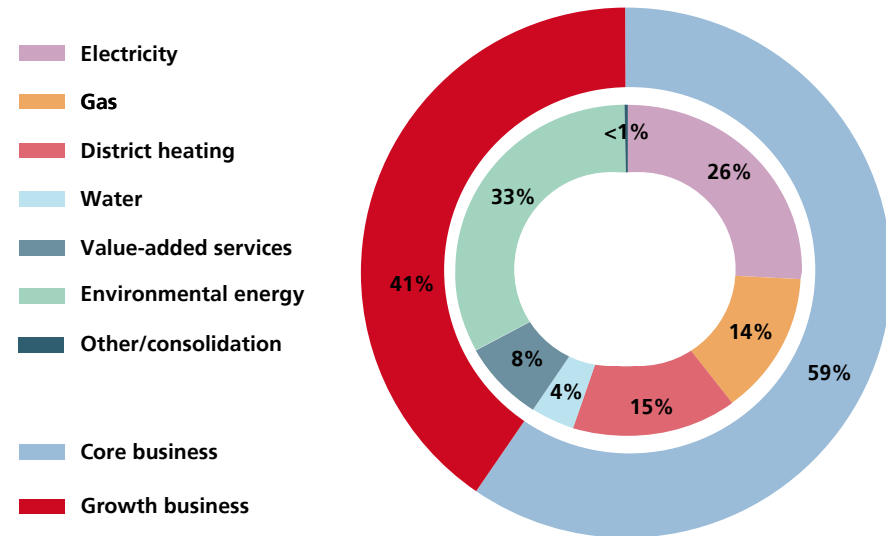
- ▶ Share of EBIT before IAS 39 attributable to business segments in in 2007/08 FY
  - non-regulated markets amount to 60%
  - regulated markets amount to 40%

# EBIT before IAS 39 by segments

EBIT before IAS 39 in Euro million



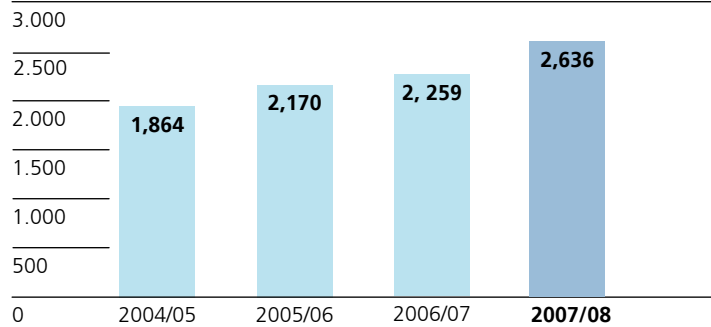
EBIT before IAS 39 by segments in 2007/08 FY



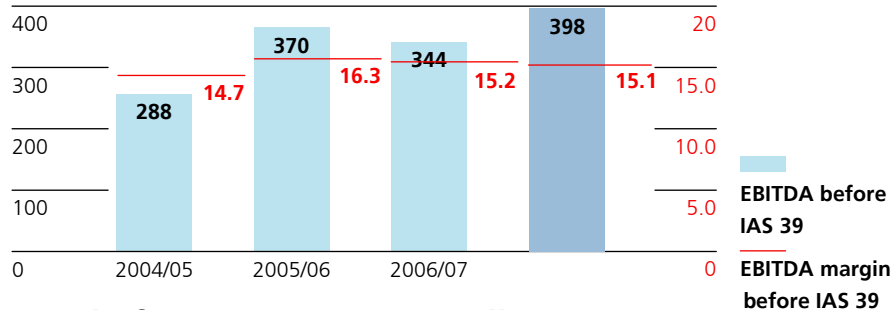
- Share of EBIT before IAS 39 of high-growth environmental energy and value-added services segments amount to 41% in 2007/08 FY (previous year: 45%)

# Key figures – track record

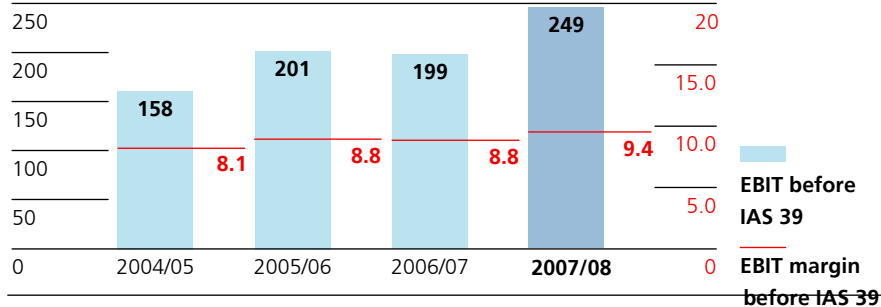
## Sales in Euro million



## EBITDA before IAS 39 in Euro million



## EBIT before IAS 39 in Euro million



- ▶ Growth in financial ratios
- ▶ Improvement in business operating efficiency
- ▶ High dividends in recent years

