



MVV ENERGIE
ENERGISING THE FUTURE

Annual Report 2012/13

**NEW ENERGY?
YES, BUT JUST
AS RELIABLE!**



MAJOR EVENTS IN 2012/13 FINANCIAL YEAR



We are demonstrating our all-round experience and technical competence in planning, building and operating energy from waste and biomass plants in the British market as well – by building a waste-fired **COMBINED HEAT AND POWER PLANT** in Plymouth (investment total: Euro 250 million) and a biomass power plant at Ridham Dock (investment total: Euro 140 million).



We have been making targeted investments in biomethane projects since 2012. The **BIOMETHANE PLANT** in Klein Wanzleben near Magdeburg was linked up to the grid in September 2012. In neighbouring Kroppenstedt, we are building a second, identical plant where operations will begin before the end of 2013. These plants each generate 63.5 million kWh of biomethane a year and feed this into the natural gas grid.



We are building what is currently Germany's highest-capacity **DISTRICT HEATING STORAGE FACILITY** (investment total: Euro 27 million) on the site of the GKM plant in Mannheim. Operations here will be gradually ramped up during the 2013/14 financial year. It will act as an additional reserve and enhance flexibility at the GKM plant.



We have significantly enlarged our onshore wind power portfolio. In early December 2012, we bought seven **WIND FARMS** in Germany with a total capacity of 63 MW from the Spanish energy group Iberdrola. With the new wind turbines operated by Energieversorgung Offenbach in Dirlammen, our total installed wind power capacity grew from 73 MW to 144 MW in the 2012/13 financial year.



Operations at the **BIOMASS POWER PLANT** at Tübingen University Hospital were officially launched on 27 June 2013. Our MVV Enamic GmbH subsidiary has invested Euro 12 million in refurbishing and converting the plant from fossil fuels to the sustainable fuel of timber. This plant will help avoid CO₂ emissions of 20 000 tonnes a year.

Our Annual Report was for the first time awarded 1st position in the SDAX category in the "Best Annual Reports" competition organised by "manager magazin". Dr. Georg Müller, CEO of MVV Energie AG, accepts this prestigious accolade in Frankfurt from Martin Noé, Deputy Chief Editor of the business journal.



KEY FIGURES

Key figures of the MVV Energie Group			
Euro million	2012/13	2011/12	% change
Sales and earnings			
Sales excluding energy taxes	4 044	3 895	+ 4
Adjusted EBITDA ¹	377	399	- 6
Adjusted EBIT ¹	210	223	- 6
Adjusted EBT ¹	144	151	- 5
Adjusted annual net surplus ¹	102	98	+ 4
Adjusted annual net surplus after minority interests ¹	85	80	+ 6
Adjusted earnings per share ¹ (Euro)	1.29	1.21	+ 7
Cash flow			
Cash flow from operating activities	371	285	+ 30
Cash flow from operating activities per share (Euro)	5.63	4.33	+ 30
Capital structure			
Adjusted total assets (at 30.9.) ²	4 037	3 854	+ 5
Adjusted equity (at 30.9.) ^{2,3}	1 383	1 390	- 1
Adjusted equity ratio (at 30.9.) ^{2,3}	34.3 %	36.1 %	- 5
Net financial debt	1 111	1 028	+ 8
Value indicators			
ROCE	8.4 %	9.0 %	- 7
WACC	7.4 %	8.6 %	- 14
Value spread	1.0 %	0.4 %	> +100
Capital employed ³	2 506	2 486	+ 1
Investments			
Total investments ⁴	392	294	+ 38
of which growth investments ⁴	301	191	+ 58
of which investments in existing business ⁴	91	103	- 12
Employees			
Number of employees (at 30.9.)	5 459	5 541	- 1
Full-time equivalents (at 30.9.)	4 785	4 898	- 2

1 excluding non-operating IAS 39 derivative measurement items, excluding restructuring expenses and including interest income from finance leases

2 excluding non-operating IAS 39 derivative measurement items

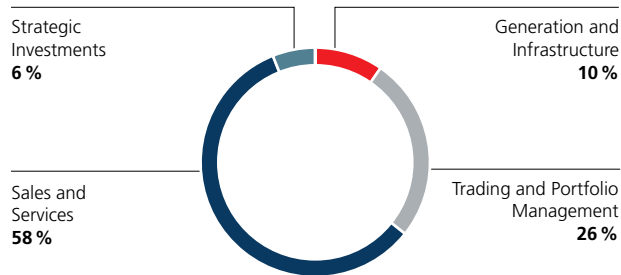
3 previous year's figures adjusted. Details in ► *Business Performance on Page 61*

4 previous year's figures adjusted. Definition of investments in ► *Glossary on Page 189*

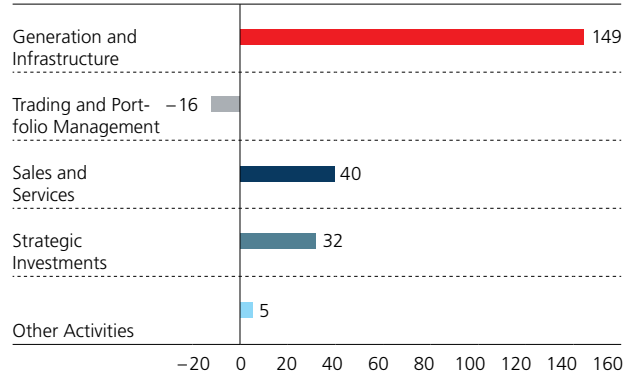


MVV ENERGIE AT A GLANCE

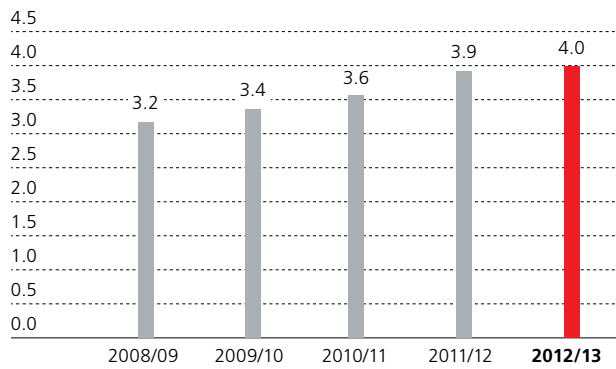
Sales excluding energy taxes of the MVV Energie Group by reporting segment: 2012/13 financial year



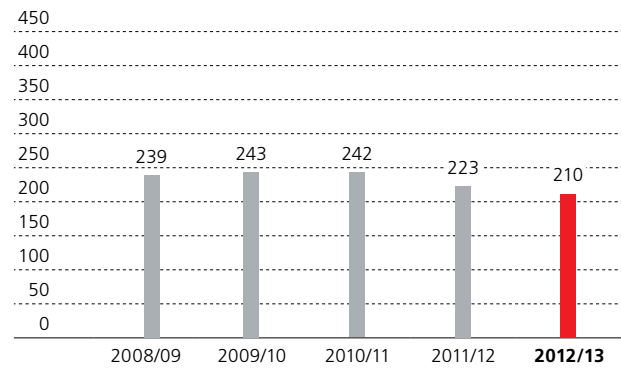
Adjusted EBIT of the MVV Energie Group by reporting segment: 2012/13 financial year



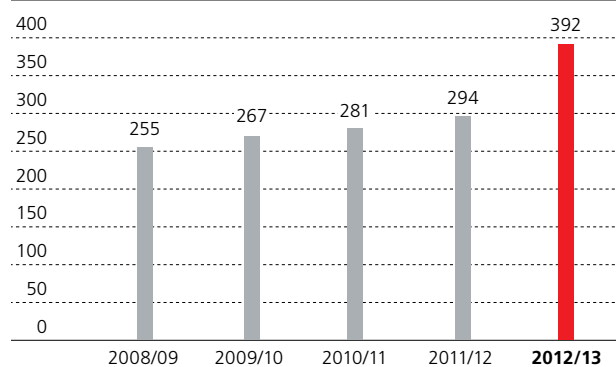
Sales excluding energy taxes in Euro billion



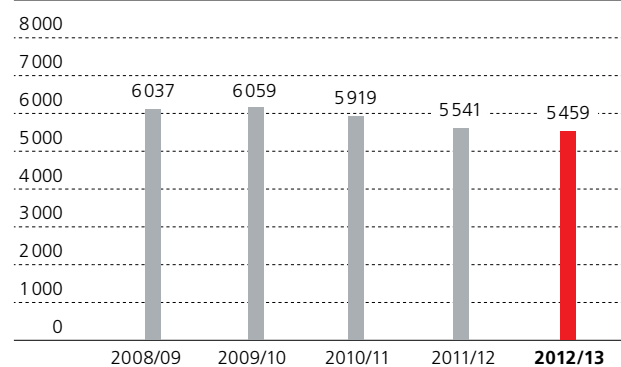
Adjusted EBIT in Euro million



Investments¹ in Euro million



Employees (headcount)



¹ previous year's figures adjusted



MVV ENERGIE IN FOCUS

Since 1999, the MVV Energie Group has been Germany's first and to date only energy group with municipal and regional roots to be publicly listed. The parent company MVV Energie AG is based in Mannheim. The City of Mannheim holds a majority stake of around 50.1 %.

In the 2012/13 financial year, our Group generated sales of Euro 4 billion with its workforce of around 5 500 employees.

Our broad-based business portfolio covers the entire value chain – from generation to trading and portfolio management, infrastructure for the distribution of electricity, district heating, gas and water via proprietary grid companies through to sales and services. One particular strength involves planning, building and operating energy from waste and biomass power plants – competence that we are now also demonstrating with two construction projects in the UK. The expansion in our onshore wind power portfolio is also playing an increasingly important role. In our energy-related services business, we are focusing on enhancing energy efficiency for our customers in the industrial, commercial and real estate sectors. Our Czech subgroup operates at 13 locations and is one of the largest district heating providers in the Czech Republic.

As the Energiser of the Future and an innovative service provider, we are equally committed to securing a reliable supply of energy and water for our customers and to ensuring environmental compatibility and protecting resources.



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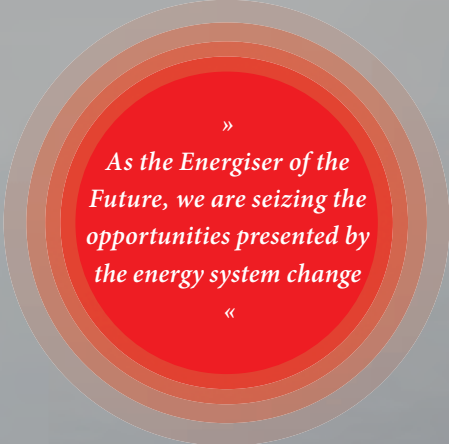
MVV ENERGIE
ENERGISING THE FUTURE

NEW ENERGY? YES, BUT JUST AS RELIABLE!

*Supplement to
2012/13 Annual Report*







»
*As the Energiser of the
Future, we are seizing the
opportunities presented by
the energy system change*
«

WHAT WE VISUALISE: THE WAY AHEAD

... is a market-based energy system that guarantees the already high level of supply reliability in Germany – and that at prices affordable for consumers and business alike.

... is an energy system that protects our climate and our resources by expanding energy generation from renewable sources and enhancing energy efficiency.

... is a uniform, competitive market model in which both renewable energies and high-efficiency conventional plants have a role to play.



NEW ENERGY? YES, BUT JUST AS RELIABLE!



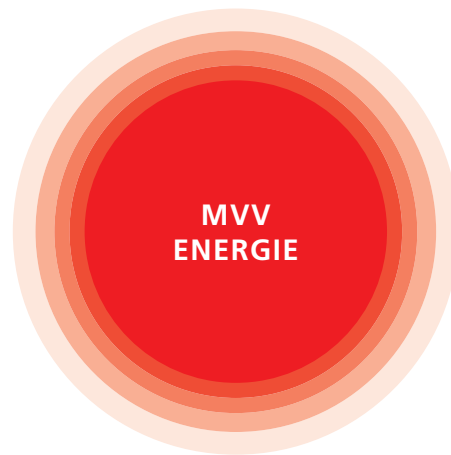
Converting the German energy system from nuclear and conventional energy generation to renewable energies and cutting greenhouse gas emissions by 40 % by 2020 – that is an ambitious political target. Energy companies will bear the brunt of its implementation. That will not happen at the push of a button, but will take time and cost money!

MVV Energie is making an important contribution to the energy system conversion. It is expanding its use of renewable energies and making targeted investments in energy efficiency based on combined heat and power generation, in innovative environmental and climate protection technologies and in a high-performance grid infrastructure. With our committed, highly motivated employees, who we carefully select and closely support, we will successfully master this long and difficult path of upholding a reliable energy supply.

After all, it is not only a question of expanding renewable energies. It is also about maintaining a reliable and stable electricity supply – for the population as a whole and as an absolute prerequisite for Germany's status as an industrial player. To date, the energy supply has chiefly been safeguarded by diversifying procurement sources and ensuring reliable transportation routes for primary fuels such as natural gas and crude oil. Given the growing share of renewable energies, this will become significantly more complex. Supply reliability is at the top of the agenda in Germany. Alongside economic viability and environmental compatibility, it is a key objective of energy policy.



ENERGISING THE FUTURE



SUPPLY RELIABILITY



Customers must receive a reliable supply of electricity, heating energy, gas and water around the clock – and that throughout the conversion in the energy system.

ECONOMIC VIABILITY



The new energy system has to pay off for energy companies, be affordable for private and industrial customers and cost-effective for the overall economy.

ENVIRONMENTAL COMPATIBILITY



Energy suppliers will have to reduce their use of fossil resources and cut their emissions of greenhouse gases when generating energy in future.

EMPLOYEES AS KEY SUCCESS FACTOR

Employees are the linchpin of any company's success. The labour market situation presents employers with ever greater challenges and requires systematic efforts from MVV Energie as well. Innovative personnel policies – that's the way ahead!



“I FELT WELL LOOKED AFTER AT MVV ENERGIE
FROM THE OUTSET. WE ALL RECEIVE INDIVIDUAL,
HIGH-LEVEL SUPPORT!”

BENEDIKT HERGET



TAILOR-MADE TRAINING FOR SPECIALISTS

MVV Energie is relying on young people like Benedikt Herget. And MVV Energie is the ideal partner for the 21 year-old in his studies. So how did this student at Baden-Württemberg Cooperative State University Mannheim and the energy supplier cross paths? We owe that both to chance and to MVV Energie's convincing public relations. Benedikt Herget comes from near Hanau, where he completed his schooling in 2011. He had already given thought to his choice of career and enquired about work-study programmes at the Employment Agency. "What appealed to me was the opportunity to combine theory at the university with hands-on experience at a company. That's why I chose the Cooperative State University in Mannheim. I am studying in the new Energy Industry programme at the Technology Faculty and aiming to qualify as a Bachelor of Engineering". In this programme, he is dealing with topics relating to the energy and water supply, with a key focus on renewable energies.

When looking for interesting companies, Benedikt Herget discovered MVV Energie on the internet. He was immediately attracted by the opportunity to start work at the energy supplier as a participant in a dual study course. After all, MVV Energie itself played a key role in setting up his study programme and Benedikt Herget was a member of its first intake. Having said this, one hurdle still had to be taken – an interview at MVV's headquarters. He is still enthusiastic when he thinks back to that day in November 2010. "I felt comfortable from the very outset. Later, I also received direct feedback in the assessment centre selection process. That was very valuable for me."

Benedikt Herget has been at MVV Energie since September 2011 and is acquiring in-depth insights into work at an energy supplier. He is able to select his own topics and departments and has opted, among other areas, for grids and for supervision by the grid company Netrion GmbH. During a period of hands-on practice, the student dealt specifically with the interesting question as to how grid infrastructure can be re-equipped to integrate renewable energies whilst safeguarding grid stability.

Benedikt Herget is one of 58 students from his university at MVV Energie. Of these, 13 completed their studies at the end of September 2013. They all benefited from a range of opportunities over and above their specialist studies. Among others, these include the Talent Group for top-performing trainees and students. >



The Talent Group took part in a training project in Plymouth in summer 2013. From left: Nadine Hetterich, Rouven Radler, Laura Hellriegel, Julia Nolte, Denise Gündling and Benedikt Herget at the power plant building site.



On 24 June 2013 the Talent Group organised a “Knowledge Day” for MVV Energie employees. The students offered presentations and an exhibition with information about the megatrends addressed in our 2011/12 Annual Report.



A STRONG EMPLOYER BRAND HELPS FIND AND RETAIN SPECIALISTS

Catchwords such as demographic change and skills shortage are all the rage. Any company wishing to recruit motivated, productive specialists and retain these in the long term has to have an innovative personnel strategy. That's why MVV Energie's personnel department has an eye to the future. In the market for potential applicants, we are positioning ourselves as an employer with the slogan “Opportunities with a future”. We are also active on internet platforms such as the social media networks Xing, Facebook and Kununu.

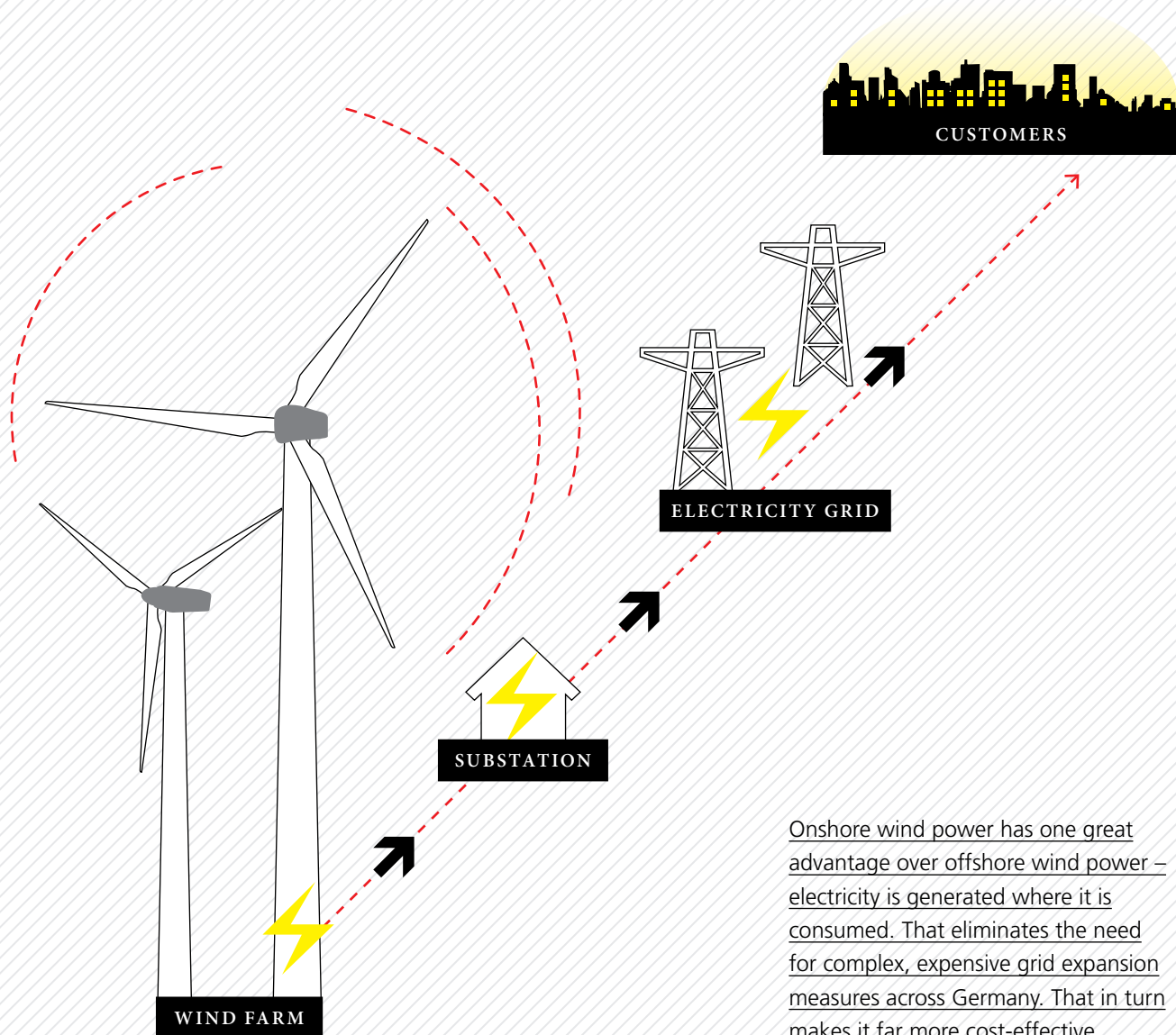
One key term here is “employer branding”. This involves establishing the employer as an attractive brand, includes traditional marketing concepts and methods and is aimed at enhancing the company's attractiveness as an employer and presenting and communicating its uniqueness. A strong employer brand permanently enhances the efficiency of personnel recruitment and applicant quality. By facilitating a high degree of emotional identification and commitment, it also helps retain top-performing specialists at the company in the long term. This also factors in the valuable expertise available among older employees and promotes the transfer of their skills and experience.

MVV Energie's attractiveness is reflected in numerous target group-specific measures. Examples here are flexible working hours and various measures helping employees to optimise their work-life balance and better combine their family and work commitments. For the graduate target group, for example, we offer tailored opportunities such as our Junior Consulting Team. •

More details about our personnel programmes in the chapter
► *Our Social Responsibility from Page 82 onwards.*

ON THE RIGHT COURSE WITH ONSHORE WIND POWER

In expanding renewable energies, MVV Energie is relying alongside biomass and biomethane on the mature and reliable technology of onshore wind power – that's the way ahead!



Onshore wind power has one great advantage over offshore wind power – electricity is generated where it is consumed. That eliminates the need for complex, expensive grid expansion measures across Germany. That in turn makes it far more cost-effective.

▼

ONSHORE WIND POWER:

PROVEN AND

COST-EFFECTIVE!

GROWTH WITH WIND IN OUR SAILS

The old “nuclear energy” house is in the process of being demolished, but no construction plans are yet available for the new “renewable energies” house – that is how one critic of the so-called energy turnaround described the state of the German energy supply in autumn 2013. The further development in the Renewable Energies Act (EEG) will have to sustainably limit the costs of expanding renewable energies without delaying their further expansion. To this end, our company has presented a widely acknowledged study showing how renewable energies can be competitively integrated into the market.

MVV Energie has been focusing on using renewable energy sources for years now. Alongside biomass and biomethane, we acted early and providently to focus on onshore wind power. Our strategy is working – onshore wind power has become the driving force behind the energy system conversion and has in recent years left its niche existence to become a leading technology with the most economically viable expansion potential.

MVV Energie will rely in future as well on proprietary wind project developments, on partnerships and on acquiring existing onshore wind farms. To this end, we aim to access new locations in close cooperation and on a basis of trust with municipal and regional partners and private landowners. Not only that, by offering local populations extensive opportunities to participate, we aim to promote the use of wind power by achieving the necessary consensus and acceptance on location.

MVV Energie operated more than 70 wind turbines with a total capacity of 144 megawatts in the year under report. It is also a successful, reliable partner when it comes to directly marketing electricity generated from renewable sources via the market premium model. To further accelerate the market integration of renewable energies, MVV Energie is in favour, among other measures, of turning direct marketing, currently still optional, into a mandatory model. •

ENVIRONMENTAL COMPATIBILITY

- ▼
- > *We plan wind turbines in locations offering the necessary wind conditions and where the plants make economic and ecological sense.*
 - > *Our planning takes due account of regional factors, such as residential areas, roads and conservation sites.*
 - > *With more than 70 wind turbines, we already generate environmentally-friendly electricity for more than 80 000 households. This enables us to avoid emissions of 210 000 tonnes of CO₂ each year.*
-

**2010/11
FINANCIAL YEAR**

Our first wind turbines in Plauerhagen (Mecklenburg-Vorpommern) and Massenhausen (Hessen) are in operation.

*Total
installed capacity:*

20 MW

**2011/12
FINANCIAL YEAR**

A major milestone is the construction of 23 wind turbines in Kirchberg/Rheinland-Pfalz.

*Total
installed capacity:*

73 MW

**2012/13
FINANCIAL YEAR**

We take over seven wind farms in Germany from Iberdrola; three turbines commence operations in Dirlammen/Hessen.

*Total
installed capacity:*

144 MW



A POWER PLANT THAT SETS NEW STANDARDS

*British customers stand to benefit from MVV Umwelt's
professionalism when it comes to energy from waste –
that's the way ahead!*



A STATE-OF-THE-ART PLANT FOR THE PORT OF PLYMOUTH

Plymouth, the West Country port, has often been a focal point of British history. It was here that the English fleet under Sir Francis Drake put out to sea to fight the Spanish Armada in 1588. The naval base at the northern end of Plymouth Sound was also the starting point for Captain Cook's voyages of discovery and it was here too that the Mayflower set out for America in September 1620.

Today, Plymouth is making news once again. "Full steam ahead" is the motto underpinning the construction of an energy from waste plant by MVV Energie at Devonport – the largest naval base in Western Europe. Here, the project partners – Plymouth, Torbay, Devon County Council and the Ministry of Defence – are sending out an energy and environmental technology signal that can be heard throughout the UK! Since the ban on dumping municipal solid waste, the country has expanded its use of recycling and discovered energy from waste. Using waste components no longer capable of alternative use as a valuable fuel has become a key pillar of a modern, resource-efficient closed substance cycle. The technology used by MVV Umwelt to incinerate waste in a combined heat and power (CHP) generation process demonstrates this sustainable energy and environmental policy in exemplary fashion. With a track record of competence and experience built up over more than 40 years, this MVV Energie subsidiary is one of Germany's leading players when it comes to operating waste-fired power plants.

Given falling waste prices and saturated markets in Germany, it made sense for MVV Energie to export its outstanding competence. Its robust, sustainable disposal concept has convinced our British customers. Once operations begin at the new, high-efficiency CHP plant in Plymouth, it will generate electricity and heating energy from up to 245 000 tonnes of household and commercial waste a year. And that on an environmentally-friendly basis – after all, the waste is substituted for fossil resources as a fuel to generate energy. >

TOTAL INVESTMENT:

EURO 250 MILLION



2011

In January, MVV Umwelt is awarded the contract to build and operate the CHP plant by the special purpose association "South West Devon Waste Partnership".

2012

Once the necessary permits have been granted and extensive preparations made, work at the large-scale building site begins at full steam. The main foundations are complete by the end of the year.

2014/15

The power plant will start operations in the 2014/15 financial year. From then, 245 000 tonnes of solid municipal waste a year will be incinerated to generate and supply electricity and heating energy.