## Dividend

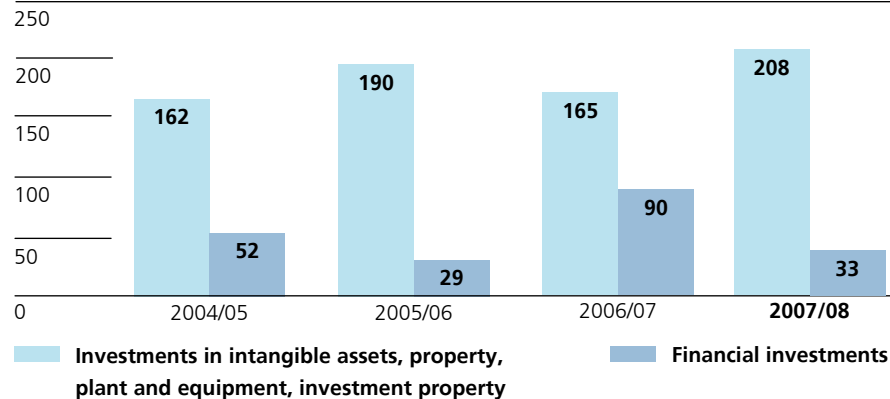
	2005/06	2006/07	2007/08
Dividend/Share (Euro)	<b>0.80</b>	<b>0.80</b>	<b>0.90<sup>1</sup></b>
Total dividend <sup>2</sup> (Euro million)	<b>44.6</b>	<b>52.7</b>	<b>59.3<sup>1</sup></b>
Dividend yield (%)	<b>3.4</b>	<b>2.7</b>	<b>2.7<sup>1</sup></b>

<sup>1</sup> pending approval by the Annual General Meeting on 13 March 2009

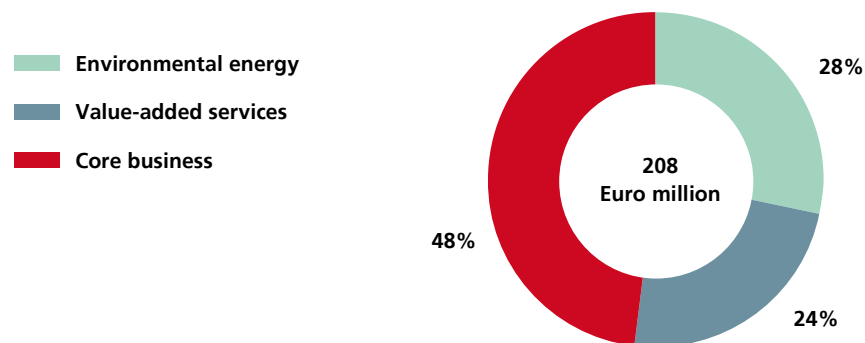
<sup>2</sup> starting in the 2006/07 FY 65,9 million shares entitled to dividend due to capital increase (2005/06 FY: 55,8 million shares)

# Investment and growth

## Investments in Euro million



## Investments in tangible assets in 2007/08 FY



### ► Core business:

- Optimising and preserving substance of supply facilities and distribution grids
- Expansion of gas storage capacities in Kiel (third gas cavern)

### ► Environment:

- Construction of Boiler 6 at Mannheim energy from waste plant

### ► Energy-related services:

- Construction of industrial power plants in Gersthofen and Korbach (refuse-derived fuels)
- Acquisition/construction of biogas plants in Mechau and Karow
- Acquisition of new shareholdings in energy-related services business

**Capital increase in October 2007 will provide scope for further growth**

# Factors relevant to EBIT before IAS 39 performance

## Positive one-off factors

- ▶ Beneficial impact on margin of normal weather conditions in 2007/08 heating period compared with extremely mild weather conditions in previous year
- ▶ First full year of full-capacity operations at new Leuna II energy from waste plant
- ▶ Non-period income and credits
- ▶ New shareholdings in Czech Republic
- ▶ Non-repetition of charges resulting from statement of pension provisions in previous year