Top-quality specialists on site – that is the be all and end all when it comes to successfully operating an innovative plant. MVV Energie is setting out in new directions in its hunt for the next generation of technical staff in the Devon region. Above all, the company needs specialists whose qualifications are absolutely right for the new combined heat and power (CHP) plant. MVV Energie is working closely together with City College Plymouth to harmonise its requirements profiles with the British education system. This educational exchange for trainers and trainees alike has been promoted by the European Union with funds from the Leonardo Programme. Our photo shows the first British group from Plymouth together with MVV Energie employees in front of the CHP plant in Mannheim.



Electricity yield:
160 000 MWh
a year



Heating energy yield:
60 000 MWh
a year

THE LONG ROAD TO SUCCESS IN THE BRITISH MARKET

The foundation for the Plymouth project was laid when we took part in the Europe-wide tender process in 2008. In 2010, the project company MVV Environment Devonport Ltd. (MED) was founded upon the submission of our bid. An international team of around 30 employees worked hard over around three years to achieve this success. In December 2011, the Construction Affairs Committee of Plymouth City Council approved the construction project. Before construction work could actually begin, the concept for the combined heat and power plant had to pass the legal review involved in the building permit process – a challenging task for MVV Energie’s legal specialists, not least since the project is being implemented in line with British law. Given that two currencies are involved, the financing for MVV Energie’s largest single project to date also presented a specific challenge. Like with any construction project, a number of conditions set by the district council had to be met. Among others, the preparations included building a new road link, laying pipes, building an office container village, setting up noise barriers to adjacent houses and establishing ongoing communications with the general public. Finally, everything was ready, and the diggers and massive building cranes moved in. Despite its enormous size, its successful architectural design means that the power plant fits in superbly with its surroundings.

PRESTIGIOUS AWARD FOR HIGH-EFFICIENCY WASTE UTILISATION

It goes without saying that an ambitious project on this scale cannot fail to be noticed by the specialists. Particularly pleasing here is that we were awarded the prestigious Grand Prix in the annual “Partnership Awards” in the UK. The “Partnership Awards” have evaluated outstanding, trailblazing projects arising in cooperation between private companies and authorities or local government for 14 years now. With awards in further categories as well, such as “Best Waste/Energy/Water Project” and “Best Local Government Project Team” for the municipal project partner, Plymouth posted an impressive performance. The renowned British specialist journal “Partnership Bulletin” particularly singled out the great professionalism and expertise contributed by MVV Umwelt to its technical and organisational cooperation with the British Ministry of Defence and local authorities.



The energy from waste plant in Plymouth – a benchmark in the UK market. Video file about preparation and planning stages



THIS KEY PROJECT IN PLYMOUTH

IS A PRIME EXAMPLE

OF FORWARD-LOOKING

MANAGEMENT OF WASTE

AS A RESOURCE.



ECONOMIC VIABILITY

- > *The plant achieves an efficiency rate of up to 49% – more than twice the norm at British non-CHP plants.*
- > *By procuring its electricity and heating energy directly, the Royal Navy – the region’s largest energy consumer – stands to cut its future energy costs by around 20%.*

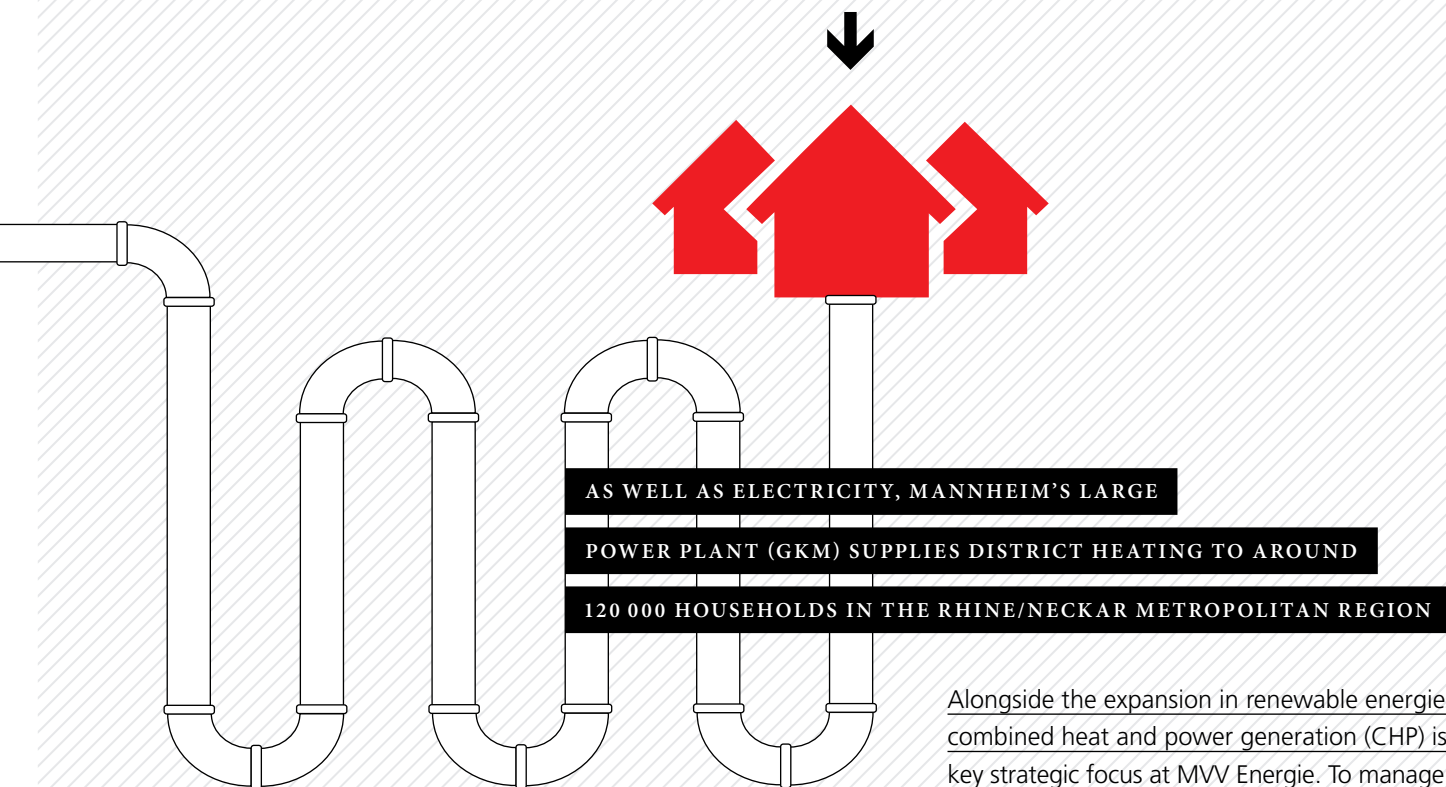
ENVIRONMENTAL COMPATIBILITY

- > *The high-efficiency combined heat and power plant offers the best solution in both ecological and economic terms for local authorities on their way towards sustainable waste management. This is because the waste is substituted for fossil resources when generating energy.*



MANNHEIM'S ENORMOUS THERMOS FLASK

*Currently Germany's highest-capacity district heating
storage facility and making energy generation
more flexible – that's the way ahead!*



Alongside the expansion in renewable energies, combined heat and power generation (CHP) is a key strategic focus at MVV Energie. To manage our CHP generation even more flexibly and efficiently, we are building a district heating storage facility in Mannheim. This way, we are further boosting the reliability of the region's supply of environmentally-friendly district heating.



98° C
hot water



45 000 m³
volume



1 500 MWh
usable heating energy content



250 MW
capacity



77 000 tonnes
CO₂ savings a year

EVENING OUT PEAKS AND TROUGHS IN CONSUMPTION

Located between Block 7 and the new Block 9, an enormous warm water tank on the site of the large power plant in Mannheim (Grosskraftwerk Mannheim AG – GKM) fits in seamlessly into the power plant landscape on the banks of the Rhine. Affectionately referred to as the “thermos flask”, this steel colossus with a diameter of 40 metres and height of 36 metres is nevertheless a source of great power – it is currently Germany’s highest-capacity district heating storage facility.

The storage facility is costing Euro 27 million to build. For MVV Energie AG, which holds a 28 % stake in GKM, this is an investment in the future. Why is that? There is consensus among politicians and in society at large that energy efficiency has to be enhanced and the energy supply structured along environmentally-friendly and reliable lines. The storage facility is making its contribution here. The “thermos flask” comes into action when peaks or troughs arise in consumption. This makes active load and generation management possible. With the storage facility acting as a cushion, in periods of low electricity demand the heating energy supply can be guaranteed with just one block online, rather than two. Not only that, the facility further increases the already high level of supply reliability for households in the region that are connected to the district heating grid. The storage facility is thus an effective component in the energy system of the future. After all, it will be necessary to combine renewable energies expansion with highly efficient conventional energy generation. The energy from the storage facility makes it possible to react more flexibly to variances in the volume of electricity fed by regenerative energies into the grid and to fluctuations in demand for conventional energy. In an increasingly volatile generation landscape, such storage capacities stand to play an ever more significant role. •



SUPPLY RELIABILITY

- > *The district heating storage facility is an additional reserve capable of deployment at short notice. It has the capacity to supply the grid for several hours.*

ECONOMIC VIABILITY

- > *The adjustable water level of the storage facility means that CHP generation can be increased or reduced in line with the current supply situation. In periods of weak loads, the technical minimum load can thus be reduced.*

ENVIRONMENTAL COMPATIBILITY

- > *The storage facility leads to more efficient power plant operations by allowing more flexible electricity and heating energy generation.*
 - > *By boosting the expansion in climate-friendly district heating, the storage facility will contribute to the success of the energy system of the future.*
-



A reliable grid infrastructure that we manage and closely monitor from a modern control centre – that's the way ahead!

What qualities to grids need to meet reliability and economic viability standards? Which components of our grid infrastructure can be expected to suffer breakdowns? Which sections have inspection priority given their significance for the overall supply? What precautions have to be taken, for example, to maintain or restore the supply in the event of transmission grid bottlenecks? Compiling a strategy to maintain, modernise and expand grids based on these considerations – that is the responsibility of Netrion GmbH, the joint grid company of MVV Energie AG and Energieversorgung Offenbach AG. Netrion GmbH then implements this strategy in cooperation with MVV Energie's technical grid services department.

A helicopter hovers over Mannheim with the high-voltage lines in its sights. To ensure these stay in fit shape to reliably supply electricity, they are inspected regularly, and not just from the ground.



NETRION GMBH



91 000
house electricity connections



16 000
house district heating connections



48 000
house gas connections



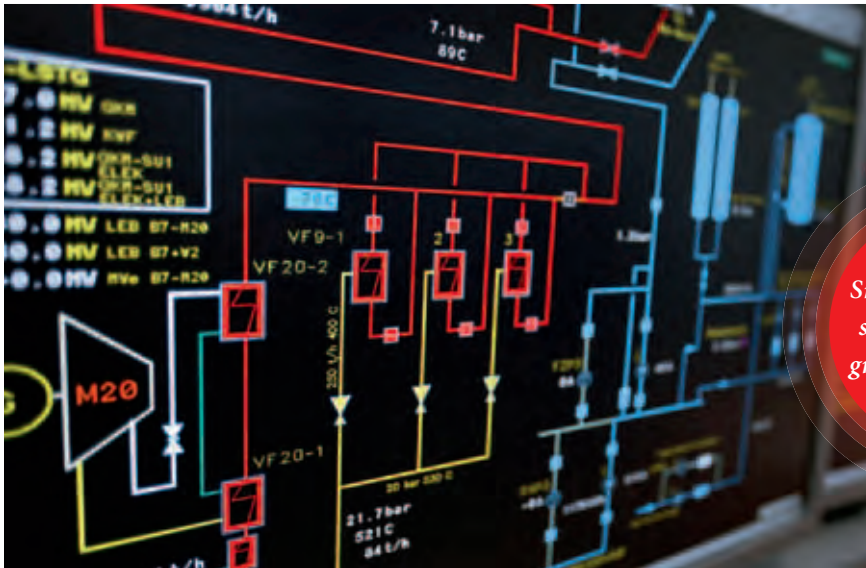
61 000
house water connections

GRIDS NEED TO INTEGRATE DECENTRALISED GENERATION

On 20 August 2013, from 8 in the morning until 5 in the afternoon, a helicopter circled over Mannheim. It clearly had only one object of interest – high-voltage overhead lines. MVV Energie subjects its overhead lines to a regular aerial inspection every two years. This perspective enables any damages to the lines not visible from the ground to be detected. This way, any maintenance work needed on the overhead lines can be initiated in good time and in a targeted manner. The prevention flight is part of a catalogue of measures aimed at maintaining and further enhancing our already highly secure grid operations.

Our power cut statistics show how well positioned we are in terms of electricity supply reliability. These key figures are defined as unplanned supply interruptions lasting longer than three minutes and not caused by acts of nature or other factors outside our control. For the four-year period from 2007 to 2010, the Federal Network Agency (BNetzA) recorded average power cut totals of 16.4 minutes per year for Germany as a whole. For the grid regions covered by Netrion GmbH in Mannheim and Offenbach, an average figure of 8.78 minutes per year was recorded for the same period. Not only that, our grids have become even more reliable. Based on the BNetzA scheme, our figure for 2011 amounted to 6.77 minutes, compared with a German average of 15.31 minutes. In the Mannheim grid region, the 2012 figure of 11.40 minutes was below the national average (15.91 minutes).

Grids are set to face new challenges in future due to the energy system conversion. Increasing renewable energy generation volumes and resultant fluctuations in decentralised feed-in volumes will have a considerable impact on grid management. Around 97 % of renewable energy producers feed into distribution grids. The volatility in solar and wind power generation volumes will make it ever more difficult to maintain the equilibrium permanently required between generation and consumption. As a result, load and feed-in management are set to become ever more important. This way, any threat of disequilibrium can be countered.



Smart grids need state-of-the-art grid management

GRIDS WILL BECOME SMARTER IN FUTURE

The planned targeted expansion of grids into smart grids requires a greater degree of grid automation and thus higher data volumes. This data converges at the grid control centre. This further enhances the importance of this centre in ensuring permanently reliable supply grid operations. Long-term supply concepts and structures are developed within our target grid planning. Our Model City Mannheim (moma) project investigated one aspect of smart grid functionality by looking, among other issues, into whether variable price structures motivate customers to postpone their electricity consumption and thus help keep generation and consumption in equilibrium.

Further information about the moma project can be found on ► [Page 45](#).



NETRION GMBH



6 900 km
electricity cables and overhead lines



800 km
district heating pipelines



2 100 km
gas pipelines



2 000 km
water pipelines



SUPPLY RELIABILITY

- > *With our target grid planning, we ensure that our grids are highly efficient in terms of operating and maintenance costs while ensuring comparatively high supply quality.*
- > *The Geo-Information System (GIS) is a state-of-the-art instrument we use to support our grid operations.*

ECONOMIC VIABILITY

- > *The joint grid company Netrion GmbH enables MVV Energie AG and Energieversorgung Offenbach AG to work more economically and cut their costs in an increasingly competitive climate.*



-
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-



**TO OUR
SHAREHOLDERS**



•
DR. GEORG MÜLLER
CEO of MVV Energie AG
•

*Dear Shareholders,
Dear Ladies and Gentlemen,*

Thank you for your interest in our 2012/13 Annual Report. The key focus this year too is the difficult path the German energy industry is taking towards a new energy age and the great challenges this presents to politicians, business, energy companies and the general public. MVV Energie intends to seize the opportunities harboured by the system change. We explain how we have prepared for the fundamental transformation and increasing complexity in our industry. We also communicate openly how the difficult energy industry and policy framework has affected our consolidated earnings for 2012/13. This factor will continue to impact on our earnings in the coming financial years as well.

The goal Germany has set itself of exiting from nuclear energy and converting to energy generation using renewable energies within a decade is ambitious. The political objective is not only to ensure that the energy supply is environmentally-compatible, but also to make sure that it remains reliable and affordable in the long term. Alongside economic viability and environmental compatibility, high supply reliability has to be a core feature of the new energy system in Germany. That is why this year's Annual Report is titled "New energy? Yes, but just as reliable!".

Reliable ✓

Affordable ✓

*Environmentally-
compatible ✓*

However key the role renewable energies have to play now and in the years to come, I am nevertheless convinced that for the foreseeable future they alone will be unable to guarantee a secure energy supply. Highly efficient conventional generation capacities and energy storage will be needed to make sure the energy supply remains fully functional even at times of lower solar and wind power feed-in volumes. Grids have to be expanded and converted. The current focus on transmission grids is too narrow. Particularly urgent is the need to modernise distribution grids to enable them to absorb growing volumes of electricity generated at decentralised plants and supply this to customers.

“What is the way forward?” Politicians are called on to answer this question quickly. The new Federal Government has the chance to put an end to the uncertainty currently prevalent in the energy sector by introducing rapid, fundamental reforms. We need a competition-based, cost-effective market model to support the transformation in the energy system. This has to facilitate both the further expansion in renewable energies and the economically viable operation of highly efficient conventional power plants, which remain indispensable for supply reliability. It must promote efficiency enhancements and be consistent with the European framework. MVV Energie has contributed to the discussions surrounding the reform of the German electricity market with a widely acknowledged study. You can find the proposals we have made for a sustainable market design for renewable energies in this report as well. The coalition agreement reached between the political parties CDU/CSU and SPD at the end of November contains the right catchwords. This is now a classic case of “the proof of the pudding is in the eating”. In the coming months, it will be a question of the right implementation, while in the longer term we need to see consistent project management.

Renewable
+
conventional
energy

MVV Energie acted in 2009 already to align its corporate strategy to the energy system of the future. Since then, we have consistently put this strategy into practice. To date, we have implemented or reached binding decisions for more than two thirds of our Euro 3 billion investment programme – a remarkable interim balance. In expanding our energy generation from renewable energies, we are relying above all on onshore wind power. In the year under report, our wind power portfolio capacity doubled from 73 MW one year earlier to 144 MW. Our MVV Umwelt subgroup is among the technology and market leaders when it comes to incinerating waste to generate energy. We are demonstrating our competencies in planning, financing, building and operating energy from waste plants in the British market as well by building a waste-fired combined heat and power plant in Plymouth and a biomass power plant in Ridham Dock. Further examples include the district heating storage facility in Mannheim, where operations are about to begin, and our two biomethane plants in Klein Wanzleben and Kroppenstedt. Their flexible deployment is making an effective contribution to the new energy system.

Investments
on course
for future!

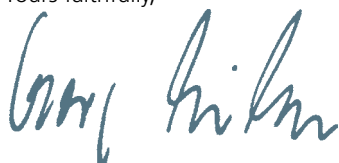
It goes without saying that the current market conditions have not failed to leave their mark on our Group. Our sales rose to Euro 4 billion, thus slightly exceeding the previous year's record level, while operating earnings (adjusted EBIT) fell year-on-year by around 6 % to Euro 210 million. We predicted this development in the forecasts published in our interim financial reports. Against this backdrop, the current 2013/14 financial year will remain difficult. Our continuous efficiency enhancement measures and growth investments will only impact positively following a certain delay. We expect our annual earnings to improve once again in the 2014/15 financial year already. We are confident that MVV Energie will successfully master the challenges presented by the transformation in the energy industry and turn these into long-term profitable company growth, and that not least due to our superb workforce. I would like to extend my sincere thanks to all managers, employees and employee representatives for their dedication.

Confidently
heading for
a new
energy age

To our shareholders I would like to say that MVV Energie is steering a good course! In view of this, we are able and glad to uphold our continuity-based dividend policy. The Executive and Supervisory Boards of MVV Energie AG will once again be proposing a dividend of Euro 0.90 per share for the year under report to the Annual General Meeting on 14 March 2014. On behalf of the entire Executive Board, I would like to thank our shareholders for the trust they have placed in us and would be delighted if they would continue to accompany us on our journey into the new energy age.

With kind regards.

Yours faithfully,



Dr. Georg Müller
CEO

EXECUTIVE BOARD OF MVV ENERGIE AG



- DR. GEORG MÜLLER
CEO and Commercial Director
-



- UDO BEKKER
Personnel Director
 -
-



-

DR. WERNER DUB

Technology Director

-



-

RALF KLÖPFER

Sales Director

-

SUPERVISORY BOARD REPORT



- DR. PETER KURZ
Supervisory Board Chairman
of MVV Energie AG
-

Ladies and Gentlemen,

The 2012/13 financial year at MVV Energie took place against the backdrop of a tough market climate and a persistently tense financial situation in the euro area. Despite these unfavourable conditions, we can look back on a satisfactory performance.

The Supervisory Board diligently performed the duties incumbent on it by law and under the Articles of Incorporation in the 2012/13 financial year. With regard to the management of the company, we advised the Executive Board and consistently monitored it in its business activities. We were regularly, promptly and comprehensively informed by the Executive Board about the company's performance and situation, as well as about its further strategic development. The regular reports submitted by the Executive Board included information about the company's business, sales and earnings performance, its net asset and financial position, and its risk situation and risk management. Furthermore, the Executive Board also informed us of all relevant matters of business policy and corporate planning. Variances between the company's actual business performance and the budgets and targets previously compiled were presented and explained to the Supervisory Board in detail. The Supervisory Board was directly involved in all decisions of fundamental significance for the company. The Executive Board reported any exceptional developments to the Supervisory Board immediately. As Supervisory Board Chairman, I maintained close contact with the CEO outside the meeting framework to share views with him on current issues and developments.

Main topics of discussion in full Supervisory Board

The Supervisory Board held six meetings in total in the year under report. At its meetings it carefully examined and held in-depth discussions about the reports and draft resolutions submitted by the Executive Board, drawing where appropriate on preparations by the respective committees. Based on this information, the Supervisory Board then deliberated and reached its decisions. The Supervisory Board discussed the economic, legal and political framework in detail with the Executive Board once again in the current year under report. It is apparent that the energy policy framework is still subject to great uncertainty. On this basis, the Executive Board kept us regularly informed about the development in key factors affecting the MVV Energie Group's earnings, such as the generation margin for conventional power plants, waste prices and weather-dependent gas and heating energy turnover. One regular topic of discussion involved the Executive Board's status reports on the progress made with current investment and acquisition projects. Here, the Executive Board reported, among other projects, on the progress made with the energy from waste plant in Plymouth/UK, the construction of the district heating storage facility in Mannheim, and the construction work on Block 9 at the large power plant in Mannheim (Grosskraftwerk Mannheim – GKM).

At its meeting on **7 DECEMBER 2012**, the Supervisory Board dealt in particular with the wind power portfolio of the Spanish utility player Iberdrola and approved the acquisition of Iberdrola's wind farms in Germany with a total capacity of around 63 MW. By taking this step, the MVV Energie Group has virtually doubled its wind power electricity production. A further major topic involved the investment decision to build a biomass power plant in the UK. This plant, with a net electricity capacity of around 23 MW, will be built in Ridham Dock, an industrial port south-east of London, and should start operations in spring 2015. Moreover, the Supervisory Board approved the agenda for the Annual General Meeting on 8 March 2013 together with the necessary draft resolutions.

On **8 MARCH 2013**, the Supervisory Board unanimously approved the extension in the appointment of the CEO, Dr. Georg Müller, for a further five years. The Supervisory Board thus underlined the absolute trust it places in Dr. Müller continuing his successful work. Furthermore, at this meeting the Supervisory Board also approved the rescission of the employment contract with Matthias Brückmann. Matthias Brückmann had decided to join the Executive Board of EWE AG. The Supervisory Board thanked him for his many years of successful work at MVV Energie.

On **20 MARCH 2013**, the Supervisory Board focused in particular on MVV Energie's strategic alignment and on the implementation of the MVV 2020 strategy programme. Given the substantial transformation in the energy market, we believe that our forward-looking group strategy, with its core aspects of regionalism, efficiency and sustainability, has more than proven its worth in recent years. MVV Energie is concentrating on the strategic triangle of "optimising", "implementing" and "reviewing", with key investment focuses in the fields of renewable energies, energy efficiency, combined heat and power generation and district heating.

On **13 JUNE 2013**, the Supervisory Board decided at its meeting to award the assignment as auditor and group auditor for the 2012/13 financial year to PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Mannheim, and determined the relevant audit focuses and audit fee. Moreover, the Executive Board reported on the successor project for the joint power plant in Kiel (Gemeinschaftskraftwerk Kiel – GKK) and discussed the various models with the Supervisory Board. A further item reported involved the conclusion of an affiliation agreement in the grids business field.

At an extraordinary meeting on **24 JULY 2013**, the Supervisory Board followed the recommendation made by the Personnel Committee and appointed Ralf Klöpfer to the Executive Board of MVV Energie AG as of 1 October 2013. Following his study of electrical engineering, Ralf Klöpfer held a variety of senior positions at Badenwerk and EnBW, most recently acting as Spokesman of the Management at EnBW Vertrieb GmbH.

At its meeting on **19 SEPTEMBER 2013**, the Supervisory Board dealt in detail with the business plan for the 2013/14 financial year and with the three-year plan. Furthermore, the Executive Board reported on the latest status of the successor project for the joint power plant in Kiel (Gemeinschaftskraftwerk Kiel – GKK) and the results of the Supervisory Board efficiency review were presented and discussed.

With regard to the election proposal to be submitted to the 2014 Annual General Meeting in respect of the auditor, the Supervisory Board and the Audit Committee issued a call for tenders in the past financial year. Several auditing companies took part in the tendering process. Based on a predetermined catalogue of criteria, at the recommendation of the Audit Committee the Supervisory Board decided to propose PricewaterhouseCoopers AG once again for election as auditors for the 2013/14 financial year.

Committee meetings

The Supervisory Board has formed four committees to ensure that the work of the full board is efficiently prepared. The composition of these committees has been presented in the chapter ► *Corporate Governance on Page 108* and in the chapter ► *Directors and Officers on Page 170* of this Annual Report. The committee chairmen kept the Supervisory Board Chairman regularly informed of the committees' work.

The **AUDIT COMMITTEE** held six meetings in the period under report. The Committee dedicated a large share of its time to examining the quarterly, half-year and annual financial statements of MVV Energie AG and the MVV Energie Group, which it discussed in detail with the Executive Board. In connection with the audit of the annual financial statements of MVV Energie AG and the MVV Energie Group for the 2012/13 financial year, the Committee submitted proposals to the Supervisory Board concerning the selection of the auditor, the setting of audit focuses and the fee agreement. Furthermore, the Committee addressed the company's risk situation and risk management system, reviewed its internal control system, dealt with the audit plan submitted by the group internal audit department and took receipt of the compliance manager's report. The Committee held extensive discussions with the Executive Board concerning the business plan for 2013/14 and the company's medium term planning and recommended the Supervisory Board to approve the business plan for the 2013/14 financial year.

Further topics addressed by the Committee included, among others, the strategy of MVV Energie AG, the cost of capital concept, the company's financial status and long-term financing strategy and reports on the generation, environmental energy and energy trading business fields.