## Negative one-off factors

- ▶ Damaged turbine at Offenbach heating power plant
- ▶ Higher procurement costs due to sharp rise in coal prices
- ▶ Higher maintenance expenses and depreciation for Leuna II energy from waste plant
- ▶ Reduced prices for waste disposal contracts, especially in Mannheim

# MVV Energie – Business Model and Positioning



# MVV Energie's strengths – unique business portfolio

## Stable core business

- ▶ **Networking** of companies with comparable portfolios on a distribution level
  - External: via **cooperations between municipal utility companies**
  - Internal: via efficiency enhancement and exploitation of **potential synergies** in municipal utility group
- ▶ Development of **innovative electricity and gas products** for nationwide sales
  - Private customers: SECURA Ökostrom
  - Industrial and business customers: electricity and gas funds

## Attractive growth potential

- ▶ Via acquisitions and cooperations in the **environmental energy business** (generation of energy from waste and biomass); **market entry** into British waste market
- ▶ Organic and external growth via nationwide **expansion of energy-related services** in the growing contracting business

# Current challenges

---

- ▶ Dependence on increasingly scarce primary energy resources
- ▶ Volatile commodity and primary energy prices, ongoing debate surrounding energy prices
- ▶ Growing sensitivity to environmental and climate-related topics
- ▶ Ambitious political climate protection targets
- ▶ Difficult economic framework for energy industry, e.g.
  - Growing competitive and cost pressure
  - New incentive regulation (from January 2009)
- ▶ International financial and economic crisis, e.g. decline in volumes at industrial customers

**We see these challenges are harbouring more opportunities than risks**



# Climate protection and energy efficiency as market opportunities

---

- ▶ Integrated Climate and Energy Programme (IKEP) of the Federal Government
- ▶ Objective: structural transformation in (energy) industry to achieve
  - CO<sub>2</sub> reduction
  - Increased energy efficiency
- ▶ Areas promoted include
  - Expansion of electricity generation from renewable energies
  - Cogeneration and therefore also
  - Expansion of district and local heating systems
- ▶ Competitive head start in the areas receiving political support based on
  - Longstanding experience
  - Efficiency expertise
  - Numerous climate protection projects
- ▶ Financial and economic crisis and higher energy prices raise awareness of need for action in terms of municipal and industrial contracting

**Our district heating, energy-related services and environmental energy segments, as well as our innovative technologies, are exploiting the market opportunities arising**

# Opportunities for the future by drawing on new technologies and district heating

## New technologies

- ▶ Innovation and cooperation with technology and process leaders provide a basis for attractive new business opportunities
- ▶ Award from Federal Ministry of Economics and Technology for the seminal sponsored project "Model City Mannheim"
- ▶ We are testing sustainable energy technologies in the field of sustainable energy conversion
  - Energy-efficient micro-cogeneration house energy plants generating electricity and heating
  - Product development on intelligent energy management systems

## District heating

- ▶ GKM expansion by 2013
- ▶ Government promotion of cogeneration
- ▶ Increasing density of existing district heating grid in the Mannheim municipal area; new preferred areas reported
- ▶ Merger of district heating grids in the region (Speyer)

# Growth prospects due to expanded market positions in environmental energy and value-added services businesses

---

## Environmental energy

- ▶ 1.5 million tonnes p.a. of capacity for non-recyclable waste incineration and generation of energy from biomass at five locations in Germany
- ▶ Plant at full capacity due to long-term contracts and material flow management
- ▶ First full-year impact in 2007/08 FY of launch of operations at Leuna II
- ▶ Premium waste disposal provider
- ▶ Climate protection requirements of EU Commission and Federal Government leading to growing markets for renewable energies and energy efficiency