The **PERSONNEL COMMITTEE** met on four occasions in the 2012/13 financial year. Its discussions in the year under report focused on the reappointment of the CEO, Dr. Georg Müller, the departure of Matthias Brückmann and the appointment of Ralf Klöpfer as Sales Director.

The **NOMINATION COMMITTEE** did not hold any meetings in the past financial year.

The **MEDIATION COMMITTEE** pursuant to § 27 (3) MitbestG did not require convening.

Corporate governance

In the 2012/13 financial year, MVV Energie complied with all of the recommendations made by the German Corporate Governance Code Government Commission concerning high-quality, transparent and responsible corporate governance. At its meeting on 19 September 2013, the Supervisory Board adopted the Declaration of Conformity with the German Corporate Governance Code previously approved by the Executive Board. This declaration was published on the internet on 2 October 2013. The Corporate Governance Report was adopted at the meeting on 5 December 2013. No conflicts of interest arose in the year under report. The Supervisory Board conducted a review and concluded that it included an adequate number of independent members.

The Corporate Governance chapter can be found on ► *Pages 102 to 111* of this Annual Report.

Changes in composition

Gunter Kühn stood down from his position on the Supervisory Board as of 2 October 2013. He has been succeeded by Daniela Kirchner, an elected substitute member. The Supervisory Board would like to thank Gunter Kühn for his commitment and constructive contribution.

Audit of annual and consolidated financial statements

In line with the resolution adopted by the Annual General Meeting on 8 March 2013, the Supervisory Board awarded the assignment to audit the separate and consolidated financial statements of MVV Energie AG for the 2012/13 financial year to PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft. The auditor submitted a declaration of independence to the Supervisory Board.

The management report accompanying the separate financial statements of MVV Energie AG for the 2012/13 financial year and the group management report of the MVV Energie Group for the 2012/13 financial year are presented in combined form pursuant to § 315 (3) and § 298 (3) HGB and published in this 2012/13 Annual Report. The annual financial statements, consolidated financial statements and combined management report for the 2012/13 financial year are published in the Federal Gazette (Bundesanzeiger).

The consolidated financial statements and combined management report of the MVV Energie Group prepared on the basis of International Financial Reporting Standards (IFRS) for the 2012/13 financial year and the annual financial statements of MVV Energie AG prepared in line with HGB requirements for the 2012/13 financial year have been audited by PricewaterhouseCoopers and each granted unqualified audit opinions. The consolidated financial statements, combined management report and annual financial statements of MVV Energie AG were submitted to the Supervisory Board in good time ahead of the relevant meeting, as were the appropriation of profits proposed by the Executive Board and the auditor's audit reports. These documents were closely examined by the Audit Committee and the Supervisory Board and discussed in detail in the presence of the auditor. At its meeting on 5 December 2013, the Supervisory Board approved the consolidated financial statements, combined management report and annual financial statements of MVV Energie AG. The annual financial statements are therefore adopted. The Supervisory Board endorsed the appropriation of profits proposed by the Supervisory Board.

The Executive Board further compiled a report for the 2012/13 financial year on the company's relationships with affiliated companies (dependent company report). According to the report, MVV Energie AG was not disadvantaged by the legal transactions performed with affiliated companies outlined therein. The dependent company report was audited by the auditor, who granted the following audit opinion:

“Following our audit and assessment performed in accordance with professional obligations, we confirm that the factual disclosures made in the report are accurate and that the compensation of the company in the transactions listed in the report was not incommensurately high based on the circumstances known at the time of such transactions being executed.”

Both the dependent company report and the audit report compiled by the auditor were provided to the Supervisory Board in good time. Following its own review, the Supervisory Board concurred with the auditor's assessment and approved its report. The auditor also audited the early warning risk identification system established at MVV Energie AG by the Executive Board pursuant to § 91 (2) AktG. The auditor established that this system is suited to fulfil its legal obligations.

Thanks to all MVV Energie Group employees

The MVV Energie Group's employees work together successfully, with great commitment and as partners to master the challenges presented by the changing market climate and to seize the opportunities this transformation harbours for the company. For this, I would like – on behalf of the entire Supervisory Board – to extend my thanks to the Executive Board, the executive boards and management teams at shareholdings, as well as all employees, members of works councils and employee representatives!

Mannheim, December 2013

Supervisory Board



Dr. Peter Kurz
Chairman

SHARE OF MVV ENERGIE AG

DAX posts new record highs

Share prices in Europe and the USA surged to new record highs in the first nine months of 2013, benefiting from hopes that the global economy is stabilising and from central banks' continued loose monetary policies. The DAX reached its highest closing price during the period under report at 8 694 points on 19 September 2013 (30 September 2012: 7 216 points). At the end of the 2012/13 financial year, the DAX was listed at 8 594 points, thus rising year-on-year by 19.1 %. In the intervening twelve-month period, however, share prices were characterised by great volatility.

Performance of MVV Energie AG share price

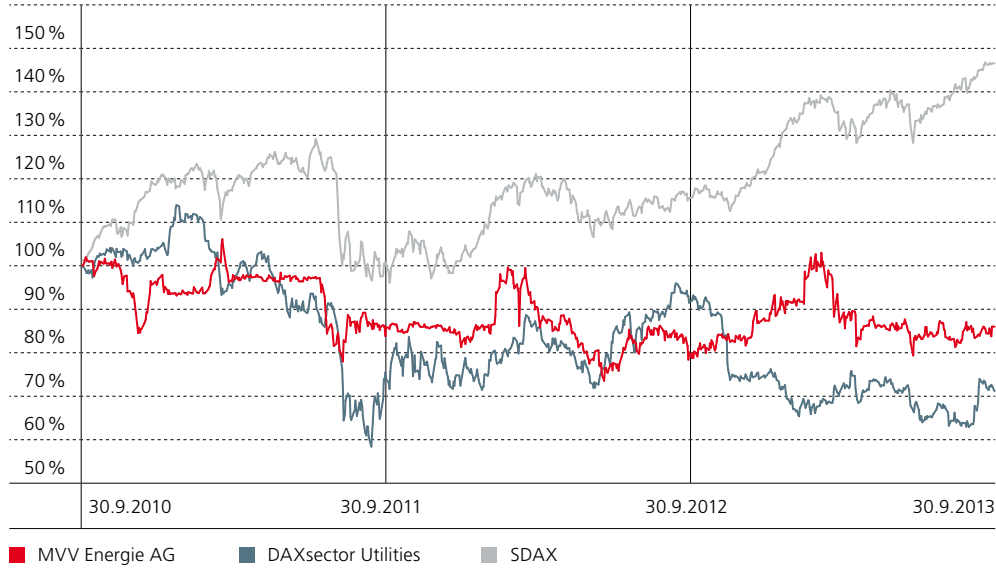
The conversion in the German energy system will take time and cost money. Not only that, the political framework is also unpredictable. Against this backdrop, the MVV Energie AG share posted a positive performance, amounting to Euro 22.35 at the balance sheet date on 30 September 2013, as against Euro 21.39 on the previous year's balance sheet date (+4.5 %). The DAXsector Utilities, by contrast, fell by –22.4 %. Our three-year share price performance chart accounts for the dividends of Euro 0.90 per share paid in 2011, 2012 and 2013 respectively. Over this period, MVV Energie's share price declined by 15.0 %, while the DAXsector Utilities reported a 28.9 % downturn. The SDAX, by contrast, grew by 46.3 % over the same period, thus reflecting the better economic performance reported by many small-cap companies.

-
- 1 XETRA trading
- 2 subject to approval by the Annual General Meeting on 14 March 2014
- 3 excluding non-operating IAS 39 derivative measurement items, excluding restructuring expenses and including interest income from finance leases
- 4 number of shares (weighted annual average)
- 5 excluding non-operating IAS 39 derivative measurement items
- 6 excluding minority interests
- 7 basis: closing price in XETRA trading on 30 September
-

Key figures on share and dividend of MVV Energie AG

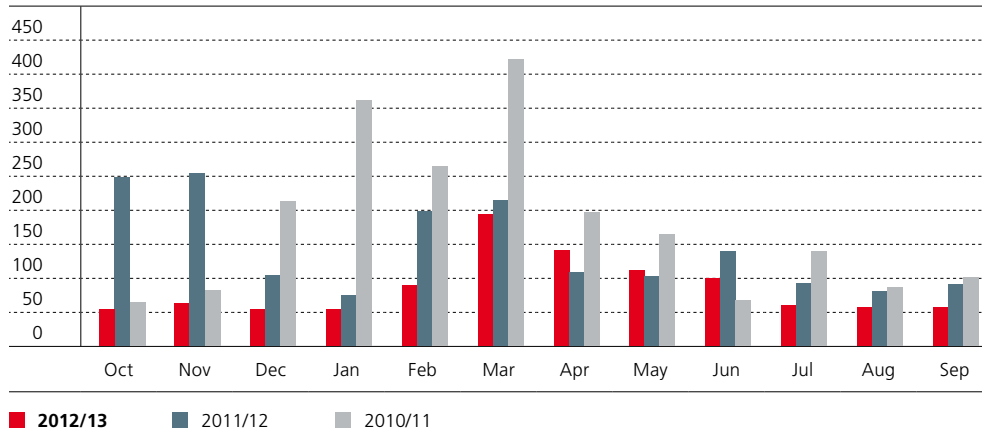
	2012/13	2011/12
Closing price ¹ on 30.9. (Euro)	22.35	21.39
Annual high ¹ (Euro)	28.00	27.96
Annual low ¹ (Euro)	20.50	19.50
Market capitalisation on 30.9. (Euro million)	1 473	1 410
Average daily turnover (no. of shares)	4 121	6 707
Number of shares on 30.9. (000s)	65 907	65 907
Number of shares in 000s (weighted average)	65 907	65 907
Number of shares with dividend entitlement (000s)	65 907	65 907
Dividend per share (Euro)	0.90 ²	0.90
Dividend total (Euro million)	59.3 ²	59.3
Adjusted earnings per share ^{3,4} (Euro)	1.29	1.21
Cash flow from operating activities per share ⁴ (Euro)	5.63	4.33
Adjusted carrying amount per share ^{4,5,6} (Euro)	17.78	17.80
Price/earnings ratio ⁷	17.3	17.7
Price/cash flow ratio ⁷	4.0	4.9
Dividend yield ⁷ (%)	4.0 ²	4.2

MVV Energie AG share price performance comparison



- ISIN DE000A0H52F5
- WKN A0H52F
- XETRA MVV1
- Reuters MVV Gn.DE
- Bloomberg MVV1 GR
-

Monthly share turnover (no. of shares in 000s)



Market capitalisation rises, trading volumes fall

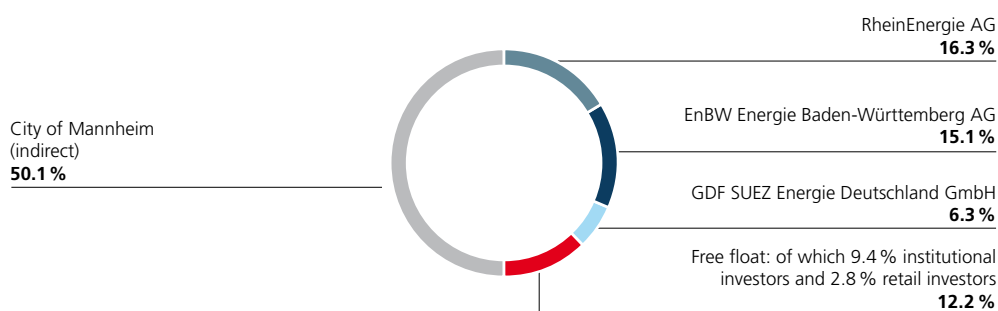
Driven by the share price performance, our market capitalisation increased from Euro 1 410 million at the previous year's balance sheet date to Euro 1 473 million as of 30 September 2013. The 12.2 % free float share on which the share's SDAX weighting is based was valued at Euro 180 million. In terms of its market capitalisation, the MVV Energie AG share was ranked 89th in the joint statistics for the MDAX and SDAX indices (previous year: 78th). With its stock market trading volumes, our share occupied 121st position in the index statistics (previous year: 101st). A total of around 1.0 million MVV Energie AG shares were traded on all German marketplaces in the 2012/13 financial year. This corresponds to a 39.0 % reduction. Due above all to the lower number of shares traded, the value of trading volumes amounted to around Euro 24 million (previous year: Euro 40 million).

Continuity in shareholder-friendly dividend policy

The Annual General Meeting of MVV Energie AG held on 8 March 2013 approved the distribution of a dividend of Euro 0.90 per share for the 2011/12 financial year, thus following the proposal made by the Executive and Supervisory Boards. Based on a total of 65.9 million shares, the distribution sum amounted to Euro 59.3 million. We intend to continue to pay our shareholders an appropriate dividend. The dividend proposal to be submitted to the Annual General Meeting on 14 March 2014 will be adopted at the Supervisory Board meeting on 5 December 2013. As in the previous year, the Executive and Supervisory Boards plan to propose a dividend of Euro 0.90 per share for the year under report. This is equivalent to a dividend yield of 4.0 % in terms of the share's closing price in XETRA trading on the balance sheet date on 30 September 2013.

Our shareholder structure

Shareholder structure of MVV Energie AG at 30 September 2013



Investor relations – detailed communication of strategic alignment

MVV Energie is currently analysed by four banks – Deutsche Bank, M.M. Warburg & Co., Kepler Cheuvreux and Metzler Equities. In the year under report, Baader Bank, LBBW and Macquarie discontinued their research into our share. Following the merger of Cheuvreux and Kepler Capital Markets to form Kepler Cheuvreux in May 2013, the research into our share has been upheld under the new name.

Our investor relations team is consistently working on further expanding MVV Energie's research coverage. As of 30 September 2013, analysts had issued two recommendations to hold and two recommendations to sell MVV Energie's share. The share price targets issued by the analysts for our share ranged between Euro 18.00 and Euro 23.50.

In the year under report, we once again acted on opportunities to present our company and our strategic alignment at investors' conferences and in one-to-one meetings with both institutional and retail investors. In telephone and analysts' conferences we provided extensive commentaries on our company's latest earnings performance. At our website, we publish recordings of our telephone conferences, conference fact books (download section) and up-to-date information about our share. Further details at ► www.mvv-investor.de.



Audio file of Analysts' Conference for 2012/13 Financial Year held on 12 December 2013. (only available in German)

New internet presence for MVV Energie

We have redesigned our company's website at www.mvv-energie.de and revised its content. Website visitors can find all information about MVV Energie with a modern design scheme and intuitive, user-friendly navigation. The website for investors at www.mvv-investor.de, where we make available all information relevant to the capital market, has also been revised accordingly.

1st place for our 2011/2012 Annual Report in SDAX group

MVV Energie's 2011/12 Annual Report came 1st for the first time in the SDAX category of "The Best Annual Reports", a prestigious competition organised by the German business journal "manager magazin". Titled "Rethinking Energy", this report clearly convinced reviewers and jury alike. In Germany, this competition counts as an important indicator of the quality of content, transparency and credibility of reporting, and attractiveness of the design of annual reports. MVV Energie has been ranked in the top ten companies in the SDAX group in each of the past five years – 3rd position (2012), 5th position (2011), 4th position (2010), 7th position (2009) and 4th position (2008). Annual report quality is a core aspect of good investor relations work and is therefore accorded high priority at our company.

Our annual report was also singled out yet again at the "2012 Vision Awards Annual Report Competition" hosted by the League of American Communications Professionals (LACP) in San Diego, USA. In the "Utilities Companies with Annual Turnover > \$ 100 Million" category, we received the Gold Award, and were thus ranked 2nd, having received the Platinum Award (1st position) three times in previous years.



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COMBINED MANAGEMENT REPORT

NOTES TO COMBINED MANAGEMENT REPORT

The group management report of the MVV Energie Group for the 2012/13 financial year and the management report accompanying the separate financial statements of MVV Energie AG for the 2012/13 financial year prepared in line with the German Commercial Code (HGB) have, as in the previous year, been presented in combined form pursuant to § 315 (3) and § 298 (3) of the German Commercial Code (HGB). In this combined management report for the 2012/13 financial year, we have made premature application of the new standard on group management reporting (DRS 20 "Group Management Report"). This was announced by the Federal Ministry of Justice on 4 December 2012 and requires mandatory application for the first time in financial years beginning after 31 December 2012.

The business framework and corporate strategy apply equally both for the MVV Energie Group and for the MVV Energie AG parent company. The business performance, business results and situation of the MVV Energie Group and MVV Energie AG are also largely consistent with each other. Any material variances are pointed out in the chapter ▶ *Business Performance*. We report on the specific results and situation of MVV Energie AG in the separate chapter ▶ *Notes to Annual Financial Statements of MVV Energie AG (HGB)*.

The annual financial statements of MVV Energie AG, the consolidated financial statements of the MVV Energie Group and the combined management report for the 2012/13 financial year are published together in the Federal Official Gazette. The 2012/13 Annual Report is also available for downloading on the internet at www.mvv-investor.de.

GROUP FUNDAMENTALS

BUSINESS MODEL

Our locations

MVV Energie is the only publicly listed municipal utility group in Germany. The MVV Energie Group is characterised by its companies' strong municipal and regional roots at its main locations in Mannheim, Kiel, Offenbach, Ingolstadt and Köthen. With its municipal utility companies and a further total of around 80 direct and indirect shareholdings in Germany, the Czech Republic, and now also in the UK, our Group operates in major economic regions and thus has access to a broad range of growth opportunities (Major Shareholdings on ▶ *Page 43*).

Broad-based business portfolio

The business activities of the MVV Energie Group comprise electricity and heating energy generation, water production, energy trading, the distribution of electricity, district heating, gas and water via proprietary grid companies and the sale and marketing of innovative products on the energy market. Moreover, the MVV Energie Group has particular competence when it comes to planning, building and operating energy from waste and biomass power plants and developing wind power projects. In our energy-related services business, we offer consulting and contracting services to industrial and commercial customers and operate several industrial parks.

One particular strength of our well-balanced business model is the alignment of our business fields along the value chain – from Generation, Environmental Energy and Grids, via Trading and Portfolio Management through to Sales and Services, all of which are associated with promising growth fields. These business fields are supported by central cross-divisional departments and the shared services offered by Soluvia GmbH. Specialist competence is pooled in individual business fields, thus facilitating more efficient, better management.

External factors influencing our business

The most important external factors influencing the MVV Energie Group's economic performance are weather conditions and developments in the energy policy, regulatory and competitive frameworks for our industry. Our systematic approach and broad positioning enable us to cope comparatively better with the difficult current climate in the energy market than those companies focused on a single business field.

Internal planning and management approach

The MVV Energie Group's internal planning and management is based on a uniform value creation stage model applicable to the Mannheim, Kiel and Offenbach locations. The following reporting segments represent the top controlling, management and reporting level:



Generation and Infrastructure

Conventional power plants, energy from waste plants and biomass power plants at the MVV Energie AG, Stadtwerke Kiel AG, Energieversorgung Offenbach AG and MVV Umwelt GmbH subgroups, wind power portfolio, waterworks, grid systems for electricity, heating energy, gas and water, and technical service units allocated to the grids business field for the grid-based distribution of energy and water.

Trading and Portfolio Management

Energy procurement and portfolio management and energy trading at MVV Trading GmbH.

Sales and Services

Retail and secondary distribution business for electricity, heating energy, gas and water at the MVV Energie AG, Stadtwerke Kiel AG and Energieversorgung Offenbach AG subgroups and the energy-related service business at the MVV Enamic GmbH and Energieversorgung Offenbach AG subgroups.

Strategic Investments

Stadtwerke Ingolstadt GmbH, Köthen Energie GmbH and MVV Energie CZ a.s. subgroups.

Other Activities

Shared-Service-Center and cross-divisional departments.

No changes have arisen in the basic management structure since the previous year.

Central energy portfolio management

The economic climate in the energy trading business is marked by structural change. Due account also has to be taken of political climate protection requirements, which could impact negatively on emission right trading. With its MVV Trading GmbH subsidiary, the MVV Energie Group is well positioned in these markets, which are characterised by highly dynamic change.

MVV Trading GmbH is a significant component in the MVV Energie Group's value chain. It manages and optimises the Group's energy procurement and generation portfolio and also handles the trading of energy products and associated portfolio management on behalf of the entire Group. Energy trading transactions are executed both on the energy exchanges and outside the exchanges on the bilateral OTC (over the counter) market.

A further major task performed by MVV Trading GmbH involves hedging the MVV Energie Group's generation and sales positions. One key factor influencing operating earnings at our conventional power plants is the margin achieved when generating electricity from hard coal, the so-called clean dark spread (CDS). A definition of this key figure can be found in the ▶ *Glossary on Page 187*. To make the earnings from our generation activities less dependent on short-term fluctuations, within its hedging strategy MVV Trading GmbH secures the generation margin on a long-term basis and begins this process several years ahead of production already.

MVV Trading GmbH flanks its business activities with suitable risk management. Based on predefined risk capital structures and taking due account of the relevant risk strategy, MVV Trading GmbH has compiled limit structures that are strictly adhered to.

End customer prices in the gas market are now largely based on wholesale market prices. Contracts linked to the oil price are no longer of any significance in the market and have been replaced by fixed prices, gas market indexing and structured tranche procurement. Via MVV Trading GmbH, we have seized the opportunities presented by this period of transition and significantly expanded our gas portfolio management. From the perspective of MVV Trading GmbH, the German gas market is sufficiently liquid to facilitate active trading and provide adequate price information. This safeguards our short-term energy procurement. The Dutch TTF market, characterised by significantly higher liquidity, is especially important. The Title Transfer Facility (TTF) is a virtual trading point in the Dutch gas grid via which natural gas trading for the Netherlands is handled. We use this market to hedge price risks.

The measures introduced by the EU Commission to regulate financial markets apply not only to financial services companies but also to so-called non-financial companies – and thus also to companies operating in the energy sector. In particular, the EU Regulations already in force, namely EMIR, which regulates off-market derivative trading, and REMIT, the Regulation on Energy Market Integrity and Transparency, have resulted in numerous changes for energy trading companies, and thus also for MVV Trading GmbH.

MVV Trading GmbH meets all of the few requirements already specified and is currently working hard to prepare for further amendments. Information about the latest status and further details can be found in the chapter ▶ *Business Framework from Page 46 onwards*.

Joint grid companies

Our distribution grids form the backbone of a secure and reliable energy and water supply. In the year under report, the MVV Energie Group invested Euro 68 million in modernising and expanding its electricity, district heating, gas and water grids. With Netrion GmbH, their joint grid company, the parent companies MVV Energie AG and Energieversorgung Offenbach AG meet the legal unbundling requirements under which grid operations have to be separated from sales and generation. By pooling their strengths, the necessary tasks can be performed more economically, thus cutting costs in an increasingly competitive climate. SWKiel Netz GmbH performs these tasks for the Stadtwerke Kiel AG subgroup. Further information about our grid infrastructure and the quality of our grids can be found in the ▶ *Supplement on Pages 19 to 21*.

Forward-looking sales policy

Our sales department cooperates with MVV Trading GmbH to develop innovative sales products. By working hand in hand with high-quality customer service, we aim to acquire new customers and retain those customers we already supply on a long-term basis.

With our successful Electricity/Gas Energy Fund product, we offer inexpensive access to structured procurement to small and medium-sized industrial and commercial customers as well. Since April 2013, we have marketed the new SpotLight module offered within the Energy Fund. This supports customers wishing to cover part of their energy needs with their own photovoltaic systems. By the end of the year under report, we had attracted mainly medium-sized companies as customers for this new product.

We view the direct marketing of electricity from renewable energy sources within the market premium model as a suitable instrument for promoting the market integration of renewable energies. MVV Energie currently has generation plants based on renewable energy sources with a capacity of 2 400 MW under contract in Germany. When it comes to directly marketing electricity from photovoltaics systems, we are now the market leader. Here, we currently market photovoltaics systems with a capacity of more than 1 200 MW, and thus one third of the capacity marketed directly, i.e. not via transmission grid operators, in Germany.

We can control wind and solar plants remotely via our IT platforms, and can thus, for example, cut back production in periods of negative electricity prices. This way, we are contributing to system stability and to reducing the resultant costs under the renewable energies legislation (EEG). After all, these costs increase in inverse proportion to the spot price on the exchange.

With our minute reserve pool, we offer customers the possibility of participating in the balancing energy market with industrial and emergency power plants. We have built up sufficient experience to be able to gradually extend this pool to all four control areas in Germany – thus generating additional revenues for our customers by marketing minute reserve capacities on a nationwide basis in future.

Supplying energy to real estate and housing industry customers is also one of our growing market segments. Our innovative LEMA (vacancy management) product enables us for the first time to dovetail our customers' core processes with our own.

MVV Energie is the first energy company in the world to deploy innovative HANA (high performance analytics appliance) database technology in its new customer management system. This system provides the sales department with faster, more comprehensive information about customers, while at the same time pooling and automating customer management processes.

Energy-related services from a single source

Our energy-related services aim to find efficient solutions meeting our customers' requirements. Our product portfolio focuses on our core competencies, and thus in particular on offering efficient supply solutions for industrial, retail and commercial companies, real estate contracting services, industrial park services and national and international energy consulting. Our supply solutions help reduce our customers' energy consumption and enhance their efficiency. For our customers in the real estate sector we have developed two specially tailored models which improve the return on the property despite increasingly strict requirements. As an operator of large industrial parks, we offer our customers all services from a single source – from energy and utility supplies via environmental protection through to security and location services. With our broad-based portfolio of solutions, we intend to seize the opportunities also arising in the energy-related services market on account of the energy system conversion.

Efficiency enhancements driven by shared services

The shared service companies pooled at our Soluvia GmbH subsidiary – Soluvia Billing GmbH, Soluvia IT-Services GmbH and Soluvia Metering GmbH – perform all internal services in the fields of billing and customer support, information processing and metering on behalf of MVV Energie AG, Energieversorgung Offenbach AG and Stadtwerke Kiel AG. They form a central component of our business model, thus enabling us to cover the entire energy industry value chain within our Group. Their operating services make an indispensable contribution to the MVV Energie Group's competitiveness.

OBJECTIVES AND STRATEGIES

Clear, long-term objectives

We have set ourselves long-term objectives. By generating sustainable, profitable growth, we aim to increase the value of the MVV Energie Group on a long-term basis. We intend to retain our position as one of Germany's leading independent energy companies both in 2020 and beyond. Consistent with our "Energising the Future" claim, our aim for the future as well is to provide our customers with a reliable, economical and environmentally-friendly supply of energy, to open up new perspectives for our shareholders and to offer our Group's employees secure and attractive jobs. As the majority owner of the MVV Energie AG parent company, the City of Mannheim guarantees the stability and independence of our Group.