## Energy-related services

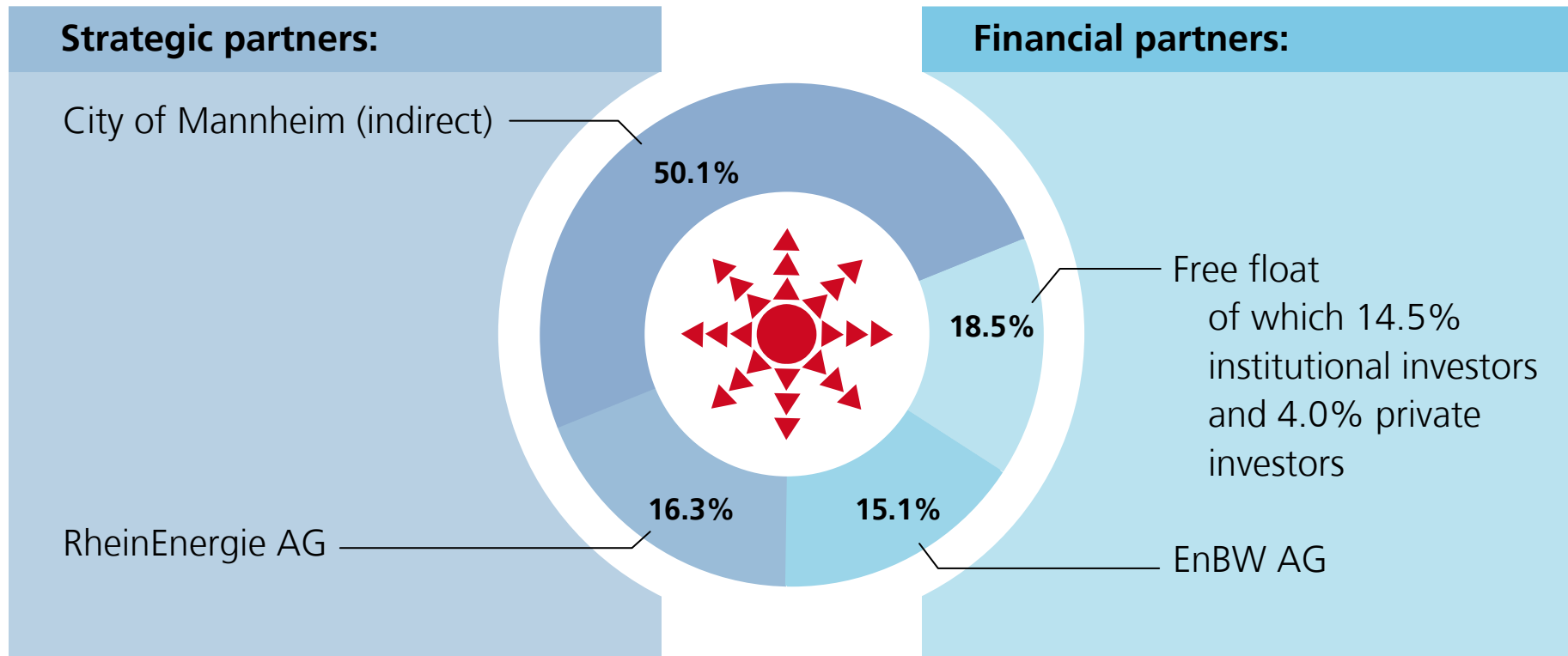
- ▶ We currently operate 24 biomass heat plants and biomass power and heat plants
- ▶ Great interest across Germany in energy-efficient contracting solutions
- ▶ Industry on the lookout for innovative energy concepts: offering of alternative substitute fuel solutions for large industrial locations
- ▶ Nationwide expansion of successful real estate utilities concept