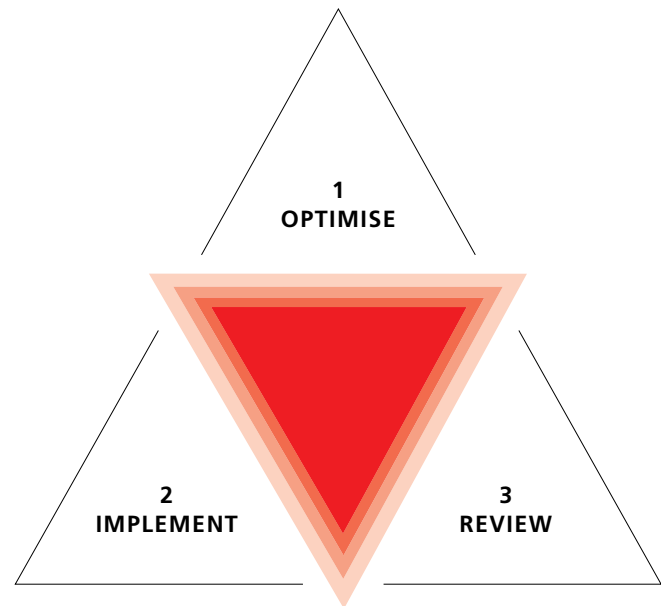
Under their own brands, the companies within our Group draw on their strengths as local and regional utility suppliers at their locations. They benefit here from their customer and cooperation networks and from their knowledge of their local markets. On group level, we work together to exploit synergies and continually improve our processes so as to permanently enhance our efficiency. This is a prerequisite for safeguarding the economic success of our companies even in the difficult and highly uncertain current sector climate.

Our strategy focuses on sustainability

MVV Energie is committed to the fundamental transformation in the energy system desired by politicians and supported by a broad cross-section of society and is playing an active role in structuring this transformation along market-based lines.

Our forward-looking group strategy focuses on regionalism, efficiency and sustainability. It is also the right strategy for the new energy policy climate. We are acting in an entrepreneurial spirit to seize the economic opportunities harboured by the system change. We already operate successfully in numerous forward-looking business fields and have comprehensive expertise at our disposal.

Sustainable business activity forms part of our claim as "Energiser of the Future". To do justice to both market and sustainability requirements, we aim to find a sensible balance between economic, ecological and social objectives. This way, we can live up to our entrepreneurial responsibilities in line with our stakeholders' expectations. Our corporate strategy is characterised by three main lines of attack:



OPTIMISE: By working with innovative asset and product management and more efficient, continually enhanced processes, we aim to boost our revenues and cut our costs. This provides the basis necessary for our strategic investments and helps counter future charges on earnings due to growing competitive and regulatory pressure. This approach also enables us to tap long-term opportunities.

IMPLEMENT: We are growing in our core competencies. Our investment programme on the one hand comprises investments in our existing business, i.e. in modernising and optimising our plants and grids, and on the other hand investments in promising growth fields.

Our strategic investments focus on expanding renewable energies, combined heat and power generation, environmentally-friendly district heating and the generation of energy from waste, boosting energy efficiency, focused expansion in our energy-related services business and the nationwide sale of electricity and gas to industrial and corporate customers.

REVIEW: Alongside our specific investment focuses, we also review other projects in terms of their growth potential and relevance for our business. This opens up opportunities for the further medium to long-term development of our Group.

Substantial investment programme

One core component of our group strategy involves an ambitious investment programme compiled within the MVV 2020 project. With this programme, we realigned our strategy to the energy system of the future, in which the leading roles will be assumed by renewable energies and energy efficiency. In 2009, we set an investment target of around Euro 3 billion that we intend to implement by 2020. Within four years, we have already implemented or reached binding decisions for around Euro 2.1 billion of the planned investment volume.

Successfully implementing our strategy

By making attractive investments, we will further supplement our **RENEWABLE ENERGIES** portfolio and thus intensify our core project development and asset management competencies. In expanding our renewable energies generation portfolio, we are relying above all on **ONSHORE WIND POWER PLANTS**. This proven, economically viable technology involves fewer risks and significantly lower costs than offshore wind farms. Not only that, due to their geographical proximity to consumers decentralised plants at inland locations also reduce the need for cross-regional grid expansion measures.

At the balance sheet date on 30 September 2013, the MVV Energie Group had onshore wind turbines with a total installed capacity of around 144 MW_e, an impressive figure for Germany. Details about the expansion in our wind power portfolio, which we successfully continued once again in the 2012/13 financial year, can be found in the ▶ *Supplement from Page 9 onwards*, in the chapter ▶ *Sustainability on Page 76* and in the ▶ *Outlook on Page 98*. We are now increasingly also developing proprietary new wind power projects.

Since 2012 we have been making targeted investments in **BIO-METHANE PROJECTS**. Following the biomethane plant in Klein Wanzleben near Magdeburg, which was connected to the grid in September 2012, we are building a second biomethane plant in neighbouring Kroppenstedt. Operations here are due to be launched before the end of 2013.

The MVV Energie Group is one of Germany's largest plant operators in the **GENERATION OF ENERGY FROM WASTE AND BIOMASS**. Given that the German waste and biomass market is characterised by surplus capacity and no longer offers growth potential, we are also making investments in other European countries, provided that these investments meet our project-specific profitability requirements and generate sustainably positive earnings contributions for our Group.

The construction of a waste-fired combined heat and power plant in Plymouth/UK (investment total: Euro 250 million) and a biomass power plant at Ridham Dock/UK (investment total: Euro 140 million) will enable us to demonstrate our all-round experience and technical competence in planning, building and operating energy from waste and biomass plants in the British market as well. Details can be found in the ▶ *Supplement from Page 12*, in the chapter ▶ *Sustainability from Page 77* and in the chapter ▶ *Outlook from Page 98 onwards*.

MVV Energie is already one of the largest German players in the district heating market. At our locations in Mannheim, Kiel, Offenburg and Ingolstadt, we are consistently investing in the further expansion of environmentally-friendly **DISTRICT HEATING WITH COMBINED HEAT AND POWER GENERATION**. On the site of the large power plant in Mannheim (Grosskraftwerk Mannheim – GKM) we are building a district heating storage facility (investment total: Euro 27 million). Operations here, currently the highest-capacity facility of its kind in Germany, will gradually come on stream in the first months of the 2013/14 financial year. This represents an additional reserve and an instrument to optimise the electricity market. Details about the district heating storage facility and the efficiency benefits offered by district heating with combined heat and power generation can be found in the ▶ *Supplement from Page 16 onwards*.

In the **ENERGY-RELATED SERVICES BUSINESS**, our MVV Enamic subsidiary is building on its core competencies and, given its customer focus, can offer especially convincing energy efficiency and decentralised solutions. It concentrates in particular on energy efficiency services and contracting for industrial/commercial and real estate customers. Further key focuses at MVV Enamic include the operation of industrial parks and its national and international consulting business. Details about the successful investment project at Tübingen University Hospital (investment total: Euro 12 million), where we converted the energy supply from fossil fuels to the sustainable fuel of timber while maintaining day-to-day operations, are presented in the chapter ▶ *Sustainability on Page 78*.

In our **NATIONWIDE ELECTRICITY AND GAS SALES BUSINESS WITH INDUSTRIAL AND COMMERCIAL CUSTOMERS**, we aim to penetrate the market more closely by offering innovative products and customised solutions. We see good prospects of further expanding our market position in this core area. Details can be found in the chapter ▶ *Business Model on Page 40*.

OVERVIEW OF SHAREHOLDINGS AND BUSINESS ACTIVITIES

Major direct and indirect shareholdings of MVV Energie AG

Energy supply	Environmental energy and renewable energies
MVV RHE GmbH (100 %)	MVV Umwelt GmbH (100 %)
Stadtwerke Kiel Aktiengesellschaft (51 %)	<ul style="list-style-type: none"> MVV Umwelt Asset GmbH (100 %)
Energieversorgung Offenbach Aktiengesellschaft (48.49 %) ¹	<ul style="list-style-type: none"> MVV Umwelt O&M GmbH (100 %)
Stadtwerke Ingolstadt Beteiligungen GmbH (48.4 %)	<ul style="list-style-type: none"> MVV Umwelt Ressourcen GmbH (100 %)
Köthen Energie GmbH (100 %)	<ul style="list-style-type: none"> MVV Environment Devonport Ltd., UK (100 %)
Stadtwerke Sinsheim Versorgungsgesellschaft mbH & Co. KG (30 %)	<ul style="list-style-type: none"> MVV Environment Ridham Ltd., UK (100 %)
Stadtwerke Buchen GmbH & Co. KG (25.1 %)	<ul style="list-style-type: none"> Biomasse Rhein-Main GmbH (33.33 %)
Stadtwerke Walldorf GmbH & Co. KG (25.1 %)	Biomethananlage Klein Wanzleben GmbH (74.9 %)
Stadtwerke Schwetzingen GmbH & Co. KG (10 %)	Biomethananlage Kroppenstedt GmbH (74.9 %)
MVV Energie CZ a.s. Czech Republic (100 %)	MVV Windenergie GmbH (100 %)
	Cerventus Naturenergie GmbH (50 %) ²

Joint ventures	Energy-related services
Netrion GmbH, Mannheim ³	MVV Enamic GmbH (100 %)
MVV Trading GmbH, Mannheim ⁴	<ul style="list-style-type: none"> 14 majority shareholdings in the fields of:
Soluvia GmbH, Mannheim ⁵	Contracting and energy efficiency
<ul style="list-style-type: none"> Soluvia Billing GmbH, Offenbach⁶ 	Industrial parks
<ul style="list-style-type: none"> Soluvia IT-Services GmbH, Kiel⁶ 	Consulting
<ul style="list-style-type: none"> Soluvia Metering GmbH, Offenbach⁶ 	
MVV Insurance Services GmbH, Mannheim ⁷	

¹ majority of voting rights

² Energieversorgung Offenbach AG (50 %), juwi renewable IPP GmbH & Co. KG (50 %)

³ MVV Energie AG (70 %), Energieversorgung Offenbach AG (30 %)

⁴ MVV Energie AG (59.9 %), Stadtwerke Kiel AG (25.1 %), Energieversorgung Offenbach AG (12.5 %), Stadtwerke Ingolstadt Energie GmbH (2.5 %)

⁵ MVV Energie AG (51 %), Stadtwerke Kiel AG (24.5 %), Energieversorgung Offenbach AG (24.5 %)

⁶ Soluvia GmbH (100 %)

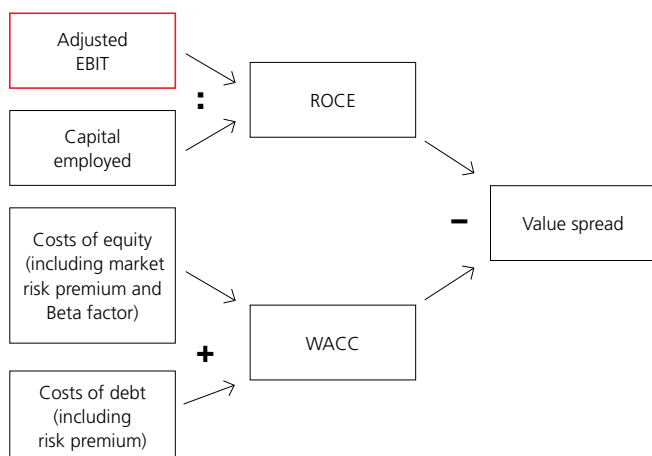
⁷ MVV Energie AG (68.4 %), Energieversorgung Offenbach AG (17.6 %), Stadtwerke Kiel AG (14 %)

VALUE-BASED CORPORATE MANAGEMENT

Value-based corporate management is a key tool assisting us to achieve our corporate policy target of increasing the value of the MVV Energie Group on a sustainable long-term basis. This target can only be reached if our business activities generate a return over and above the costs of the capital employed.

Our value-based group management and associated capital management is based on centrally defined key figures valid for all of our locations. The most important key figure here is value spread. We calculate this indicator of the value added each financial year by subtracting the weighted average cost of capital (WACC) from the period-specific return on capital employed (ROCE). We only generate value when the ROCE exceeds the costs of capital employed. That applies both from a group perspective and on individual company level.

Calculation of value spread (simplified presentation)



The ROCE profitability figure expresses our key internal management figure of adjusted operating earnings before interest and taxes on income (adjusted EBIT) as a percentage of the capital employed to generate such earnings (capital employed; a definition can be found in the ▶ *Glossary on Page 190*). On this basis, we generated an adjusted ROCE of 8.4 % in the year under report, compared with 9.0 % in the previous year. This reduction was due on the one hand to the lower level of adjusted EBIT in the year under report and on the other hand to the higher volume of capital employed, which in turn reflects our successful growth programme.

The WACC key figure, the second component in our key value spread figure, serves as the long-term minimum economic return we must generate on operations. Within a regular review, we updated the parameters used to calculate the WACC figure in the 2012/13 financial year to account for changes in the market. The table below shows the changes we have made compared with the previous year. These are consistent with the recommendations issued by the Institute of Public Auditors in Germany (IDW).

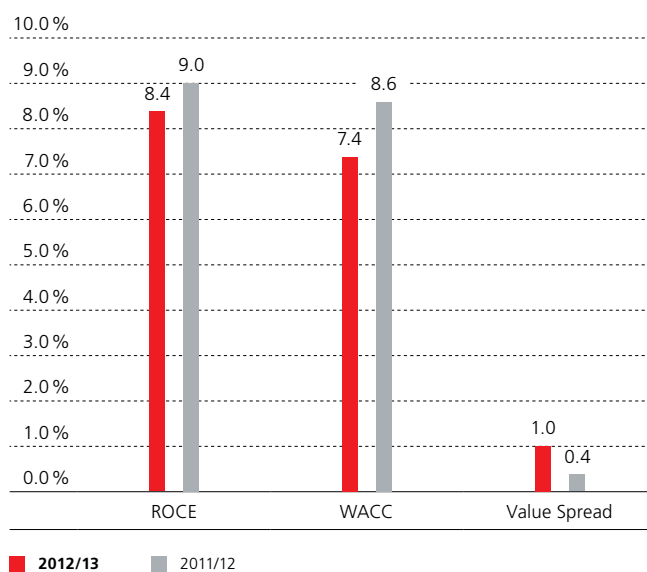
WACC parameters of the MVV Energie Group

	2012/13	2011/12
Risk-free base rate ¹	2.5 %	4.2 %
Market risk premium ¹	6.0 %	5.0 %
Beta factor ¹	0.83	0.84
Tax rate	30 %	30 %
Risk premium	1.56 %	1.00 %
Borrowing interest (risk-free base rate + risk premium)	4.1 %	5.2 %
Equity/debt capital share at market values	50 %	50 %
WACC before taxes	7.4 %	8.6 %

¹ correction in previous year's figure

Based on the new parameters, we have calculated a weighted average cost of capital before taxes (WACC before taxes) of 7.4 % for the MVV Energie Group for the year under report, compared with 8.6 % in the previous year.

Key value management figures of the MVV Energie Group in %



The change in the risk-free interest rate reflects the widespread reduction in interest rates on the capital markets. We base this figure on the yields on zero bonds with terms of up to 30 years. The Beta factor serves as an indicator of relative risk compared with other companies in our industry (a definition of the Beta factor can be found in the ▶ *Glossary on Page 186*). The higher base points accounted for in the risk premium reflect increased risk in the tougher market climate.

For the 2012/13 financial year, the subtraction of WACC before taxes of 7.4 % (previous year: 8.6 %) from the ROCE of 8.4 % (previous year: 9.0 %) results in an adjusted value spread of 1.0 % (previous year: 0.4 %). The increase in the value spread was chiefly due to the market-based costs of capital, which more than offset the impact of the lower ROCE. We refer to adjusted EBIT, the key figure used for internal management purposes, when commenting on the economic situation and performance of the MVV Energie Group and its reporting segments.

RESEARCH AND DEVELOPMENT

As the “Energiser of the Future” and an energy player focused on sustainability, in its research and development activities as well MVV Energie is working on building Germany’s future energy supply. This will be based more clearly on renewable energies and will be more decentralised, more highly flexible and smarter.

This fundamental technological system change presents energy suppliers with new challenges. In our research projects, we are therefore developing and testing innovative products and system solutions aimed at enhancing energy efficiency. These also have to be capable of robust deployment in practice.

Model City Mannheim project successfully completed

The Model City Mannheim (moma) project represented a significant milestone for us. Under our management, a consortium of renowned companies and institutes investigated how an infrastructure with smart grids would have to be structured so as to integrate renewable energies into the existing energy supply system and facilitate supply-based energy demand management. Model City Mannheim is one of six beacon projects within the nationwide E-Energy research programme promoted by the Federal Ministries of Economics and the Environment. Of the moma budget of around Euro 20 million, half was subsidised by the Federal Ministry of the Environment. Following a four-year term, the project was completed at the end of 2012 with widely acclaimed results. The research results were handed over to Peter Altmaier, Federal Environment Minister, in Berlin in June 2013.

Around 1 000 households in Mannheim took part in three field trials in the MVV Energie AG distribution grid. The automated energy management system we used for this purpose (Energiebutler) supported customers in consuming electricity at times when it was

inexpensive – in line with predefined dynamic tariffs. During the practical trials, customers showed high acceptance levels for the entire moma system and for the variable rates. Price incentives enable load volumes to be postponed, thus making it possible to put the volatile supply from regenerative energies to flexible use. Based on the experience gained, we are evaluating ways of making the Energiebutler attractive for customers.

Furthermore, the project also developed a cellular architecture for the energy system and implemented this in model form. Here, buildings, city districts, municipalities and regions form the energy cells. The small grid areas have self-optimising energy circuits, are interconnected on a regional basis and hierarchically also between regions and form a kind of energy organism. The moma project showed that a network as complex as an electricity grid can be reliably operated with large numbers of feed-in sources and consumers.

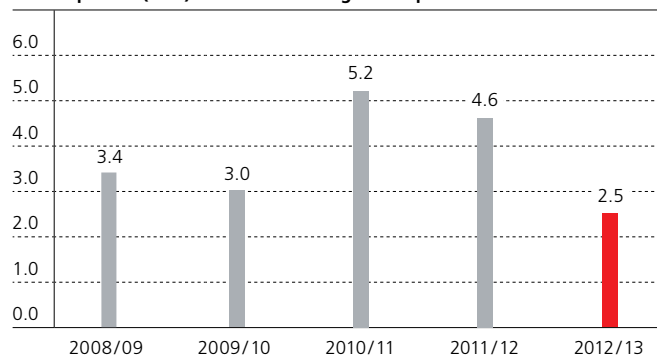
Fuel cells for individual homes

MVV Energie is a partner in the “Callux – Practical Trials for House Fuel Cell” project carried out within the national hydrogen and fuel cell technology innovation programme. By mid-2016, we will be installing and operating a total of 26 natural gas-fired fuel cell heating systems at private customers. Initial practical trials have shown that the performance capacity and energy efficiency of fuel cell heating appliances has significantly improved compared with earlier models. Given the reduction in appliance costs, we are investigating the possibility of a market launch for fuel cell heating systems.

Research and development expenses and personnel

R&D expenses as per IFRS amounted to around Euro 2.5 million in the year under report. Seven technology and innovation managers, such as engineers, process engineers and electrical engineers, worked for MVV Energie in the period under report. Furthermore, more than 50 employees from other departments (previous year: 60) also dedicated a significant portion of their time to the projects.

R&D expenses (IFRS) at the MVV Energie Group in Euro million



BUSINESS REPORT

Executive Board summary

Increasingly tough market conditions, and in particular the ongoing decline in electricity generation prices on the energy markets, have – like at other companies in our industry – also left their mark on the MVV Energie Group and adversely affected its earnings. The Executive Board is nevertheless satisfied with the company's operating earnings for 2012/13. This is because we partly succeeded better than other companies in coping with the far-reaching implications of the fundamental transformation in the energy sector.

BUSINESS FRAMEWORK

Energy Policy Changes

Transformation process as a challenge

In terms of energy policy, the year under report was shaped by the discussions as to the transformation in energy supply systems in Germany. The following energy policy and energy law topics, which are outlined in this chapter, were particularly significant for the MVV Energie Group:

- the further development in renewable energies
- the amendment to the German Renewable Energies Act (EnWG)
- the debate surrounding capacity markets.

Developments in energy policy and in the energy sector are highly significant for the performance of our business fields. MVV Energie is therefore actively participating in energy policy discussions in dialogue with politicians and the authorities.

Renewable energies: discussions unsettle investors

The costs involved in the energy supply transformation process are increasingly the subject of political dispute. One initial result of this debate was the reduction both in photovoltaics compensation and in the management premium compensating the costs of directly marketing plants on the regular electricity market under the German Renewable Energies Act (EEG). MVV Energie had advocated a moderate reduction in the management premium so as not to threaten the development of the new direct marketing market.

The cost debate culminated on 13 February 2013 in the proposal of the so-called "electricity price brake mechanism". Federal Ministers Peter Altmaier and Philipp Rösler jointly proposed an extensive package of measures to curtail the costs of expanding renewable energies in the short term. MVV Energie basically supports the aim of

expanding renewable energies more cost effectively. In our opinion, however, the measures proposed would nevertheless have provoked severe market disruptions and in particular would have brought the expansion in wind power in southern Germany to a virtual halt. We were particularly critical in our assessment of the proposal to cut compensation claims for existing plants. This led to irritations on the capital markets and it became significantly more difficult to finance new plants.

Political decisions in next financial year

Neither the Energy Summit held between the Federal Government and the Federal States on 21 March 2013 nor the subsequent negotiations led to any agreement concerning the implementation of the "electricity price brake mechanism". We only expect to see further reform steps once the new government has been formed, i.e. in our new 2013/14 financial year.

To this end, in the year under report MVV Energie presented a comprehensive package of measures that would enable greater cost effectiveness and a higher degree of market integration in terms of renewable energies expansion to be achieved in the short term. Among others, these include a more focused expansion in onshore wind power, especially in southern Germany as well, a review of EEG allocation exemptions and the inclusion of own use in expansion financing. Furthermore, operators of new plants should be obliged to market their electricity directly, thus enabling those operators feeding electricity into the grid to react to market signals and thus boost cost effectiveness.

MVV Energie is calling for a gradual approach, one in which the current EEG legislation is supplemented by new competitive elements leading in several steps towards greater cost effectiveness. We are convinced that, in the foreseeable future, large-scale energy generation plants based on renewable energies will require a second source of refinancing alongside revenues from electricity actually supplied (energy-only market). To secure this second financing stream, the compensation paid should increasingly be set in competitive processes, e.g. in auctions, in the medium and long term. We presented this proposal in greater detail in our study "Wege in ein wettbewerbliches Strommarktdesign für erneuerbare Energien" (Ways towards a Competitive Electricity Market Design for Renewable Energies). The QR code below leads directly to the internet site where our publication can be found.



Contribution by MVV Energie AG to the energy policy debate:

Joint study by MVV Energie, Arrhenius Institut, Takon and Ecofys (only available in German)

Focus on supply reliability

The Third Amendment to the German Energy Industry Act (EnWG) adopted by the Federal Parliament on 29 November 2012 requires operators wishing to terminate operations at unprofitable generation plants to report such plans in future to the Federal Network Agency (BNetzA). They may be obliged to continue operations at the plant if this is indispensable for the stability of the electricity supply. With this ban on the decommissioning of system-relevant power plants, the government has taken a first – highly regulatory – step towards securing the electricity supply.

To specify the new requirements in greater detail, on 12 June 2013 the Federal Government issued the Reserve Power Plant Ordinance, which is valid for a limited period through to the end of 2017. MVV Energie advocates the introduction of competitive mechanisms when it comes to securing reserve capacities and setting transparent regulations governing the deployment of this reserve. We see a strategic reserve in the form also proposed by the Association of the German Energy and Water Industries (BDEW) as representing a suitable transitional solution for the coming years.

Decision pending on capacity markets

We expect the new legislative period that began at the end of our 2012/13 financial year to see a basic decision concerning the introduction of capacity markets. Various proposals have long been discussed by market participants, researchers and politicians.

MVV Energie believes that we need a capacity market that is as extensive as possible and also non-discriminatory. It should offer all providers of capacity and flexibility the opportunity to compete with each other. This would facilitate a high degree of cost effectiveness when it comes to securing the electricity supply. Furthermore, MVV Energie has called for potential capacity markets to be strictly based on securing sufficient generation capacity. Other objectives of energy or environmental policy, such as the expansion in combined heat and power generation and district heating, should continue to be governed by separate instruments.

New Market Transparency Agency created

The Federal Government has paved the way to establish a national Market Transparency Agency for electricity and gas wholesale and adopted corresponding legislation on 9 November 2012. By establishing the Market Transparency Agency at the Federal Network Agency, the government has implemented the EU Regulation on Energy Market and Integrity (REMIT) in Germany. MVV Energie welcomes greater transparency concerning market developments. Given the high operative cost, we are calling for reporting and disclosure obligations not to exceed the REMIT requirements. Furthermore, the information already collected under the wide variety of disclosure obligations in force should also be used by the authority.

Stricter abuse monitoring extended

Following protracted negotiations between the Federal Council and the Federal Parliament, in early June 2013 the two legislative chambers adopted the Eighth Amendment to the Law against Restraints on Competition. The stricter price abuse monitoring measures in the electricity and gas markets have thus been extended through to the end of 2017. These had previously been criticised both by the industry and by the Monopolies Commission as inhibiting competition. The possibility of including the water industry in the stricter abuse monitoring structures was also discussed, but not implemented.

New legislative requirements

The Federal Parliament introduced a number of new exemption and compensation rules and obligations for grid operators in the period under report:

- Large-scale consumers who make load volumes available that are technically deactivatable at short notice will in future be entitled to have this service compensated by transmission grid operators within a tendering framework.
- Large-scale consumers with high, evenly distributed electricity acceptance volumes may be exempted from up to 90 % of grid utilisation fees. The Federal Government has thus reacted to court decisions and to criticism from the European Commission with regard to the complete exemption originally envisaged.
- In future, damages payments for delays in the grid connection of offshore wind farms will be borne by electricity consumers via a corresponding allocation. Transmission grid operators have been largely exempted.
- The Third Amendment to the German Energy Industry Act (EnWG) laid down requirements for installing smart meters, which will be mandatory in future. A cost-benefit analysis published by the Federal Ministry of Economics and Technology at the end of July 2013 has set the agenda for future metering requirements.

Financial market regulation: triologue negotiations

The European Parliament and the European Council of Ministers set out their positions on the reform of the Markets in Financial Instruments Directive (MiFID) in October 2012 and June 2013 respectively. The structure of this reform will also determine whether market players not allocable to the financial sector, such as municipal energy companies, will be required to meet complex new requirements. The EU Commission and the Council of Ministers provide for differing requirements in this respect. In the triologue negotiations now beginning, MVV Energie is calling for the possibility of classifying energy traders that are not system-relevant in terms of financial market functionality as non-financial companies. This would exempt such traders from bank licensing, equity depositing and mandatory clearing obligations.