The share of MVV Energie AG



 **MVV** Energie

# Current shareholder structure and key figures of MVV Energie AG

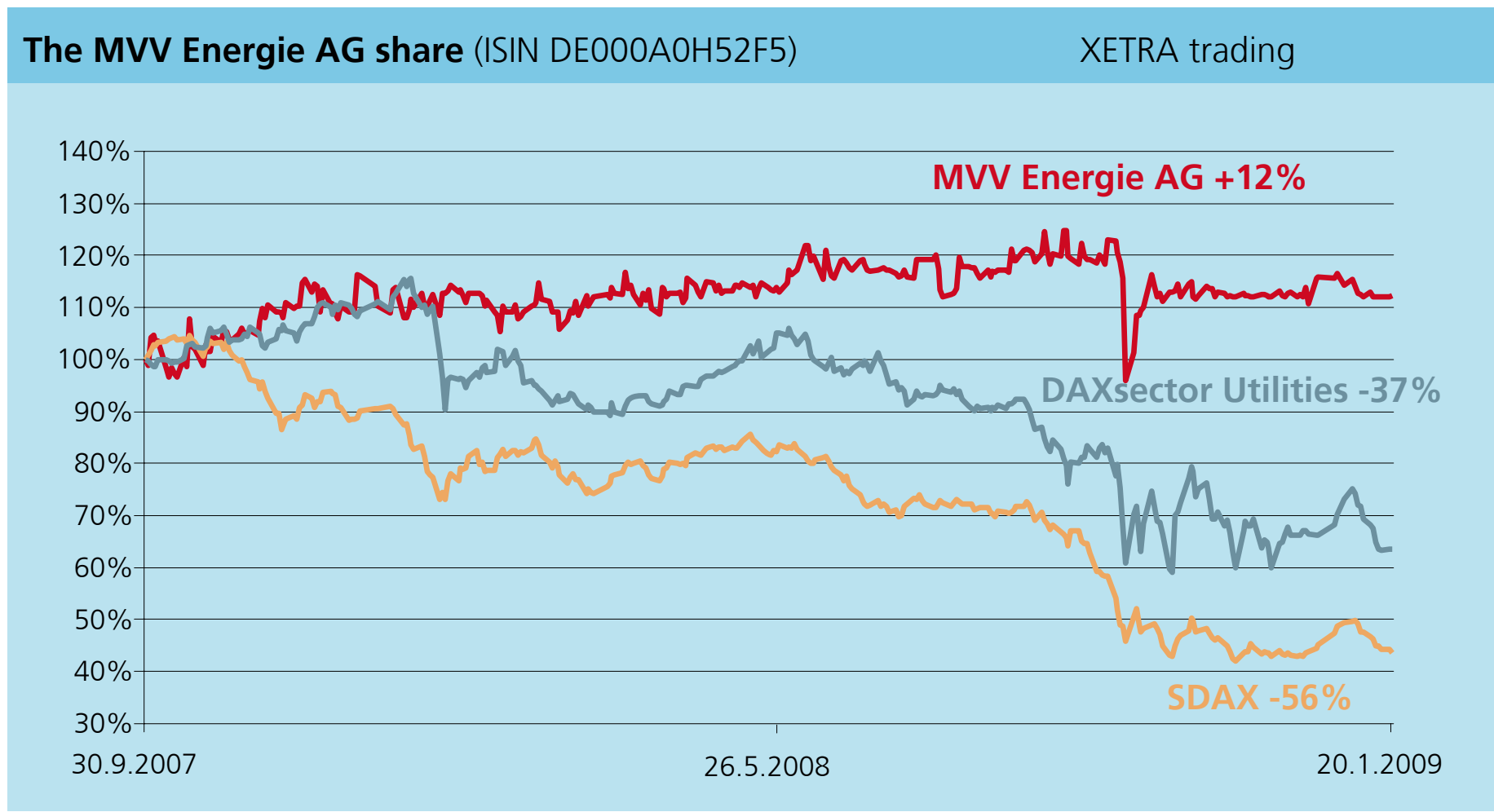


▶ **No. of shares:**  
65.907 million

▶ **Market capitalisation:**  
Euro 2,046 million  
(Closing price on 20.1.2009:  
Euro 31.05)

▶ **Free float:**  
Euro 383 million

# MVV Energie's share has performed well in a weak market



Share chart as performance comparison (including subscription right discount upon capital increase in October 2007 and dividend payment in March 2008) with SDAX and DAXsector Utilities

# Outlook



# Outlook

---

- ▶ Sales target for 2008/09 FY: Euro 2.8 billion 
- ▶ EBIT target: slightly lower EBIT before IAS 39 than in 2007/08 FY 
- ▶ MVV Energie is an active cooperation partner in the German energy market 
- ▶ By offering new electricity and gas products, we are exploiting the opportunities resulting from increased competition 
- ▶ UK market entry in the environmental energy business 
- ▶ Growth in energy-related services 
- ▶ We are actively exploiting the growth opportunities presented by the Integrated Climate and Energy Programme 
- ▶ Investment decisions currently not affected by financial crisis 



# Financial calendar of 2008/2009

- ▶ 27.1.2009 Annual Results Press Conference and Analysts` Conference in Frankfurt/Main
- ▶ 13.2.2009 Financial Report 1<sup>st</sup> Quarter of 2008/2009
- ▶ 13.3.2009 Annual General Meeting in Mannheim
- ▶ 16.3.2009 Payment of Dividend
- ▶ 15.5.2009 Financial Report 2<sup>nd</sup> Quarter of 2008/2009 and Analysts` Conference Call
- ▶ 14.8.2009 Financial Report 3<sup>rd</sup> Quarter of 2008/2009 and Analysts` Conference Call
- ▶ 19.11.2009 Publication of Preliminary Results for the 2008/2009 Financial Year and Analysts` Conference Call
- ▶ 30.12.2009 2008/2009 Annual Report

Thank you for your attention!

I would be pleased to answer any queries you may have.