Future of emission right trading remains uncertain

On 3 July 2013, the European Parliament narrowly approved the proposal submitted by the European Commission for so-called backloading. The proposal is intended to counter the decline in CO₂ right prices in the wake of the economic crisis. To this end, the auction of 900 million rights is to be postponed. In the next stage in the legislative process, the Council of Ministers will now have to agree its position concerning the proposal. MVV Energie views the backloading proposal as a first step towards reforming emission right trading, one which will have to be followed by further, structural amendments.

Amendment to tenancy law makes contracting more difficult

With the approval granted by the Federal Council on 1 February 2013, the government has adopted a reform of tenancy law. Among others, the objective of this amendment was to facilitate energy-efficiency renovation work. To this end, tenants' rent abatement rights have been curtailed, while landlords are entitled to charge on costs of modernisation measures to tenants via rental payments. This amendment is opposed by the "neutral heating costs requirement" when the heating supply is contracted out to a third party, i.e. the costs of energy-efficiency renovation work performed by an energy-related services provider may not increase tenants' rental costs including heating. This has significantly reduced the economic attractiveness of contracting solutions.

Second regulatory period started

The second regulatory period began for gas on 1 January 2013, is due to begin for electricity on 1 January 2014 and will last for five years in each case. The revenues set by the regulatory authorities are based on the cost review and nationwide efficiency comparison of all grid operators.

The basis for determining grid operators' revenues has already been set. No official assessment notices have yet been received, and that although the second regulatory period for gas already started at the beginning of 2013. Potential reasons for this delay include the setting of the regulatory account balance for the first regulatory period, which is still outstanding, and amendments to energy industry regulations. For electricity, the efficiency figure for the second regulatory period was communicated to grid operators at the beginning of October 2013. We expect to receive the definitive assessment notice at the earliest at the end of the 2013 calendar year.

Market Climate and Competition

German economy with slight growth in 2013

Following a weak start to the year, the German economy has gained slight momentum as 2013 has progressed. According to figures released by the Federal Statistical Office, real-term gross domestic product (GDP) in Germany contracted by 0.5 % in the final quarter of 2012 and stagnated in the 1st quarter of 2013 (January to March 2013). In the 2nd quarter of 2013 (April to June 2013) it then grew by 0.7 % compared with the previous quarter. Despite this low level of growth, the German economy is still in relatively robust shape when compared with developments in other euro area countries. Further details about expected future developments can be found in the chapter ▶ *Outlook on Page 97*.

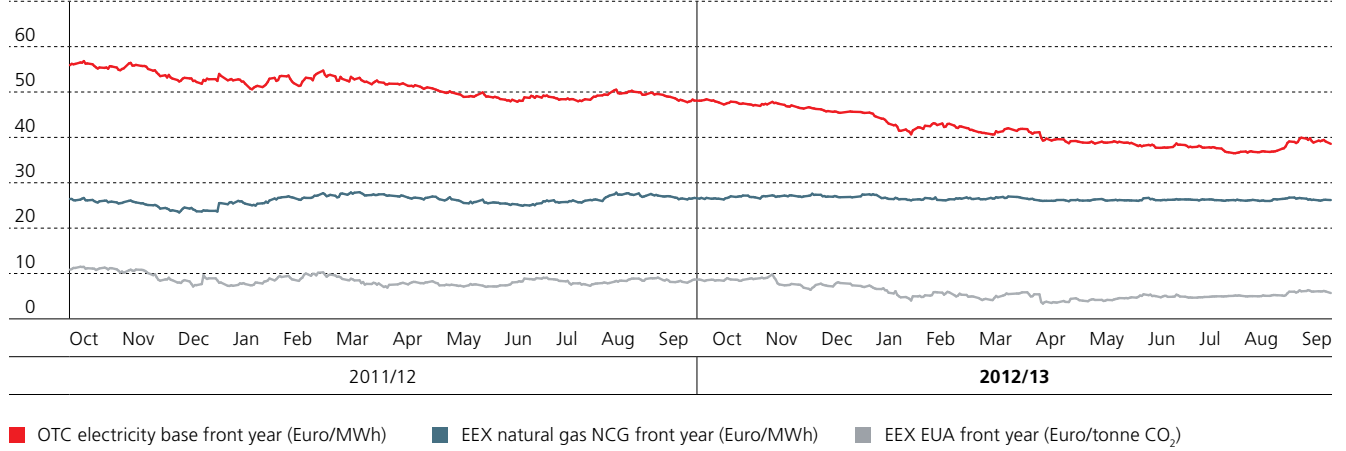
Cold winter increases German gas consumption

Cold weather conditions in winter 2013 led to higher gas consumption in Germany. Based on preliminary figures from the Association of the German Energy and Water Industries (BDEW), gas consumption grew by 11 % in the first nine months of 2013 (January to September 2013) compared with the same period in the previous year. Electricity consumption fell year-on-year by 1.7 % over the same period. Competition has intensified on the electricity and gas markets. According to the BDEW Customer Focus dated October 2013, the national average rate of customers switching supplier amounted to 33 % among private electricity customers (previous year: 30 %) and to 26 % among private gas customers (previous year: 18 %).

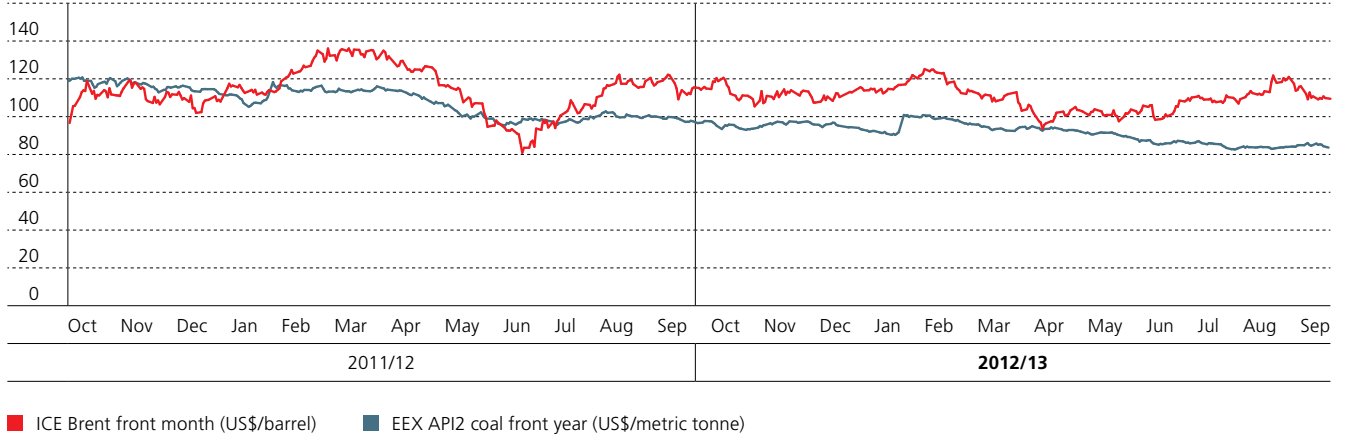
Electricity volumes from renewable energies held back by weak weather conditions

The volume of electricity generated from renewable energy sources in the 1st half of the 2013 calendar year fell slightly short of the previous year's figure. This is chiefly due to weak wind conditions in the year to date. Based on preliminary calculations compiled by the BDEW, renewable energies nevertheless covered around 26 % of electricity needs, as against 25 % in the same period in the previous year. With an 8.3 % share, wind power was the most important source of renewable energy (previous year: 9.0 %), followed by biomass with 7.8 % (previous year: 7.2 %). Year-on-year, photovoltaics was unable to boost its previous contribution in the first half of the year and once again came third with a 5.2 % share (previous year: 5.2 %). According to the BDEW, photovoltaics subsequently posted strong production growth due to weather conditions in July and August 2013. In terms of its structure, the German energy generation balance is set to shift further in favour of renewable energies.

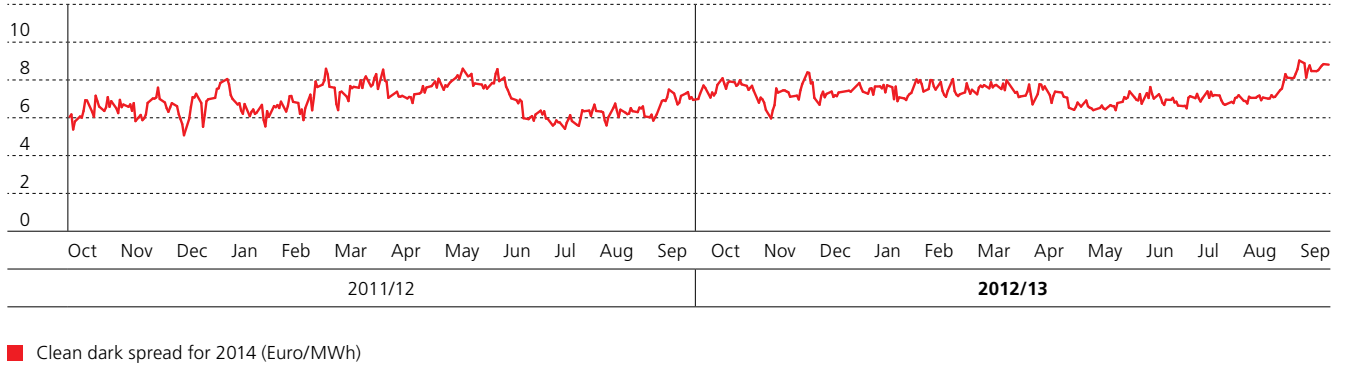
Development in trading prices for electricity, gas and CO₂ rights (Euro)



Development in trading prices for oil and coal (US\$)



Development in clean dark spread for 2014 (Euro)



Lower wholesale prices

Energy prices showed mixed developments. While wholesale oil, electricity, coal and emission right prices declined compared with the previous year, gas prices rose in the period under comparison.

Listed Brent North Sea oil prices for supply in the following month (front month) ranged between US\$ 97.69 and US\$ 118.90 per barrel in the year under report. At US\$ 108.89, the average barrel price in the year under report fell US\$ 2.52 short of the previous year's figure of US\$ 111.41. Low levels of demand due to the subdued macroeconomic framework and high production rates in non-OPEC states, especially the USA, ensured that the supply side remained strong. This in turn led to falling prices.

Natural gas prices for the front year product in the Net-Connect Germany (NCG) market region were listed at an average of Euro 26.83/MWh in the year under report, and thus Euro 0.39/MWh higher than in the previous year. Due to strong demand for liquefied natural gas (LNG) in Japan, the supply of LNG to Europe remains low. Given that European gas markets will be more dependent in the medium term on gas governed by long-term supply contracts, the price increase can be interpreted as an upward correction in futures market prices towards contract price levels.

The price of base load electricity for supply in the following year reduced. This was due to the development in emission and coal prices, as well as volatility in the spot market, which in turn chiefly resulted from solar and wind power feed-in volumes. In the year under report, the average price amounted to Euro 41.26/MWh, corresponding to a year-on-year reduction of 19.3%.

The downward trend shown by coal prices since 2011 continued in the year under report. Front year prices per tonne for hard coal in the ARA region (Amsterdam, Rotterdam, Antwerp) fell year-on-year by US\$ 16.49 to US\$ 91.51. The weakness in prices was driven above all by surplus coal capacities from Russia and Columbia in the first half of 2013 and the reduction in Chinese coal imports since April 2013.

Emission right prices per tonne of CO₂ for supply in the following year averaged Euro 5.18 in the year under report, thus falling by Euro 2.72 compared with the previous year. The sustained drop in emission market prices is due above all to EU climate policy, the debt and euro crisis in several European countries, and the excess supply of emission rights. In particular, the protracted discussions and decisions concerning a temporary reduction in the supply of emission rights (backloading) created more insecurity than stability in the emission market.

Having recovered slightly since April 2012, the clean dark spread, i.e. the margin from generating electricity from hard coal, nevertheless remains very low. Despite the marginally positive trend, hard coal power plants are currently not profitable in Germany.

Market position of the MVV Energie Group

The **GENERATION OF ELECTRICITY FROM RENEWABLE ENERGIES** and **COMBINED HEAT AND POWER (CHP)** are playing an increasingly major role within the conversion of energy generation along ecological lines. In the year under report, the MVV Energie Group generated 20% of its total electricity using renewable energies and 32% using the efficient CHP process. Overall, a 52% share of our generation was attributable to renewable energies and CHP, compared with the preliminary national average of 39% for 2012.

In the **DIRECT MARKETING OF ELECTRICITY FROM RENEWABLE ENERGIES** within the market premium model, MVV Energie currently has generation plants based on renewable energy sources with a capacity of 2 400 MW under contract in Germany. In the direct marketing of photovoltaics systems, we have now become the market leader, with marketed capacity of more than 1 200 MW in Germany.

Our Group is one of the German market leaders when it comes to **GENERATING ENERGY FROM BIOMASS**. Our environmental energy and energy-related services business fields operate 16 biomass and biogas plants in total. These generated 317 million kWh of electricity and 301 million kWh of heating energy in the year under report.

With **DISTRICT HEATING TURNOVER** of 6.5 billion kWh in the year under report, the MVV Energie Group is one of Germany's largest district heating providers.

Furthermore, our company is one of the largest operators of **ENERGY FROM WASTE AND BIOMASS PLANTS**. In the year under report, 1.9 million tonnes of waste and refuse-derived fuels were delivered to our locations for incineration.

Our MVV Energie CZ a.s. subgroup now operates at 13 locations in the **CZECH HEATING ENERGY MARKET**. By investing in CHP plants and taking over a waste-fired CHP plant in Liberec (incineration capacity: approx. 0.1 million tonnes a year), we have built up a robust position in the Czech Republic.

Impact of Weather Conditions

The MVV Energie Group’s business performance is significantly influenced by weather conditions in the winter months. We use the degree day figure as an indicator of our customers’ temperature-based heating energy consumption. Low outdoor temperatures lead to high degree day figures, with these in turn being accompanied by higher heating energy requirements at our customers. A definition of the degree day key figure can be found in the ▶ *Glossary on Page 187*. Sustained high temperatures and low volumes of precipitation in the summer months benefit our water turnover. However, this factor is less significant for our company earnings than the district heating and gas businesses.

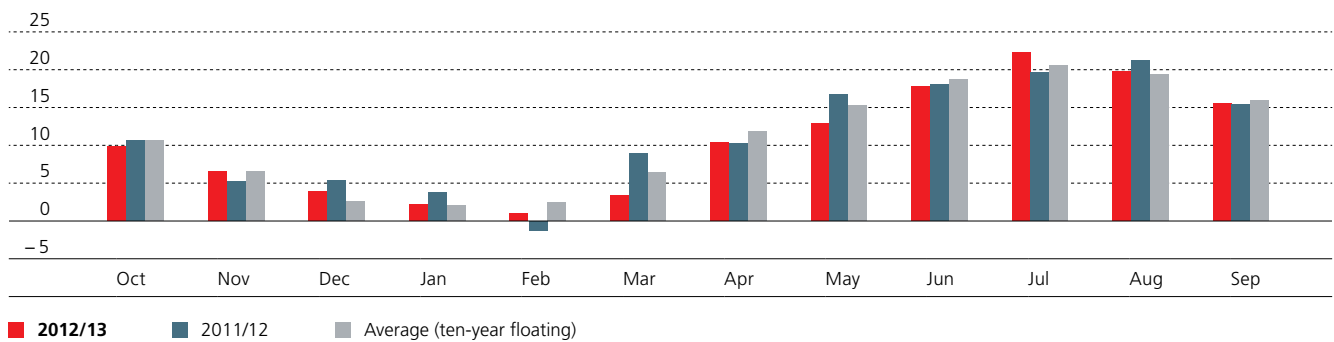
The year under report was characterised – with the usual regional variations – by persistently cold weather conditions at all locations. This was particularly true for the first half of the year under report (October 2012 to March 2013). It was unusually cold in March 2013, thus contrasting with comparatively mild weather conditions in March 2012.

The months of April and May were also characterised by below-average low outdoor temperatures in the year under report. An extended period of fair weather and high temperatures in the summer months of July and August 2013 benefited our water turnover. Overall, with a cumulative total of 22 979 the degree day figures for our group of companies in the year under report were 10 % higher than the previous year’s total of 20 959. The charts below show the monthly degree day figures, based on mean daily outdoor temperatures, for our Mannheim location.

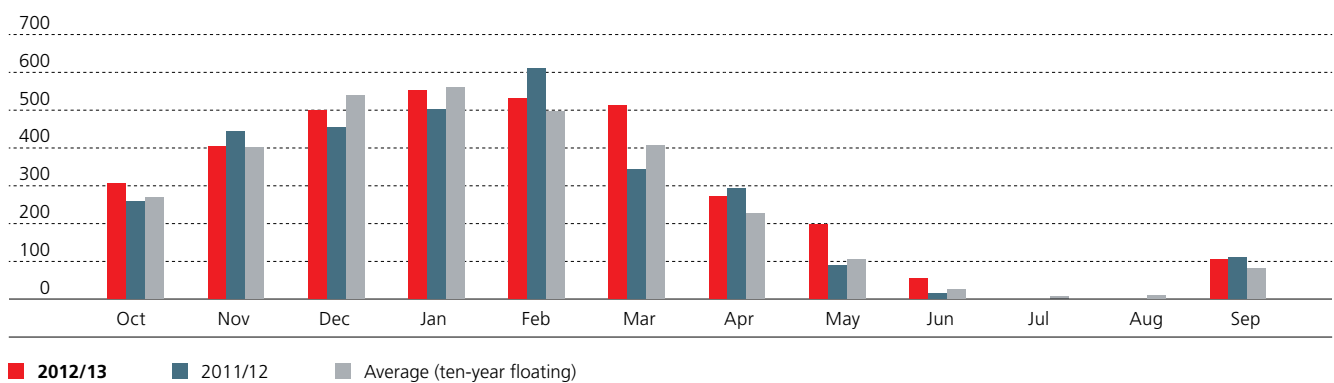
Impact of Business Framework on Business Performance

At present, our industry is highly dependent on developments in the energy policy framework and in the overall energy sector. These factors impact directly on the course of business and economic performance of the MVV Energie Group. We are therefore actively participating in discussions with politicians, the authorities and energy industry associations.

Average daily outdoor temperature in °Celsius









Degree day figures



BUSINESS PERFORMANCE

Comparison of Actual and Forecast Business Performance

	FORECAST 2012/13	RESULTS IN 2012/13	OUTLOOK
Electricity turnover Electricity sales	Further expansion in nationwide electricity sales to industrial and commercial customers Opposing items: increasingly tough competition and growing impact of energy efficiency measures	9 % decline due to negative developments in virtually all reporting segments; success in direct marketing of electricity from renewable energies within the market premium model	Further expansion in nationwide electricity sales to industrial and commercial customers and direct marketing Opposing items: increasingly tough competition and growing impact of energy efficiency measures 
Heating energy turnover Heating energy sales	Dependent on weather conditions, nevertheless accompanied by expansion in district heating grids at all locations	9 % increase due above all to positive weather conditions and expansion of district heating grids	Dependent on weather conditions; positive impact of expansion in district heating grids at all locations and new customer business 
Gas turnover Gas sales	Dependent on weather conditions; ongoing active management of gas portfolio, expansion in nationwide gas sales	44 % increase, due to more active gas portfolio management and positive weather-related factors	Dependent on weather conditions; ongoing active management of gas portfolio, expansion in nationwide gas sales 
Water turnover Water sales	Dependent on weather conditions and progress in household appliance efficiency; overall downward trend in water turnover	Water turnover – 1 % excluding impact of sale of stake in Stadtwerke Solingen in 2011/12 financial year; trend towards saving water has continued	Dependent on weather conditions and progress in household appliance efficiency; overall ongoing downward trend in water turnover 
Energy-related services	Making better use of opportunities arising due to the energy system conversion	8 % increase in heating energy turnover with services customers, driven in particular by the industrial contracting and real estate businesses	Energy saving and energy efficiency concepts will gain in significance; we see this trend as harbouring opportunities 
Share of renewable energies and combined heat and power generation in electricity generation	Implementation of growth projects leads to increase from 2013/14 financial year: <ul style="list-style-type: none"> • in construction stage: energy from waste plant in Plymouth, wind farm in Dirlammen • in planning stage: further wind farms, biomethane plant in Kroppenstedt 	Increase from 49 % to 52 % due to our growth programme: <ul style="list-style-type: none"> • operations launched at: wind farm in Dirlammen, biomethane plant in Kroppenstedt • takeover of Iberdrola's wind farms in Germany 	Implementation of growth projects leads to further increase from 2013/14 financial year and in particular from 2014/15: <ul style="list-style-type: none"> • in construction stage: energy from waste plant in Plymouth, biomass power plant at Ridham Dock • in planning stage: further wind farms, further biomethane plants 

	FORECAST 2012/13	RESULTS IN 2012/13	OUTLOOK
Sales performance	Further slight growth compared with high level in 2011/12 financial year	Slight growth of 4% to Euro 4.04 billion	Growth of 5% to 10% compared with high level in 2012/13 financial year →
Adjusted EBIT	Adjusted EBIT around 5% lower than in 2011/12 financial year	6% decline to Euro 210 million due above all to increasingly tough market climate	Adjusted EBIT of between Euro 170 million and Euro 185 million; ongoing tough market climate; improvement from 2014/15 financial year ↘
Adjusted earnings per share	Previous year's level (Euro 1.21 per share)	Improvement to Euro 1.29 per share	Reduction ↘
Cash flow from operating activities	Further improvements in working capital Opposing item: ongoing high volume of investment	Improvement from Euro 285 million to Euro 371 million. Alongside improvement in net surplus for period before taxes on income, this mainly due to development in working capital	Further improvements in working capital →
Adjusted equity ratio	High share of debt-financed projects within growth programme reduces equity ratio: Target ratio > 30%	34.3%	High share of debt-financed projects within growth programme reduces equity ratio: Target ratio > 30% ↘
Net financial debt	Comparable level expected due to primarily debt-financed investments	Euro 1.11 billion (previous year: Euro 1.03 billion)	Higher level expected due to primarily debt-financed investments →
ROCE	We do not yet expect to see any significant improvements in the next two years	8.4% (previous year: 9.0%)	We do not yet expect to see any improvement in the 2013/14 financial year; return negatively affected by market climate and growth investments; improvement from 2014/15 financial year ↘
Investments	Total investment measures of Euro 1.1 billion planned over a period of up to three years (2012/13 to 2014/15)	Total investments of Euro 392 million in 2012/13 financial year	Total investments of Euro 450 million planned in 2013/14 financial year →
Employees	Reduction in personnel totals due to ongoing implementation of group programmes through to 2020 Opposing item: rising staff totals in growth fields	Reduction in total workforce by 82 employees to 5 459 employees as of 30 September 2013; this due above all to sale of shareholding at Czech subgroup	Reduction in personnel totals due to ongoing implementation of group programmes through to 2020 Opposing item: rising staff totals in growth fields →

Earnings Performance

EXECUTIVE BOARD SUMMARY: The MVV Energie Group was unable to escape the effects of the tough economic market climate and in particular the continuing decline in electricity generation prices on energy markets, factors which also adversely affected other companies in our industry. Our sales (excluding energy taxes) nevertheless increased further in the year under report and passed the Euro 4 billion mark for the first time. We thus met our forecast target, namely that our sales for the 2012/13 financial year excluding energy taxes should slightly exceed the previous year's high figure of Euro 3.89 billion. Our operating earnings (adjusted EBIT), by contrast, fell year-on-year by 6 % to Euro 210 million. Our adjusted EBIT were thus in line with the earnings forecast we published in the financial report for the 1st quarter of 2012/13 and subsequently confirmed in the financial reports for the 1st half and the 3rd quarter of 2012/13. We forecast that, from an operating perspective, our adjusted EBIT for the 2012/13 financial year would fall around 5 % short of the figure of Euro 223 million reported for the 2011/12 financial year. The Executive Board is nevertheless satisfied with the Group's operating earnings performance in 2012/13, as we succeeded in limiting the grave effects of the fundamental transformation in the overall energy industry. We owe this to our long-term marketing strategy, to efficiency enhancements and cost savings and to growth, particularly in the field of renewable energies.

Sales performance

The **SALES** of the MVV Energie Group excluding energy taxes rose year-on-year by Euro 149 million (+4 %) to Euro 4 044 million in the year under report (1 October 2012 to 30 September 2013). Of total sales for the 2012/13 financial year, 97 % were attributable to the domestic business and 3 % to the international business.

When comparing sales, it should be noted that the previous year's figure still included sales of Euro 106 million contributed by Stadtwerke Solingen GmbH (SWS). Due to the sale of this shareholding in September 2012, this sales contribution no longer applied in the period under report. Adjusted for this one-off item, our consolidated sales improved year-on-year by around 7 %.

The following table underlines the sales performance of individual reporting segments. We supplement this information by presenting the performance of our core products of electricity, heating energy, gas and water.

Sales at the MVV Energie Group excluding energy taxes from 1.10. to 30.9.

Euro million	2012/13	2011/12	% change
Generation and Infrastructure	390	354	+ 10
Trading and Portfolio Management	1 054	976	+ 8
Sales and Services	2 356	2 162	+ 9
Strategic Investments	243	398	- 39
Other Activities	1	5	- 80
Total	4 044	3 895	+ 4
of which electricity sales	2 322	2 407	- 4
of which heating energy sales	449	428	+ 9
of which gas sales	860	614	+ 40
of which water sales	97	107	- 9

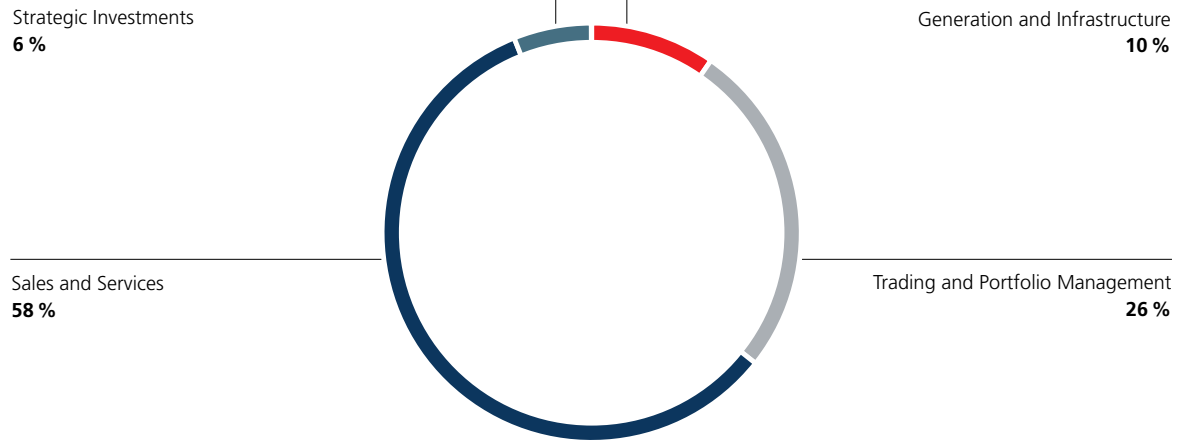
The 10 % sales growth in the Generation and Infrastructure reporting segment was driven above all by the successful expansion in renewable energies, especially onshore wind power and biogas, as well as by the grid business.

The increase in sales in the Trading and Portfolio Management reporting segment chiefly resulted from higher gas trading volumes in the context of portfolio management.

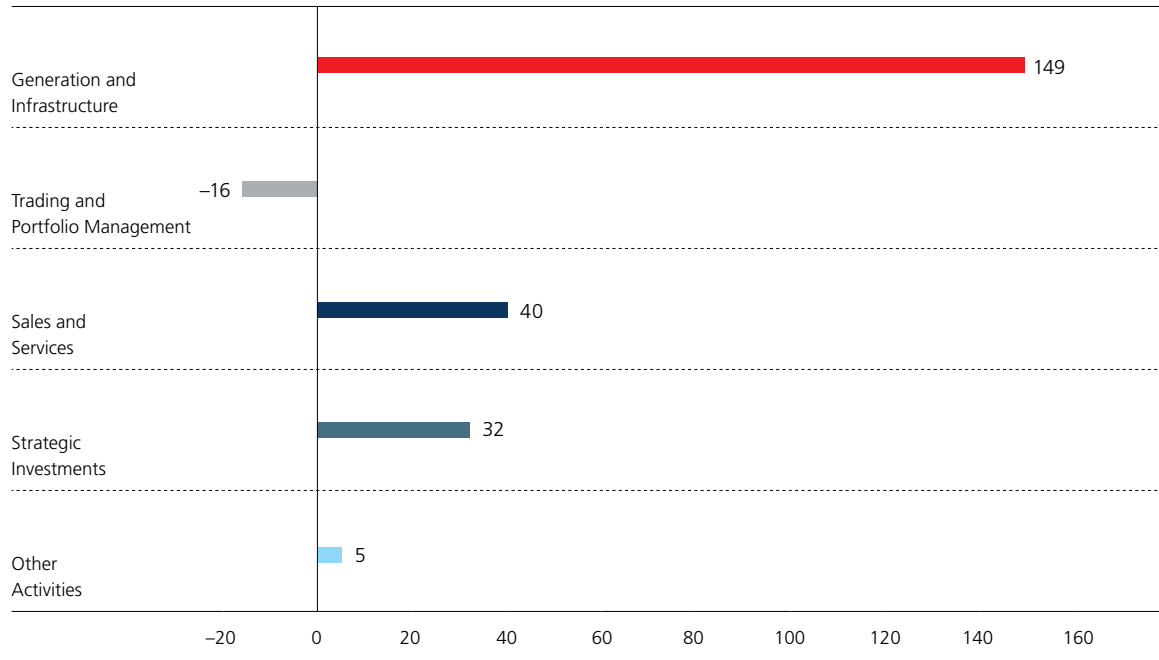
In Sales and Services, our strongest reporting segment in terms of sales, we managed to defy the tougher competitive climate and boost our sales by 9 %. Alongside positive weather-related factors, this pleasing development was chiefly due to the success we can report in directly marketing renewable energies within the market premium model. Where corresponding settlement procedures have been agreed with customers, the resultant market and management premiums are recognised as sales in this segment. We use this direct marketing model both for group-internal renewable energies plants and for a growing number of external customers who have opted for MVV Energie as a direct marketing service partner. Sales were further boosted by cooler weather conditions in the 2012/13 heating period compared with the previous year, a factor which positively affected our district heating and gas turnover. Not only that, price adjustments also had a corresponding impact on sales. Higher charges came into force on 1 January 2013 in connection with higher allocations under the German Renewable Energies Act (EEG allocation) and other state-imposed levies. Our companies are unable to influence these duties and passed on the resultant charges to their customers in full.

The sales performance of the Strategic Investments reporting segment was marked by the discontinuation of the sales contribution from Stadtwerke Solingen in the year under report. Moreover, the electricity business at Stadtwerke Ingolstadt also contributed lower sales.

Sales at the MVV Energie Group excluding energy taxes by reporting segment in the 2012/13 financial year



Adjusted EBIT at the MVV Energie Group by reporting segment in the 2012/13 financial year



Development in turnover

As in previous years, we report on the development in our turnover by reference to individual products. To this end, we allocate the electricity, heating energy, gas and water volumes sold to reporting segments in line with their respective value chain stage.

Electricity turnover at the MVV Energie Group from 1.10. to 30.9.

kWh million	2012/13	2011/12	% change
Generation and Infrastructure	61	93	-34
Trading and Portfolio Management	14 489	15 750	-8
Sales and Services	10 733	11 071	-3
of which industrial and commercial customers/secondary distributors	9 102	9 184	-2
of which private and business customers	1 404	1 539	-9
of which services customers	327	348	-6
Strategic Investments	534	1 369	-61
Total	25 817	28 283	-9

The year-on-year reduction in total electricity turnover by 9 % was due in particular to lower electricity trading volumes and competition-related turnover losses in the sales business. Excluding the impact on volumes of the sale of Stadtwerke Solingen in the Strategic Investments reporting segment, which contributed 423 million kWh in the previous year, then our electricity turnover fell year-on-year by 7 %.

The electricity generation volumes resulting from the expansion of the wind power portfolio in the year under report are included in the Generation and Infrastructure reporting segment and in particular in the Trading and Portfolio Management reporting segment. Electricity generation volumes fed into public grids are marketed by the wind power plant operators on the one hand to third parties (external sales) and on the other hand and in increasing volumes to group-internal direct marketing contract partners. These partners include MVV Energie AG and Energieversorgung Offenbach AG. The Generation and Infrastructure reporting segment includes only part of the electricity generation volumes marketed to third parties, i.e. external turnover.

The sales department at MVV Energie AG handles the direct marketing business via MVV Trading GmbH on the spot market of the European Energy Exchange (EEX). In the table above, feed-in volumes marketed on the electricity exchange are included in the figures for the Trading and Portfolio Management reporting segment. Direct marketing trading volumes on the electricity exchange were higher in the year under report than in the previous year. This growth in the Trading and Portfolio Management reporting segment was offset by lower electricity trading volumes, leading to an overall year-on-year decline in volumes by 8 % in this reporting segment.

Electricity turnover in the Sales and Services reporting segment decreased by 3 %. This reduction was due in particular to private and business customers. Due to competition-related losses, electricity

turnover in this group fell year-on-year by 9 %. The decline in volumes with industrial and commercial customers/secondary distributors was less marked, amounting to 2 %. The figure for service customers was affected by lower turnover volumes (-6 %) attributable, among other factors, to the industrial park business.

The substantially lower volume of electricity turnover in the Strategic Investments reporting segment (-61 %) resulted from the discontinuation of sales volumes at Stadtwerke Solingen and reduced volumes at Stadtwerke Ingolstadt.

Heating energy turnover at the MVV Energie Group from 1.10. to 30.9.

kWh million	2012/13	2011/12	% change
Generation and Infrastructure	402	274	+47
Trading and Portfolio Management	—	673	-100
Sales and Services	5 901	4 772	+24
of which industrial and commercial customers/secondary distributors	1 383	657	> +100
of which private and business customers	2 646	2 376	+11
of which services customers	1 872	1 739	+8
Strategic Investments	1 207	1 169	+3
Total	7 510	6 888	+9

Year-on-year, heating energy turnover grew by 622 million kWh (+9 %). The main reason for this significant increase was the higher volume of district heating turnover in the 2012/13 financial year, which witnessed cooler weather conditions compared with the previous year. Not only that, MVV Umwelt GmbH was able to resume steam supplies to a major industrial customer whose production facilities had been out of action in the previous year due to a fire. These factors impacted positively on the Generation and Infrastructure reporting segment.

The above-average rise in turnover in the Sales and Services reporting segment was due – alongside the weather-related increase in district heating turnover – to a one-off factor among industrial and commercial customers/secondary distributors. Supplies to the secondary distributor Fernwärme Rhein-Neckar GmbH (FRN) were transferred from the Trading and Portfolio Management reporting segment (previous year: 673 million kWh) to the Sales and Services reporting segment at the beginning of the 2012/13 financial year. These supplies then took effect in the Sales and Services reporting segment in the year under report. Due to this factor, among others, the industrial and commercial customers/secondary distributors group more than offset the loss of heating energy turnover resulting from the withdrawal of the US Army from the Rhine/Neckar metropolitan region. The 11 % growth among private and business customers was driven on the one hand by weather-related factors and on the other by the accessing of new customers in expanded and more densely supplied grid regions. We also increased our heating energy turnover with services customers. The 8 % growth reported here was attributable to the industrial contracting and real estate customer businesses and, here too, was mostly due to weather conditions.

Gas turnover at the MVV Energie Group from 1.10. to 30.9.

kWh million	2012/13	2011/12	% change
Generation and Infrastructure	60	4	> + 100
Trading and Portfolio Management	16 313	7 762	> + 100
Sales and Services	7 482	7 567	- 1
of which industrial and commercial customers/secondary distributors	4 612	4 649	- 1
of which private and business customers	2 451	2 416	+ 1
of which services customers	419	502	- 17
Strategic Investments	1 223	2 085	- 41
Total	25 078	17 418	+ 44

Gas turnover showed above-average growth of 44 %. This increase was due above all to the Trading and Portfolio Management reporting segment, and here primarily to more active gas portfolio management at our MVV Trading GmbH subsidiary. The gas turnover in the Generation and Infrastructure reporting segment was attributable to the new biomethane plant in Klein Wanzleben, where operations began at the end of the 2011/12 financial year. This plant produced 60 million kWh of gas in the 2012/13 financial year and fed this into the public grid.

Gas turnover in the Sales and Services reporting segment showed a slight overall decline of 1 %. Here, weather-related volume growth was offset by more marked competition-related volume losses. In terms of volumes, industrial and commercial customers/secondary distributors are the largest customer group. The 1 % downturn reported here was attributable to the Stadtwerke Kiel and Energieversorgung Offenbach subgroups, which reported customer losses in their secondary distribution businesses in particular. These downturns offset the increase in gas turnover in the Mannheim grid region. The growth in gas turnover with private and business customers (+ 1 %) was principally due to weather conditions. This factor enabled us to make up for the reduction in volumes seen in this customer group on account of competition-related customer losses.

The sharp decline of 41 % reported for Strategic Investments mainly resulted from the loss of turnover at Stadtwerke Solingen. Adjusted for this item (552 million kWh), gas turnover in the Strategic Investments reporting segment fell year-on-year by 20 %. The main cause is to be found in volume losses at Stadtwerke Ingolstadt, which more than offset the positive weather factor.

Water turnover at the MVV Energie Group from 1.10. to 30.9.

m ³ million	2012/13	2011/12	% change
Generation and Infrastructure	—	—	—
Trading and Portfolio Management	—	—	—
Sales and Services	46.2	46.4	0
of which industrial and commercial customers/secondary distributors	6.8	6.9	- 1
of which private and business customers	39.1	39.1	0
of which services customers	0.3	0.4	- 25
Strategic Investments	1.2	6.5	- 82
Total	47.4	52.9	- 10

Water turnover showed a comparatively marked reduction by 5.5 million m³ (- 10 %). This development was chiefly due to the loss of sales volumes at Stadtwerke Solingen (- 5.1 million m³). Excluding this item, water turnover in the year under report fell 1 % short of the previous year's figure. Higher water turnover in the prolonged period of summer weather in July and August 2013 was unable to halt the ongoing overall decline in volumes due to the increasingly sparing use which consumers are making of water.

Combustible waste delivered at the MVV Energie Group from 1.10. to 30.9.

tonnes 000s	2012/13	2011/12	% change
Generation and Infrastructure	1 594	1 587	0
Trading and Portfolio Management	—	—	—
Sales and Services	154	163	- 6
Strategic Investments	140	147	- 5
Total	1 888	1 897	0

Overall, the volume of waste and timber delivered was at the previous year's level and is reflected in the performance of the Generation and Infrastructure reporting segment, which accounts for 84 % of total delivery volumes. The energy from waste plants at our Mannheim and Leuna locations and our biomass power plants fired with waste timber in Mannheim and Königs Wusterhausen are also included in the Generation and Infrastructure reporting segment. Capacity utilisation rates at these plants are regulated via the materials flow management in place at MVV Umwelt Ressourcen GmbH.

The lower volumes delivered to our refuse-derived fuel power plants in Gersthofen and Korbach are reflected in the Sales and Services reporting segment. The lower volumes supplied at the Strategic Investments reporting segment resulted from lower municipal waste deliveries to the TERMIZO waste-fired combined heat and power plant in Liberec at our Czech subgroup.

Development in further key income statement items

The figures reported for the previous year in the consolidated income statement as of 30 September 2013 still include income and expenses at the proportionately consolidated company Stadtwerke Solingen. Due to the sale of this shareholding in September 2012, these items are no longer included for the year under report. This factor influences any year-on-year comparison of the income statement items.

COST OF MATERIALS rose year-on-year by Euro 166 million (+ 5 %) to Euro 3 269 million. Consistent with the development in sales, cooler weather conditions in the heating period and higher trading volumes in the field of gas portfolio management led to corresponding additional energy procurement expenses.

At Euro 333 million, **PERSONNEL EXPENSES** for the year under report matched the previous year's figure. The discontinuation of personnel expenses at Stadtwerke Solingen was offset by collectively agreed pay rises, personnel provisions and newly added companies. Information about the development in our personnel totals can be found in the chapter ▶ *Sustainability on Pages 84 and 85*.

Year-on-year, **OTHER OPERATING INCOME** excluding IAS 39 items fell by Euro 8 million to Euro 97 million. This was mainly due to lower income from reversals of provisions and from sales of assets.

At Euro 199 million, **OTHER OPERATING EXPENSES** excluding IAS 39 measurement items were at the previous year's level. Given our increased activities in the UK in connection with the construction projects in Plymouth and Ridham Dock, both our foreign currency income and our expenses for foreign currency items have risen.

In the income statement, the IAS 39 measurement items are included under other operating income and other operating expenses. Their net balance resulted in a negative net measurement item of Euro –3 million in the 2012/13 financial year (previous year: Euro –20 million). The IAS 39 items reflect the development in market prices on the commodities and energy markets. As of 30 September 2013, market prices were lower than when the respective hedging transactions were concluded. IAS 39 measurement has no impact on payments, neither does it affect our operating business or dividend.

DEPRECIATION fell year-on-year by Euro 8 million to Euro 168 million. The reduction in the year under report was due above all to lower impairment losses, as well as to the discontinuation of depreciation at Stadtwerke Solingen following the sale of this shareholding.

Reconciliation with adjusted EBIT

In our value-based corporate management in line with the key value spread figure, we refer to our period-based ROCE earnings figure (Return on Capital Employed), which states adjusted EBIT, i.e. adjusted operating earnings before interest and taxes on income, as a percentage of capital employed. Further details can be found in the chapter ▶ *Value-Based Corporate Management on Page 44*.

To calculate our adjusted EBIT, we firstly eliminate the earnings items resulting from the fair value measurement of derivatives required by IAS 39 as of the reporting date, amounting to Euro –3 million as of 30 September 2013 and to Euro –20 million as of 30 September 2012. For the year under report, we have also eliminated income of Euro 7 million from a provision reversed in the 1st quarter of 2012/13 and already reported in the income statement of the MVV Energie Group as of 31 December 2012. This provision had been recognised in the 2010/11 financial year for restructuring measures and was adjusted to account for new information. We add interest income from finance leases, which is reported below EBIT in the income statement, to our adjusted EBIT figure. This income is attributable to contracting projects and forms part of our operating business. In the following table we show how we reconcile the EBIT reported in the income statement with the more meaningful adjusted EBIT figure.

Reconciliation of EBIT (income statement) with adjusted EBIT from 1.10. to 30.9.

Euro million	2012/13	2011/12	+/- change
EBIT as reported in income statement	210	198	+ 12
Financial derivatives measurement item	+ 3	+ 20	– 17
Restructuring expenses	– 7	—	– 7
Interest income from finance leases	+ 4	+ 5	– 1
Adjusted EBIT	210	223	– 13

The following table presents the earnings contributions from individual reporting segments:

Adjusted EBIT at the MVV Energie Group by reporting segment from 1.10. to 30.9.

Euro million	2012/13	2011/12	+/- change
Generation and Infrastructure	149	141	+ 8
Trading and Portfolio Management	– 16	3	– 19
Sales and Services	40	21	+ 19
Strategic Investments	32	38	– 6
Other Activities	5	20	– 15
Total	210	223	– 13

At Euro 210 million, our **ADJUSTED EBIT** for the 2012/13 financial year was Euro 13 million lower than the previous year's figure. Several negative earnings factors already outlined in the financial report for the first nine months of 2012/13 continued to affect our earnings performance in the following three months. This is also the reason why our adjusted EBIT for the 4th quarter of 2012/13 fell Euro 6 million short of the previous year's figure, which was not yet affected by these factors. In particular, our earnings performance reflects the further deterioration in market conditions and the underlying framework for the energy industry.

Our earnings performance resulted from numerous opposing operative factors. Earnings for the 2012/13 financial year were positively affected by the fact that, unlike in the previous year, no charges had to be borne for turbine damage at the joint power plant in Kiel (Gemeinschaftskraftwerk Kiel – GKK). This factor impacted on the Generation and Infrastructure and Sales and Services reporting segments. Furthermore, the Sales and Services reporting segment posted positive earnings items resulting from higher district heating and gas turnover due to the cooler and more prolonged heating period in the year under report compared with the previous year.

Our strategic investments in renewable energies are bearing fruit and contributed positively to our operating earnings for the 2012/13 financial year. That is particularly true for our expanded wind power portfolio and the biomethane plant in Klein Wanzleben. The earnings contribution from our wind power portfolio is significantly influenced by wind conditions, which fell notably short of long-term averages in the year under report. According to the Wind Index published by the Operator Database (BDB Index, Version 2011), which depicts the relation between the yield reported (kWh) for wind turbines in a given region and month and the long-term mean yield for these turbines, Germany witnessed an average downturn in wind yield by 15 % in the period from October 2012 to September 2013. The comparatively weak wind conditions prevented our expanded wind power portfolio from making a stronger contribution to earnings. Alongside these factors in the Generation and Infrastructure reporting segment, our Trading and Portfolio Management reporting segment was affected by the persistently low specific margin achieved from generating electricity from hard coal (clean dark spread). CO₂ emission rights, previously allocated free of charge, have had to be acquired in full since January 2013, which resulted in a negative earnings factor in the year under report compared with the previous year. The same is true of the lower waste prices in force at our Mannheim location since January 2013. Together with downtime and increased repair costs, these led to charges on earnings at our environmental energy subgroup, which is included in the Generation and Infrastructure reporting segment. Not only that, earnings for the 2012/13 financial year in the Strategic Investments reporting segment were affected by the loss of earnings contributions from Stadtwerke Solingen. Furthermore, the year-on-year earnings performance of the Other Activities reporting segment was affected by income in the previous year from, among other items, the sale of the stake held by our Energieversorgung Offenbach AG subsidiary in Maintal Werken.

The **NET FINANCIAL RESULT** which, as outlined above, we adjust to eliminate interest income from finance leases, improved year-on-year from Euro –72 million to Euro –66 million. Alongside the net balance of financing expenses and financing income, the development in our net financial result was also increasingly affected by lower expenses from the compounding of provisions.

Net of the adjusted net financial result, **ADJUSTED EBT** for the 2012/13 financial year amounted to Euro 144 million, compared with Euro 151 million in the previous year.

The tax rate based on adjusted EBT for the 2012/13 financial year amounted to 29.2 % (previous year: 35.1 %). This reduction in the tax rate was chiefly due to one-off items in the previous year and non-period tax income in the year under report.

The lower volume of adjusted pre-tax earnings resulted in lower adjusted taxes on income of Euro 42 million in the year under report (previous year: Euro 53 million). Net of these taxes, the **ADJUSTED ANNUAL NET SURPLUS** for the 2012/13 financial year amounted to Euro 102 million (previous year: Euro 98 million).

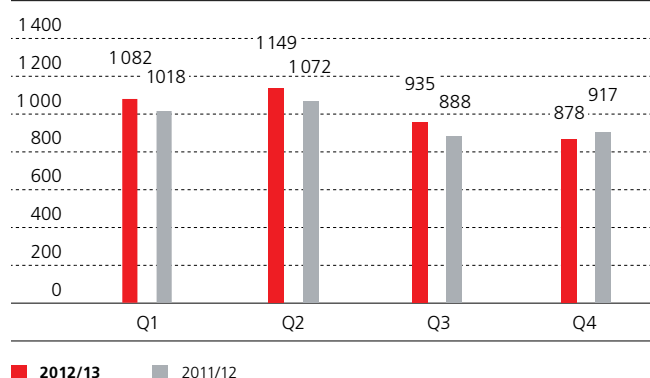
Net of the adjusted share of earnings attributable to non-controlling shareholders, which reduced year-on-year from Euro 18 million to Euro 17 million, the MVV Energie Group reported an **ADJUSTED ANNUAL NET SURPLUS AFTER MINORITY INTERESTS** of Euro 85 million for the year under report. This key figure was thus Euro 5 million (+6 %) higher than the figure of Euro 80 million reported for the 2011/12 financial year.

Calculated on this basis, **ADJUSTED EARNINGS PER SHARE** amounted to Euro 1.29 for the 2012/13 financial year, as against Euro 1.21 in the previous year. As in the previous year, the number of shares totalled 65.9 million.

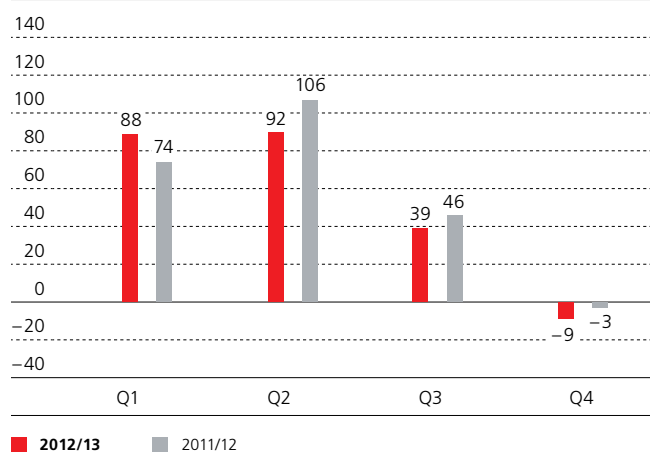
Quarterly performance

Sales totalled Euro 878 million in the 4th quarter of the year under report (July to September 2013), down Euro 39 million compared with the previous year's quarter. Lower sales in the electricity trading business in this quarter more than offset additional revenues generated from directly marketing renewable energies within the market premium model and from the expansion in renewable energies. At Euro –9 million, adjusted EBIT were negative in the 4th quarter of 2012/13 (previous year: Euro –3 million). The poorer adjusted EBIT figure for the 4th quarter of 2012/13 was primarily due to additional charges incurred for CO₂ rights, previously allocated free of charge, and to lower waste prices. Quarterly earnings in the previous year had benefited from the sale of the stake held in Maintal-Werke. Our consolidated sales and group operating earnings are traditionally lower in the 4th quarter than in preceding quarters. This is due to the lack of sales contributions from the heating energy business. Moreover, we prefer to perform maintenance and inspection measures in the 4th quarter.

Sales at the MVV Energie Group excluding energy taxes by quarter in Euro million



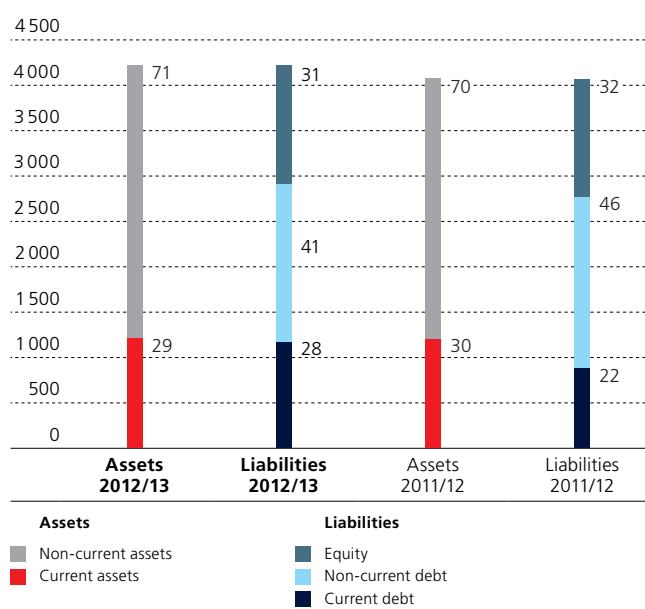
Adjusted EBIT at the MVV Energie Group by quarter in Euro million



Net Asset Position

Executive Board summary: The MVV Energie Group reported a solid adjusted equity ratio of 34.3 % as of 30 September 2013. Non-current assets are mostly covered by equity and non-current debt capital. The MVV Energie Group is thus characterised by a stable financing structure.

Balance sheet structure at the MVV Energie Group in Euro million, % shares



Balance sheet development

The International Accounting Standards Board (IASB) and the International Financial Interpretations Committee (IFRIC) amended some existing and introduced some new standards and interpretations requiring first-time mandatory application in the 2012/13 financial year. To ensure comparability, we have adjusted the previous year's figures accordingly. Detailed information about the amended IFRS standards can be found in ▶ *Notes to 2012/13 Consolidated Financial Statements from Page 119 onwards.*

The **TOTAL ASSETS** of the MVV Energie Group grew to Euro 4.24 billion as of 30 September 2013, and thus rose by 4 %, or Euro 160 million, compared with the equivalent figure as of 30 September 2012.

In terms of its development, our consolidated balance sheet for 2012/13 was characterised by high volumes of investment in growth, in modernising plants and grids and by the financing of these measures. Furthermore, the balance sheet shows the effects of first-time consolidation and deconsolidation. Among the companies

included for the first time were Windpark Dirlammen GmbH & Co. KG and the project company MVV Environment Ridham Ltd, UK. These items were opposed by the sale of the 65.78 % stake held by MVV Energie CZ in the district heating company Jablonecká teplárenská a realitní a.s. (JTR) to the city of Jablonec nad Nisou. This company, previously proportionately consolidated, was no longer included in the scope of consolidation of the MVV Energie Group at the balance sheet date on 30 September 2013. Year-on-year comparison of the balance sheet figures is not affected by the sale of the stake in Stadtwerke Solingen GmbH in September 2012, as this company was already deconsolidated prior to the balance sheet date on 30 September 2012.

On the asset side of the balance sheet, **NON-CURRENT ASSETS** rose to Euro 3.02 billion, up Euro 152 million, or 5 %, compared with the previous year's balance sheet date. This increase was due in particular to growth in property, plant and equipment. As a net balance of investments on the one hand and disposals of assets and depreciation on the other hand, property, plant and equipment rose by Euro 210 million. At Euro 2.46 billion, property, plant and equipment thus accounted for 58 % of total assets. We have described the development in investments on the following pages.

The increase in property, plant and equipment was countered by a Euro 23 million reduction in non-current other receivables and assets. Here, non-current receivables were on the other hand reclassified as current receivables in line with their maturities. On the other hand, consistent with market developments energy trading transactions recognised under IAS 39 were valued at lower amounts as of 30 September 2013.

CURRENT ASSETS increased to Euro 1.22 billion at the balance sheet date as of 30 September 2013, and were thus Euro 8 million, or just 1 %, up on the previous year's figure. While sales excluding energy taxes grew by 4 %, trade receivables decreased by 3 % to Euro 461 million. This reduction in the volume of receivables was driven above all by enhanced receivables management.

Current other receivables and assets fell to Euro 251 million, down Euro 16 million, or 6 %, compared with 30 September 2012. The main reason for this development was the reduction in other tax receivables by Euro 32 million due to lower input tax receivables as of the balance sheet date. This item was opposed by miscellaneous other assets, which were Euro 11 million higher than the previous year's figure.

Cash and cash equivalents grew to Euro 418 million as of 30 September 2013, up Euro 40 million compared with the previous year's figure. This growth was chiefly driven by the increase in liquid resources at the project company MVV Environment Ridham Ltd, UK.

On the liabilities side of the balance sheet, the **EQUITY** of the MVV Energie Group decreased to Euro 1.29 billion, down Euro 6 million compared with 30 September 2012. This development resulted from a year-on-year reduction in other income and expenses.

Starting from the 2012/13 financial year, the MVV Energie Group has switched the option it uses to offset actuarial gains and losses on defined benefit pension plans. We now recognise these gains and losses under other comprehensive income (▶ *Statement of Changes in Equity on Page 116*). The previous year's figures have been adjusted accordingly. The balance sheet figures stated for these items for the previous year in the consolidated financial statements as of 30 September 2013 therefore deviate from the figures published in the 2011/12 Annual Report.

For Group management purposes, we also adjust our consolidated balance sheet to eliminate cumulative IAS 39 measurement items. On the asset side, we eliminate the positive fair values of derivatives and allocable deferred taxes. As of 30 September 2013, these amounted to Euro 125 million, as against a figure of Euro 145 million as of 30 September 2012. On the equity and liabilities side, we eliminate the negative fair values and allocable deferred taxes from liabilities. As of 30 September 2013, these amounted to Euro 213 million, compared with Euro 234 million as of 30 September 2012. Under equity, we eliminate the resultant net balance. This amounted to Euro 88 million as of 30 September 2013, as against Euro 89 million as of 30 September 2012. Calculated on this basis, adjusted equity amounted to Euro 1.38 billion as of 30 September 2013 compared with Euro 1.39 billion as of 30 September 2012. As a percentage of the adjusted total assets of Euro 4.04 billion (30 September 2012: Euro 3.85 billion), the adjusted equity ratio amounted to 34.3 % as of 30 September 2013, as against 36.1 % as of 30 September 2012.

NON-CURRENT DEBT decreased to Euro 1.76 billion, down Euro 122 million compared with the balance sheet date as of 30 September 2012 (Euro 1.88 billion). This development was mainly due to the year-on-year reduction in non-current financial debt by Euro 99 million. This in turn chiefly resulted from loans with reduced maturities being reclassified as current items, a factor which more than offset the volume of new borrowing. This factor was countered by non-current provisions and deferred tax liabilities, which increased by Euro 11 million and Euro 8 million respectively. Non-current other liabilities fell by Euro 43 million compared with 30 September 2012. The main reason here involved non-current liabilities being reclassified as current liabilities in line with their maturities.

CURRENT DEBT rose to Euro 1.18 billion, up by Euro 288 million compared with the balance sheet date as of 30 September 2012. This development was principally driven by higher volumes of current financial debt, trade payables and current other liabilities. The increase in current financial debt by Euro 222 million resulted from the aforementioned reclassification of items from non-current to current items in line with their maturities. The increase in current other liabilities was attributable to the reclassification of non-current other liabilities as current liabilities in line with their maturities. As of 30 September 2013, the latter item included security deposits of Euro 1.2 million to reduce counterparty risk (margins) compared with an amount of Euro 6 million as of 30 September 2012. Further details can be found in the ▶ *Notes to Balance Sheet from Page 134 onwards*.

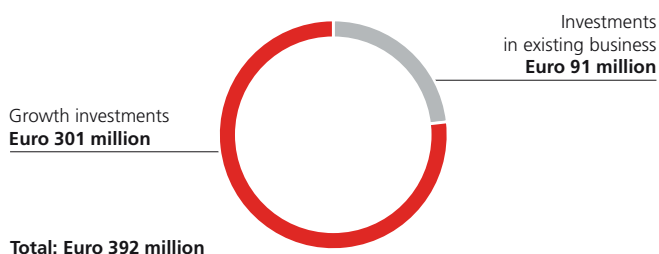
Investments in growth fields

We increased our investments in the 2012/13 financial year, and that even compared with the high level already seen in the previous year. The MVV Energie Group invested a total of Euro 392 million in the year under report, as against Euro 294 million in the 2011/12 financial year. Of total investments, an amount of Euro 301 million (77 %) was channelled into growth investments, while Euro 91 million (23 %) was invested in maintaining and modernising our plants and grids, i.e. in our existing business.

The investments we made in the year under report focused on the Generation and Infrastructure reporting segment. Particularly worthy of mention here are the construction of the energy from waste plant in Plymouth and the biomass power plant at Ridham Dock in the environmental energy business, the acquisition of Iberdrola's German wind farms, the construction of the district heating storage facility on the GKM site and the expansion and concentration of district grids, particularly at the Mannheim location.

The shares newly acquired in companies have been listed in the ► *Notes to Consolidated Financial Statements from Page 122 onwards*.

Investments at the MVV Energie Group in the 2012/13 financial year¹



Investments of the MVV Energie Group¹

Euro million	2012/13	2011/12	+/- change
Generation and Infrastructure	337	224	+ 113
Trading and Portfolio Management	9	4	+ 5
Sales and Services	14	33	- 19
Strategic Investments	17	17	0
Other Activities	15	16	- 1
Total	392	294	+ 98
of which growth investments	301	191	+ 110
of which investments in existing business	91	103	- 12

¹ previous year's figures adjusted
A definition of investments can be found in the ► *Glossary on Page 189*

Financial Position

EXECUTIVE BOARD SUMMARY: We are able to finance a considerable share of our investment programme, with its focus on sustainable growth, by way of internal financing (depreciation, working capital optimisation and retained earnings), as well as by drawing on our liquid resources and taking up new borrowing.

Cash flow statement

Driven by increased investment financing, current and non-current financial debt rose to Euro 1.53 billion as of 30 September 2013, up Euro 123 million on the previous year's balance sheet date (30 September 2012). Net financial debt (current and non-current financial debt less cash and cash equivalents) also increased compared with 30 September 2012, rising by Euro 83 million to Euro 1.11 billion as of 30 September 2013.

Year-on-year, the **CASH FLOW BEFORE WORKING CAPITAL AND TAXES** grew by Euro 2 million to Euro 420 million. While the annual net surplus before taxes on income improved by Euro 17 million, other non-cash income and expenses declined by Euro 11 million. The cash flow before working capital and taxes was positively influenced by the elimination of earnings resulting from disposals of non-current assets (previous year: Euro - 14 million). This item was not affected by IAS 39 measurement, which otherwise impacts on the annual net surplus before taxes on income, as such measurement is eliminated under other non-cash income and expenses.

The **CASH FLOW FROM OPERATING ACTIVITIES** improved from Euro 285 million in the previous year to Euro 371 million in the 2012/13 financial year. This development was driven in particular by the marked improvement in working capital.

The **CASH FLOW FROM INVESTING ACTIVITIES** reduced from Euro - 113 million in the previous year to Euro - 305 million in the 2012/13 financial year. This resulted above all from the sale of shares in Stadtwerke Solingen GmbH and MVV Energiedienstleistungen GmbH, Solingen, which led to a high volume of incoming payments in the 2011/12 financial year. Furthermore, the year under report witnessed higher payments for investments in property, plant and equipment and financial assets.

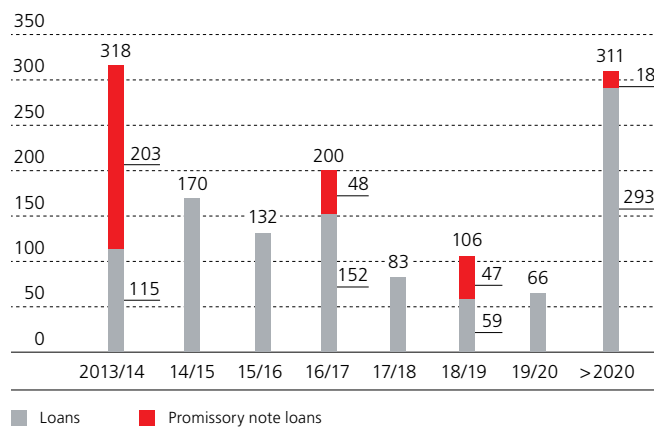
The **CASH FLOW FROM FINANCING ACTIVITIES** decreased to Euro - 27 million in the 2012/13 financial year, thus contrasting with the positive figure of Euro 37 million achieved in the previous year. As presented in the ► *Cash Flow Statement on Pages 117 and 118*, the MVV Energie Group had cash and cash equivalents of Euro 418 million as of the balance sheet date on 30 September 2013 (previous year: Euro 378 million). The higher figure in the year under report was mainly due to the increase in liquid funds at the project company MVV Environment Ridham Ltd, UK.

Joint financial management

Given its good access to the financial markets, the MVV Energie Group has no problem in covering its liquidity needs. On the capital market, our Group benefits from its robust creditworthiness, its diversified business portfolio and its corporate strategy focused on sustainable growth. In view of our strong liquidity resources, in the year under report we concluded and drew down only a small number of new financing agreements. These mainly involved a long-term loan provided on favourable terms by the European Investment Bank (EIB) and a KfW promotional loan for individual projects. These facilities enabled us to even out our maturity profile and to secure the favourable interest rates currently available on a long-term basis.

The parent company MVV Energie AG manages a cash pool for itself and 23 other companies within our Group. In this capacity, it procures and safeguards both its own liquidity, as well as the financial funds of the shareholdings included in the cash pool. The capital required for investments is made available via shareholder loans. To further optimise group-wide liquidity management, the number of shareholdings included in the cash pool was increased from 14 to 23 in the year under report. MVV Energie AG and the other companies within our Group have bilateral credit lines.

Repayment profile at the MVV Energie Group in Euro million



Rating

Based on the regular rating talks held with our core banks, we understand that the MVV Energie Group continues to be stably classified at investment grade level. The MVV Energie Group is not rated by any rating agency.

Overall Summary of Business Performance and Economic Position

MVV Energie Group and MVV Energie AG stand on solid foundations in financial and operational terms. This finding, which takes due account of the deterioration in the underlying framework, is supported by the insights gained from the consolidated and separate financial statements and consideration of our current business performance up to the time at which the combined management report was prepared. We further increased the MVV Energie Group's sales in the year under report, thus exceeding the previous year's already high figure. In line with expectations, our consolidated earnings from operations (adjusted EBIT) reduced on account of negative earnings factors resulting from the more difficult climate in the energy industry. We nevertheless met the earnings forecast communicated in our financial reports published in the course of 2012/13. Our high adjusted equity ratio of around 34 % provides a strong basis enabling us to achieve a well-balanced range of financing for our investments.

We are on a good course with our forward-looking investments, with which we aim to further expand our market position in promising business fields. The same also applies for our internal measures aimed at permanently enhancing our structures and processes. This way, we are laying foundations to master the challenges in the 2013/14 financial year, which we expect to be very difficult in economic terms, and to seize the opportunities the energy system conversion presents for us to generate long-term profitable company growth.

Notes to Annual Financial Statements of MVV Energie AG (HGB)

MVV Energie AG, Mannheim, the publicly listed parent company of the MVV Energie Group, prepares its annual financial statements in accordance with the requirements of the German Commercial Code (HGB) and the supplementary requirements of the German Stock Corporation Act (AktG) and the German Energy Industry Act (EnWG). In the consolidated financial statements of MVV Energie AG prepared in line with International Financial Reporting Standards (IFRS) as adopted by the European Union, the income and expenses at consolidated subsidiaries are, unlike in the HGB separate financial statements, included in individual income and expense items in the consolidated income statement. Further differences between the separate financial statements of MVV Energie AG and the consolidated financial statements relate in particular to differences between the requirements of commercial law and those of IFRS international accounting standards in terms of the recognition and measurement of individual items.

The 2012/13 annual financial statements of MVV Energie AG, the consolidated financial statements of MVV Energie AG and the combined management report of the MVV Energie Group are published in the Federal Gazette (Bundesanzeiger). The complete 2012/13 annual financial statements of MVV Energie AG can be downloaded from our internet site at www.mvv-investor.de and may also be forwarded upon request.

Earnings performance of MVV Energie AG

Excluding energy taxes, the MVV Energie AG parent company generated sales of Euro 2 016 million in the 2012/13 financial year (previous year: Euro 1 859 million). These sales were generated exclusively in Germany. The 8 % increase in sales compared with the previous year was driven above all by weather-related growth in district heating and gas turnover, the successful expansion in the direct marketing of renewable energies via the market premium model and the further expansion in nationwide electricity and gas sales with industrial and commercial customers. These factors were accompanied by price adjustments resulting from the higher allocation charged under the German Renewable Energies Act (EEG allocation) and other state-imposed duties, which had a corresponding impact on sales. With a 74 % share of total sales, the electricity business was the largest division in terms of sales at MVV Energie AG.

Income statement of MVV Energie AG from 1.10.2012 to 30.9.2013

Euro 000s	2012/13	2011/12
Sales	2 143 649	1 983 454
less electricity and natural gas taxes	-127 234	-124 825
Sales after electricity and natural gas taxes	2 016 415	1 859 169
Own work capitalised/ changes in inventories	8 371	3 673
Other operating income	175 411	175 647
Cost of materials	1 892 488	1 742 241
Personnel expenses	116 609	105 957
Depreciation and amortisation	23 873	25 134
Other operating expenses	100 233	107 821
Net financial result	28 825	37 319
Result from ordinary operations	95 819	94 655
Extraordinary income	—	16 977
Extraordinary expenses	—	—
Extraordinary result	—	16 977
Taxes on income	-15 649	-21 436
Annual net surplus	80 170	90 196
Profit carried forward from previous year	40 000	40 000
Allocation to other revenue reserves	20 854	30 880
Unappropriated net profit	99 316	99 316

Cost of materials grew year-on-year by 9 % to Euro 1 892 million, and thus in line with the development in sales.

Personnel expenses rose year-on-year by Euro 10.7 million to Euro 116.6 million. This increase was mainly attributable to personnel provisions and collectively agreed pay rises. As an annual average, the workforce of MVV Energie AG grew to 1 449 employees in 2012/13, up by 7 employees compared with 2011/12. As of 30 September 2013, MVV Energie AG had a total workforce of 1 460 employees, 16 employees fewer than on 30 September 2012.

Depreciation and amortisation reduced year-on-year by Euro 1.3 million to Euro 23.9 million. No impairment losses were recognised on property, plant and equipment at MVV Energie AG in the year under report.

The earnings performance of MVV Energie AG is significantly influenced by the net financial result, which fell year-on-year by Euro 8.5 million to Euro 28.8 million. This reduction was principally due to a lower volume of income from profit transfer agreements and lower income from shareholdings, which in the previous year still included income from the shareholding held in Stadtwerke Solingen. The net financial result was positively influenced by lower impairments on loans of financial assets and lower expenses for the assumption of losses.

At Euro 95.8 million, the **RESULT FROM ORDINARY BUSINESS OPERATIONS** was Euro 1.2 million higher than the previous year's figure.

There was no extraordinary income in the year under report. The extraordinary income reported for the previous year resulted from a profit arising in the previous year due to the merger of the shelf company MVV Alpha GmbH into MVV Energie AG.

Net of taxes, MVV Energie AG generated an **ANNUAL NET SURPLUS** of Euro 80.2 million in the year under report, compared with Euro 90.2 million in the previous year. Based on the profit utilisation resolution adopted by the Annual General Meeting on 8 March 2013, we distributed an amount of Euro 59.3 million to shareholders and carried forward the unappropriated profit of Euro 40.0 million for 2011/12. In line with § 58 (2) of the German Stock Corporation Act (AktG), an amount of Euro 20.9 million was allocated from the annual net surplus for the year under report to other revenue reserves (previous year: Euro 30.9 million).

Overall, MVV Energie AG reported **UNAPPROPRIATED NET PROFIT** of Euro 99.3 million, and thus unchanged on the previous year, for the year under report.

The Annual General Meeting will be held on 14 March 2014 and will pass resolution on the dividend proposal adopted by the Executive and Supervisory Boards on 5 December 2013. The dividend for the 2011/12 financial year amounted to Euro 0.90 per share.

Net asset and financial position of MVV Energie AG

The accounting presentation has not changed compared with the previous year. Total assets grew year-on-year by Euro 230 million (+ 11 %) to Euro 2 376 million. The asset side of the balance sheet is largely shaped by financial assets. As of 30 September 2013, these amounted to Euro 1 377 million (previous year: Euro 1 193 million) and thus accounted for 58 % (previous year: 56 %) of total assets. This increase was chiefly due to higher loans to associates and higher investments in associates. Alongside loans to subsidiaries, financial funds were also granted in the form of capital increases, for example at MVV Umwelt GmbH to finance the construction of the energy from waste plant in Plymouth and the biomass power plant at Ridham Dock.

Property, plant and equipment rose year-on-year by Euro 13 million to Euro 338 million. This increase was largely driven by investments of Euro 36 million, which thus exceeded the volume of investment-related depreciation.

Current assets grew to Euro 657 million, up Euro 35 million compared with the previous year's balance sheet date. This growth was driven above all by increased trade receivables and receivables from associates and a higher volume of cash and cash equivalents.

Balance sheet of MVV Energie AG at 30.9.2013

Euro 000s	30.9.2013	30.9.2012
Assets		
Non-current assets		
Intangible assets	1 012	1 357
Property, plant and equipment	337 757	324 913
Financial assets	1 377 059	1 193 101
	1 715 828	1 519 371
Current assets		
Inventories	9 872	3 747
Receivables and other assets	393 969	371 811
Liquid funds	253 102	246 372
	656 943	621 930
Deferred expenses and accrued income	3 194	4 417
	2 375 965	2 145 718
Equity and liabilities		
Equity		
Share capital	168 721	168 721
Capital reserve	458 946	458 946
Revenue reserves	251 507	230 652
Unappropriated net profit	99 316	99 316
	978 490	957 635
Income grants received	38 232	37 844
Provisions	83 165	92 002
Liabilities	1 273 749	1 057 972
Deferred income and accrued expenses	2 329	265
	2 375 965	2 145 718

The increase in equity reflects the higher volume of revenue reserves and the annual net surplus generated, less the dividend distributed for the previous year. The reduction in provisions was due to lower tax and other provisions. Liabilities rose by Euro 216 million to Euro 1.3 billion. This increase was driven by higher liabilities to banks, which more than offset the scheduled repayments. Furthermore, accounts payable also increased, as did liabilities to associates. The ongoing high equity ratio of 41 % as of the balance sheet date (previous year: 45 %) reflects the solid volume of equity resources at MVV Energie AG.

The financial position of MVV Energie AG is substantially determined by the financing role the company plays for associates in the MVV Energie Group. In this capacity, MVV Energie AG secures the operating liquidity of numerous companies and supplies these companies with shareholder loans, thus providing the long-term capital necessary for investments. Among others, these companies include: MVV RHE GmbH, MVV Enamic GmbH, MVV Umwelt GmbH, MVV Windenergie GmbH, MVV Trading GmbH, Netrion GmbH and SECURA Energie GmbH. Liquidity is safeguarded by an adequate volume of committed credit lines, funds which we have not yet utilised.

2012/13 activity statements

The amendment to the Electricity and Gas Supply Act adopted in 2012 (German Energy Industry Act – EnWG) extended the categories of companies thereby affected and tightened the accounting unbundling requirements set out in § 6 b EnWG. Vertically integrated energy supply companies are required to maintain separate accounts and to prepare separate activity statements for each area of activity pursuant to § 6 b (3) EnWG. These activities on the one hand include electricity transmission, electricity distribution, long-distance gas transmission, gas distribution, gas storage and the operation of liquefied natural gas (LNG) plants. On the other hand, activities also include all aspects of economic utilisation of ownership rights to electricity and gas grids, gas storage facilities or LNG plants. The activity statements have to be submitted with the audited annual financial statements to the Federal Gazette (Bundesanzeiger) for publication.

With its 2012/13 activity statements, MVV Energie AG has met its reporting obligation under § 6 b of the 2012 Amendment to the German Energy Industry Act (EnWG). Pursuant to § 6 b of this act, in our internal financial reporting we maintain separate accounts for the activities of electricity and gas distribution, for other activities within the electricity and gas sector, and for other activities outside the electricity and gas sector. Furthermore, we also prepare balance sheets and income statements for our electricity and gas distribution activities. In our activity statements, we have accounted for the transfer in the previous year of the gas sales, gas grid and district heating grid operations from MVV RHE GmbH to MVV Energie AG.

Electricity distribution

Measured in terms of total electricity sector sales of Euro 1.5 billion in the year under report (previous year: Euro 1.4 billion), the electricity distribution activity field reported comparatively low sales of Euro 1.6 million in the year under report and thus matched the previous year's figure. Earnings in the electricity distribution activity field at MVV Energie AG were determined by income from the leasing of its electricity grids to Netrion GmbH. The grid company manages, operates and maintains the distribution facilities and grids at MVV Energie AG. The other operating income resulting from the charging on of the concession duty to Netrion GmbH through to 30 September 2013 was opposed by corresponding other operating expenses. Electricity distribution generated an annual net deficit of Euro – 1.4 million in the year under report (previous year: Euro + 6.4 million). This reduction was mainly due to higher other operating expenses and increased expenses for the assumption of losses.

Total assets in the electricity distribution activity field amounted to Euro 125 million at the balance sheet date on 30 September 2013 (previous year: Euro 122 million), thus accounting for around 30 % of total assets in the electricity sector at MVV Energie AG (previous year: 33 %). At Euro 101 million, property, plant and equipment in the electricity distribution field remained at the same level as in the previous year. On the equity and liabilities side, electricity distribution liabilities, accounting for around 48 % of the electricity distribution balance sheet total as of the balance sheet date, increased from Euro 51 million to Euro 60 million.

Gas distribution

With sales of around Euro 1 million, and thus virtually unchanged on the previous year, the gas distribution activity field is also of subordinate significance when compared with the total gas sector sales of Euro 294 million (previous year: Euro 261 million). In the previous year, all existing gas transactions within the gas and gas grid operations at MVV RHE GmbH were split off and transferred to MVV Energie AG. As in the electricity sector, earnings in the gas distribution activity field at MVV Energie AG were determined by income from the leasing of its grids through to 30 September 2013 to Netrion GmbH. The other operating income resulting from the charging on through to 30 September 2013 of the concession duty to Netrion GmbH was opposed by corresponding other operating expenses. The gas distribution activity generated an annual net surplus of Euro 5.8 million in the year under report (previous year: Euro 4.2 million). This increase was due above all to lower expenses for the assumption of losses.

With total assets of Euro 106 million at the balance sheet date on 30 September 2013 (previous year: Euro 96 million), the gas distribution activity contributed 59 % (previous year: 62 %) of total assets in the gas sector at MVV Energie AG. At Euro 78 million, property, plant and equipment in the gas distribution activity field was slightly higher than the previous year's figure of Euro 77 million and accounted for 73 % of total assets (previous year: 82 %). On the equity and liabilities side of the balance sheet, gas distribution liabilities increased from Euro 37 million to Euro 43 million.

Corporate Governance Declaration (§ 289 a HGB)

Listed companies are obliged by § 289a of the German Commercial Code (HGB) to submit a Corporate Governance Declaration. In this Declaration, they report on their latest Declaration of Conformity with the German Corporate Governance Code pursuant to § 161 of the German Stock Corporation Act (AktG) and on corporate governance practices applied over and above legal requirements. Furthermore, they report on the mode of operation of the Executive and Supervisory Boards and on the composition and mode of operation of their committees.

The Corporate Governance Declaration with the Declaration of Conformity was published on the internet at www.mvv-investor.de on 5 November 2013. This Declaration has also been reproduced on ▶ *Pages 105 to 108* of this Annual Report.

Declaration pursuant to § 312 (AktG)

The Executive Board has compiled a report on its relationships to associate companies for the 2012/13 financial year ("dependent company report") pursuant to § 312 of the German Stock Corporation Act (AktG). In this report, it declares that "MVV Energie AG received commensurate compensation for each of the transactions listed in its report on its relationships with the City of Mannheim and associate companies based on the circumstances known to the Executive Board at the time at which the transactions were performed".

SUSTAINABILITY (financial and non-financial performance indicators)

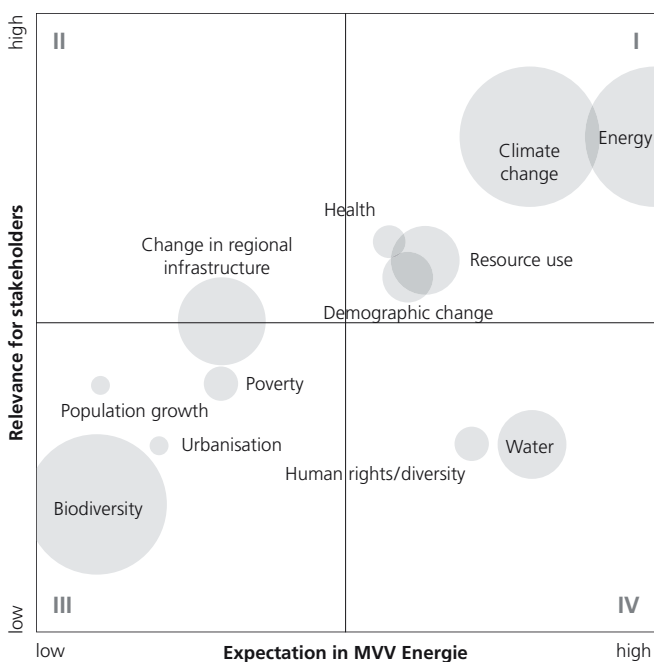
The idea underpinning sustainable development – that our current business activities and behaviour should not encroach on the needs of future generations – has gained ever more ground over the past decade, and that on both global and local levels and in individual lifestyles. Sustainability has become a key task of our times.

The global challenges we face include climate change, increasing environmental damage, finite resources, energy supply transformation, securing the supply of drinking water, population growth, demographic change, the fight against poverty and compliance with human rights. Companies have to take these challenges seriously, not least as they will increasingly influence the future social and economic conditions in which companies operate. Companies have a responsibility not only to make a contribution, where possible, towards solving these challenges, but also to evaluate the implications of these factors for their business. Responsible behaviour is not just a matter of technical environmental protection and social responsibility. Sustainability is a decisive factor for successful long-term business activity.

MVV Energie has recognised the importance of sustainable business activity and is actively contributing towards safeguarding the foundations for life, scope for manoeuvre and future opportunities of subsequent generations. We see our commitment to sustainable development not only as an ecological and social obligation, but also as providing an opportunity to successfully position our business in a rapidly changing business climate. We see sustainable business activity as a prerequisite for our competitiveness and future viability. In this Sustainability chapter we show how we handle the main economic, ecological and social challenges relevant to our business and what services the MVV Energie Group performs in the interests of climate and environmental protection, its employees and society as a whole. We have based our reporting on the new international guidelines for sustainability reporting in Version G4 of the Global Reporting Initiative (GRI). Companies are required here to report above all on the most important implications of their business activities that are also key to their sustainable development. In the context of this Annual Report, we see this focus on relevant aspects as appropriate. We thus report at the same time on the sustainability-related financial and non-financial performance indicators recommended in § 289 (3) of the German Commercial Code (HGB).

Action areas

Internally, we have worked with a materiality analysis approach covering all of our Group's companies and locations for several years now. This particularly reflects the expectations placed in MVV Energie by our stakeholders and by society as a whole. With the help of this widely acknowledged method, we identify the challenges and sustainability topics relevant to our company. We account for the action areas hereby derived when defining our sustainability-related objectives and as focal points for internal projects and measures.



- I active sustainability management
- II winning issues
- III monitoring
- IV active risk management

Circle size represents uncertainty surrounding future development

The topics particularly relevant to the MVV Energie Group and our stakeholders are presented in Quadrant I. As in the previous year, these represent the most important action areas within our active sustainability management.

ENERGY, the most important action area, comprises several individual topics. These not only include expanding renewable energies, but also involve enhancing energy efficiency at power plants and grids and achieving energy savings at consumers. At the same time, it is a question of upholding supply quality even in the event of weather-related fluctuations in production. A reliable, stable energy supply is a key foundation for Germany as an industrial player. Supply reliability must be guaranteed throughout the conversion in the energy system and beyond.

CLIMATE CHANGE, a further key action area, is one of the great global challenges facing our generation. Energy producers are among the largest emitters of greenhouse gas. Our stakeholders therefore expect us to contribute towards reducing CO₂ emissions and thus to protecting the climate.

With regard to **DEMOGRAPHIC CHANGE**, the catchwords here are an ageing population, accompanied by an increasingly older workforce and a future shortage in specialist skills due to declining numbers of potential employees in the coming decades. The resultant problems have to be managed in the context of forward-looking personnel policies.

As we aim to support our employees in their wish to remain fit and active for as long as possible, health and preventative healthcare measures enjoy high priority. Against the backdrop of demographic change, company employee health promotion measures will play an ever more important role at MVV Energie.

The **RESOURCE USE** action area at our Group is dominated by the use of fuel, including the waste incinerated at our power plants. Other aspects of resource use – such as the resources used at our properties – are less relevant compared with fuel use. In view of this, we focus in this chapter on resource-related indicators of electricity and heating energy generation. Compared with the large volumes of waste incinerated to generate energy, we do not view the company's internal share of waste as material.

Key stakeholders

We have shown which action areas are important to our stakeholders. Our key stakeholders include our employees, shareholders, customers, politicians, non-government organisations (NGOs), associations and analysts. One particularly important group of stakeholders for us are the people who live in the regions where we operate.

We are basically open to the concerns of all our stakeholders. On our internet sites – and thus accessible to the general public – we provide extensive information and name contact partners. We are present at major events, fairs and capital market forums. Not only that, we are also available as a contact partner on social networks. We also accord priority to dialogue with our Executive Board members and the managing directors at our companies, and that not just for sustainability reporting purposes. Our direct discussion partners also include well-known environmental protection organisations.

Aligning our strategy with sustainability

At the MVV Energie Group, sustainability is – alongside regionalism and efficiency – one of the key pillars of our MVV 2020 corporate strategy. Sustainability is thus, also from an Executive Board perspective, a core component of our corporate identity and of our claim to be the “Energiser of the Future”. The management approach we have adopted towards entrepreneurial sustainability aims to

- Maintain a balance between profitable growth and social responsibility
- Consistently enhance our business model and thus secure our long-term economic success
- Be aware of the ecological and social implications of our own business activities and reduce our impact on the natural world
- Create and retain sustainable jobs and training positions for our employees
- Make a measurable contribution towards converting the energy industry along ecological lines and to protecting the climate and the environment.

Sustainability management

Sustainability has been a core element of our corporate strategy since we adopted our MVV 2020 programme in 2009. In our 2011/12 Annual Report, we described the megatrends with the greatest impact on our business and outlined our approach to those action areas relevant to us and which we are able to influence. On this basis, since 2011 we have consistently worked on further developing our management approach towards entrepreneurial sustainability within a programme structure. As we see sustainability as a group-wide topic, we have actively involved all of our major locations and business fields in this process. This programme is coordinated for the Group by the same group department that is responsible for group strategy and energy policy. This ensures that the topic of sustainability is closely integrated into the company's development. The strategic management of group-wide sustainability activities is incumbent on the Sustainability Steering Committee, which includes the Executive Boards of MVV Energie AG, Stadtwerke Kiel, Energieversorgung Offenbach AG and the plenipotentiary. Within our programme structure, the sustainability-related action areas thereby identified are promoted in both group-wide and location-specific projects.

We are convinced that we can best do justice to our responsibility towards society by focusing on the one hand on topics and issues relevant to MVV Energie and concentrating on the other hand on company-internal measures and projects. Specifically, this means that we are focusing on activities that can notably contribute towards transforming the energy system and protecting the climate. This management approach thus relies on long-term measures and improvements, and less on short-term communications-driven success stories. We intend to specify this approach in further detail and root it more firmly in our activities.

MVV Energie participates in discussions about economic, ecological and social issues in numerous bodies, associations and research institutes. What's more, our Group companies support climate protection programmes and energy concepts at their locations and in their regions. Examples here include our involvement in the Baden-Württemberg Sustainability Business Initiative (WIN) or the Rhine/Neckar Regional Association (VRRN) with its comprehensive energy concept for the Rhine/Neckar metropolitan region. In these bodies, we make active contributions to the topics of sustainability and a renewable energy supply. In summer 2013, for example, we published an academic study on the future electricity market design for renewable energies and submitted this to associations and the general public for discussion. We are relying here on our expertise, thus enabling us to work together with our stakeholders and competitors and within the political debate to find a sustainable long-term market design and to help the energy system conversion succeed.

Our ecological and social responsibility also extends to our suppliers. Sustainability therefore forms an important component of the MVV Energie Group's procurement terms and plays a key role in its selection of suppliers and products. When selecting suppliers and service providers, our central procurement department accords high priority to ensuring that these comply with the laws, ordinances and compliance requirements in force in Germany and the EU and with those codes of conduct and working practices that are important to us. This approach is taken by our main shareholdings in Germany but does not refer to the procurement of primary fuels. Within our electronic supplier management system, all new suppliers are required to make disclosures about environmental protection and their social responsibility. We particularly value regional providers, when they can offer suitable terms. All suppliers are required by the contractual terms to comply with basic employee and human rights, such as the international conventions of the United Nations (UN), the International Labour Organization (ILO), the Organisation for Economic Cooperation and Development (OECD) and the UN Global Compact. The same applies to the ban on child labour. In internal company projects, we are working in particular to consistently promote sustainability considerations, particularly when it comes to selecting consumer items, for example by giving preferential treatment to green products for specified product groups. Given our procurement volumes and supplier structures, we do not conduct any proprietary audits of our suppliers' production locations. Further details can be found in the Corporate Governance Declaration in the chapter ▶ *Corporate Governance from Page 105 onwards* and in the disclosures about corporate governance practices at our company included therein.

We naturally take due account on various organisational levels of international and national hazard prevention regulations and standards, for example in the fields of environmental protection and occupational health and safety.

Our Economic Basis

The key financial figures for the 2012/13 financial year, which are presented in summarised form on the cover pages of this Annual Report, demonstrate the earnings and financial strength of the MVV Energie Group. With sales of around Euro 4 billion, adjusted EBIT of Euro 210 million, total assets of Euro 4.24 billion, total investments of Euro 392 million and a total workforce of around 5 500, the MVV Energie Group is one of Germany's leading municipal energy suppliers.

Via our wholly-owned subsidiary MVV Energie CZ, we are one of the largest district heating providers in the Czech Republic. With the construction of a waste-fired combined heat and power plant in Plymouth and a biomass power plant in Ridham Dock, the British market is also gaining in significance for our business.

There were no material changes in the size, structure and ownership structure of the MVV Energie Group in the year under report. The analytical perspective is thus the same as in the previous year.

Our Value Creation

The earnings and financial strength of our Group provides the economic foundation enabling us to do justice to our responsibilities towards society and the environment. That applies in equal measure to all of the companies in our Group, whether in Mannheim, Kiel, Offenbach, Ingolstadt, Köthen or the Czech Republic. They act as key economic players in their regions – as clients for industry, tradesmen and service providers, as employers, as sponsors of cultural, social, sports and ecological projects and as payers of taxes and duties. Large numbers of jobs in the various regions are directly or indirectly dependent on our companies.

Details about the contributions we make in the context of our responsibility towards society can be found ▶ *from Page 82 onwards*. Donations and payments to political organisations are strictly prohibited at the MVV Energie Group. Payments to capital providers exclusively take the form of dividends. There were no complaints about the social implications of our business activities in the year under report.

The following value added statement shows the contribution made by the MVV Energie Group to the aggregate economy, i.e. to society, in Germany. Moreover, this statement also shows which players benefited from the value added thereby generated. In arithmetic terms, value added corresponds to the company's performance net of input costs, such as costs of materials, other expenses and other taxes, and less depreciation and amortisation.

In the year under report, the adjusted value added of the MVV Energie Group declined by 4 % from Euro 859 million in the previous year to Euro 827 million. This reduction was chiefly due to the fact that input costs rose more sharply than the company's performance. The company's performance is chiefly attributable to sales.

At 40 % (previous year: 39 %), the largest share of our value added benefited our employees. A 39 % share (previous year: 40 %) went to local, regional and national authorities. Within this item, Euro 229 million (previous year: Euro 242 million) related to taxes paid to the state. This corresponds to a 28 % share of value added (previous year: 28 %). The remaining Euro 104 million (previous year: Euro 106 million) flowed to local authorities in the form of taxes and concession duties. At 8 % the share attributable to lenders remained unchanged on the previous year. As in the previous year, our shareholders received a 7 % share of value added. The remaining 6 % share, also unchanged on the previous year, remained at the MVV Energie Group to finance the company's further growth.

Value added statement of the MVV Energie Group

Euro million	2012/13	2011/12	% change
Company performance ¹	4 400	4 274	+3
Input costs ²	-3 405	-3 239	+3
Depreciation/amortisation	-168	-176	-5
Value added	827	859	-4
to employees	333	333	0
to shareholders ³	59	59	0
to lenders	64	66	-4
to state authorities	321	348	-8
to the MVV Energie Group ¹	50	53	-6

¹ correction in previous year's figures

² cost of materials, other expenses, other taxes

³ dividend paid in financial year

Our Ecological Responsibility

Germany is in the midst of a far-reaching process of transformation in its energy system towards more decentralised structures and a dominant role for renewable energies. There is consensus in society concerning the nuclear energy exit and that the expansion in energy generation from renewable energy sources should be accelerated. Tomorrow's energy system will be more ecological, more efficient and more highly decentralised.

Ambitious political targets

Climate change is one of the most urgent problems to be mastered worldwide. Recent studies express the concern that the rise in global temperatures will significantly exceed the critical 2° Celsius mark unless greenhouse gas emissions are rapidly and drastically reduced. This factor could further exacerbate the other global challenges presented in the introduction to this chapter.

Politicians in Germany have recognised the problems posed by climate change and agreed ambitious energy policy targets and taken ground-breaking decisions concerning the conversion in the energy system, the expansion in renewable energies, European emissions trading and increased energy efficiency.

The ambitious climate protection targets adopted by the German Federal Government can only be achieved over many years and decades. Compared with 1990 figures, greenhouse gas emissions in Germany are to be cut by 40 % by 2020 and by 80 % to 95 % by 2050. To promote a climate-neutral energy supply, the Federal Government has set further targets concerning the share of renewable energies in gross end energy and gross electricity consumption and to increase energy efficiency in terms of both electricity and heating energy consumption. These political targets will fundamentally change the energy industry. To be achieved, they will require common efforts from politicians, the energy industry, other industries and businesses and the population as a whole.

MVV Energie supports future energy system

The MVV Energie Group is unreservedly committed to the objective pursued by society as a whole of fundamentally changing the energy system. With our investments in sustainable, profitable growth, we are at the same time making an important contribution to protecting the climate and the environment and to saving energy resources. Alongside these factors, our ecological responsibility also includes providing the population with an adequate supply of clean drinking water and forward-looking research and development projects in which we track down suitable solutions for the future energy system. Extensive details of our major research and development projects can be found on ▶ [Page 45](#).

We work together with the municipal utility companies in the MVV Energie Group on a basis of trust and to our mutual benefit. Together with the towns and regions in which our companies operate, we are jointly pursuing the goal of cutting CO₂ emissions in the long term.

To achieve this objective, we have set ourselves the following goals:

- To maintain supply reliability for our customers at the MVV Energie Group at its above-average high level.
- To invest around Euro 1.5 billion at the MVV Energie Group in the period from 2010 to 2020 in expanding renewable energies, district heating, combined heat and power generation, the generation of energy from waste and efficient energy-related services.
- To consistently raise the share of electricity generated from renewable energies and combined heat and power as a percentage of total electricity generation at the MVV Energie Group.
- MVV Energie AG aims to increase the share of households supplied with environmentally-friendly district heating from 59 % in 2010 to 70 % by 2020.
- Energieversorgung Offenbach intends to raise the share of electricity it sells resulting from proprietary renewables generation from 15 % currently to 30 % in the medium term.
- Stadtwerke Kiel aims to expand the share of total heating energy needs in the state capital of Kiel covered by district heating resulting from combined heat and power generation from its current level of 39 %. The target set in the previous heating energy concept, namely of achieving a share of at least 60 % of the heating energy market for district and local heating by 2030, is highly dependent on the future heating energy generation configuration due to replace the existing joint power plant (Gemeinschaftskraftwerk Kiel – GKK) at the earliest from 2016.
- As well as generating energy from renewable energies, Stadtwerke Ingolstadt intends above all to expand district heating. By 2030, at least 50 % of heating energy requirements in Ingolstadt are to be covered by district heating resulting from combined heat and power generation or waste industrial heat.
- In its heating energy production, our Czech subgroup MVV Energie CZ aims to consistently raise the share attributable to combined heat and power generation and renewable energy sources, such as biomass, geothermal energy and the incineration of the biogenic share of waste from its current level of 37 %. By 2022, around 45 % of heating energy is to be produced using environmentally-friendly combined heat and power generation and renewable energies.

In view of the uncertain political framework in terms of the future structuring of the transformation process, it is possible that we will have to readjust some of the aforementioned targets, particularly from an economic perspective. Further details can be found in the chapter ▶ *Energy Policy Changes on Page 46*.

In addition to these projects, we are currently updating our long-term strategic sustainability targets. The underlying methodology has been developed by us internally and refined in cooperation with the Institute for Applied Ecology (Öko-Institut). Following internal agreement with our business fields, we will also make our targets available for discussion outside the company.

CO₂ savings in overall energy system

From a sustainability perspective, energy supply companies with proprietary electricity and heating energy generation are particularly measured in terms of their contribution to protecting the climate and to reducing CO₂ emissions. The MVV Energie Group is able to make its own contribution to protecting the climate and to reducing CO₂ emissions in all of its business fields. Given its generation capacities, efforts to reduce the CO₂ intensity of its electricity generation activities by expanding renewable energies or expanding highly efficient combined heat and power generation are especially relevant here. Having said this, other business fields, such as energy-related services and sales, can also contribute to reducing CO₂ emissions by implementing corresponding internal efficiency projects and by offering climate-friendly products and services.

We are convinced that what counts is an assessment of the overall energy system. The relevance of our contribution to protecting the climate can be assessed not so much by the isolated change in absolute greenhouse gas emissions at the MVV Energie Group, but rather by the actual change in emissions in the overall system. We are therefore increasingly basing our decisions on the extent to which our activities lead to a reduction in CO₂ emissions in the overall energy system. For us, it is therefore less relevant whether the respective CO₂ emissions are recognised at MVV Energie, at the customer or at competitors (for example due to power plant capacity displacement).

With this in mind, we are working to further develop our sustainability targets. For us, it is especially important that ecological targets should depend to the least possible extent on external factors, such as prices or generation margins (spreads). We rather aim to depict the actual impact of our strategic measures and activities and the scope of MVV Energie's actual contribution. Furthermore, it is important to us that sustainability targets should not be defined so narrowly that they can only be achieved with a small number of technologies and business models.

Permanent improvement in data basis

We comment below on the main aspects of our contribution to climate and environmental protection by reference to power plant, generation and emission data we have collected across the Group as of 30 September 2013. This "Survey to Record and Utilise Environmental and Power Plant Data" was further developed within a group project in the year under report. The Group is pursuing the medium-term objective of further standardising and improving its data basis and data quality across all of its locations and to harmonise this data with external standards and statistics. Building on the existing power plant portfolio statistics, a new internal data collection tool with in-built plausibility checks has been developed. All statements and figures disclosed in the following text are backed up by quantitative data. The same applies for the previous year's figures, which have also been subject to retrospective plausibility checks.

Share of electricity generated from renewable energies and combined heat and power rises to 52 %

The **TOTAL VOLUME OF ELECTRICITY GENERATED** by the MVV Energie Group rose year-on-year from 3 683 million kWh to 3 897 million kWh (+ 6%). Of this total, 3 716 million kWh were attributable to Germany (previous year: 3 516 million kWh) and 181 million kWh (previous year: 167 million kWh) to our Czech subgroup, which thus contributed a 4.6% share of the total electricity generated at the MVV Energie Group (previous year: 4.5%). The increase in the total electricity generation volume was primarily due to higher electricity generation volumes at the joint power plant in Kiel (Gemeinschaftskraftwerk Kiel – GKK), which witnessed several months of downtime in the previous year, and to the expansion in renewable energies.

As in the previous year, to facilitate comparison of our electricity generation figures with the German averages, the tables below do not include electricity generation data for the Czech subgroup.

Electricity generated at the MVV Energie Group in Germany

kWh million	2012/13	2011/12	% change
Electricity from renewable energies, including biomass CHP and biogenic share of waste	750	711	+5
Electricity from CHP	1 199	984	+22
Other electricity generation	1 767	1 821	-3
Total	3 716	3 516	+6

Our **ELECTRICITY GENERATION VOLUMES FROM RENEWABLE ENERGIES** (including the biogenic share of waste and refuse-derived fuels) grew by 5 % from 711 million kWh in the previous year to 750 million kWh. Our renewable energies largely comprise generation volumes suitable for use as base load. This is a special bonus. The energy can then be marketed more easily and does not require any subsequent balancing cost of the kind arising due to weather-related fluctuations in photovoltaics and wind power. The marked growth in our electricity generation volumes from renewable energies was mainly driven by the successful expansion in our wind power portfolio. Further details about this can be found below. The volume of electricity fed in from our wind turbines almost doubled from 119 million kWh to 201 million kWh. Volume growth in the wind power portfolio was countered by lower volumes of electricity generated at biomass power plants and from the biogenic share of waste and refuse-derived fuel incinerated to generate energy. The reduction at biomass power plants was due to lower availability levels at the biomass power plants in Mannheim and Königs Wusterhausen on account of inspections, cleaning and repair work. The lower volume of electricity from the incineration of the biogenic share of waste and refuse-derived fuel was due to turbine damage at the plants in Mannheim and Leuna.

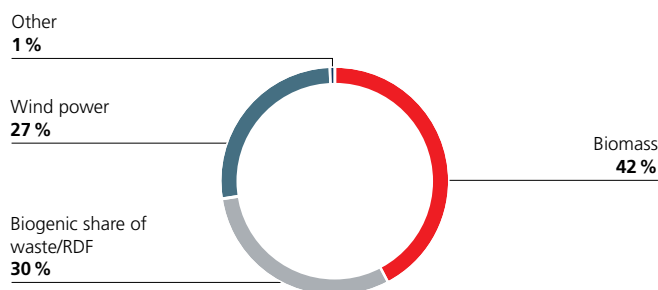
Electricity generation from renewable energies and biogenic share of waste/RDF at the MVV Energie Group in Germany¹

kWh million	2012/13	2011/12	% change
Biomass plants ²	300	311	-3
Biogas plants	17	15	+13
Subtotal for biomass	317	326	-3
Biogenic share of waste/RDF	227	259	-12
Wind power	201	119	+69
Hydroelectricity	4	6	-33
Photovoltaics	1	1	0
Total	750	711	+5

¹ excluding Czech subgroup

² correction in previous year's figure

Electricity generation from renewable energies at the MVV Energie Group in Germany in 2012/13: 750 million kWh



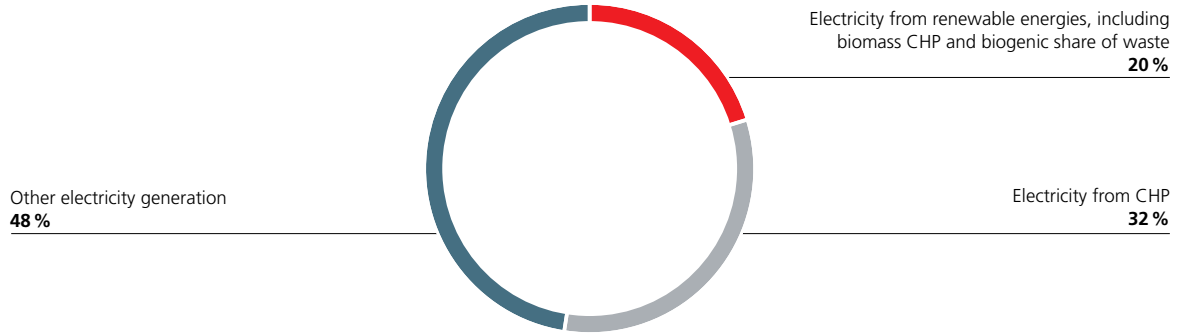
Of the electricity we generated from renewable energies, the largest share (42 %; previous year: 46 %), was attributable to biomass. This related above all to the use of untreated waste timber, wood pellets and green waste at our biomass power plants, biomass combined heat and power plants and biogas plants. Electricity generation volumes at the wind power portfolio we have built up in just a few years accounted for 27 %, and thus already contributed the second-largest share of our total electricity generated from renewable energy sources (previous year: 17 %). The biogenic share of waste and refuse-derived fuels made up 30 % (previous year: 36 %) of the electricity we generated from renewable energies. The generation of electricity from photovoltaics and hydroelectricity play a subordinate role at the MVV Energie Group.

The **ELECTRICITY VOLUME GENERATED USING COMBINED HEAT AND POWER (CHP)** grew by 22 % from 984 million kWh in the previous year to 1 199 million kWh. Alongside higher CHP electricity generation volumes at biomass plants, this growth was driven in particular by higher electricity generation volumes at CHP plants at the joint power plant in Kiel (Gemeinschaftskraftwerk Kiel – GKK). In the previous year, this plant witnessed several months of downtime. As a result, the CHP share of electricity volumes rose year-on-year from 29 % to 32 %.

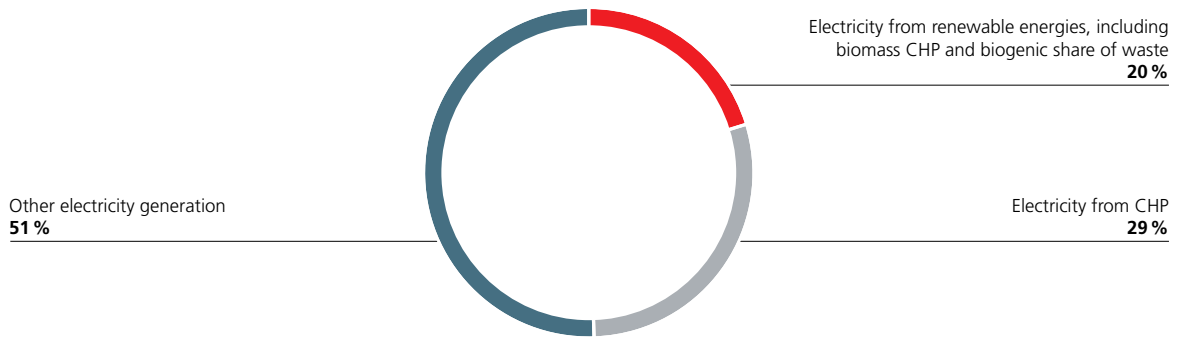
If we combine the shares of electricity volumes generated from renewable energies and CHP, then 52 % – and thus more than half of our electricity generation volumes – were attributable to environmentally-friendly and efficient production in the year under report, up from 49 % in the previous year. The preliminary national average for gross electricity volumes generated from renewable energies and CHP, by contrast, amounted to 39 % in the 2012 calendar year, as against 35 % in the 2011 calendar year. An overview can be found in the charts on Page 75.

The share of our total electricity generation attributable to **OTHER ELECTRICITY GENERATION** fell year-on-year from 51 % to 48 %. Other electricity generation relates in particular to the electricity volumes generated in condensation turbines driven by hard coal at the large power plant in Mannheim (Grosskraftwerk Mannheim – GKM) and at the joint power plant in Kiel (Gemeinschaftskraftwerk Kiel – GKK). We have included these volumes in line with our shareholdings in these power plants, amounting to 28 % in the case of GKM and to 50 % at GKK.

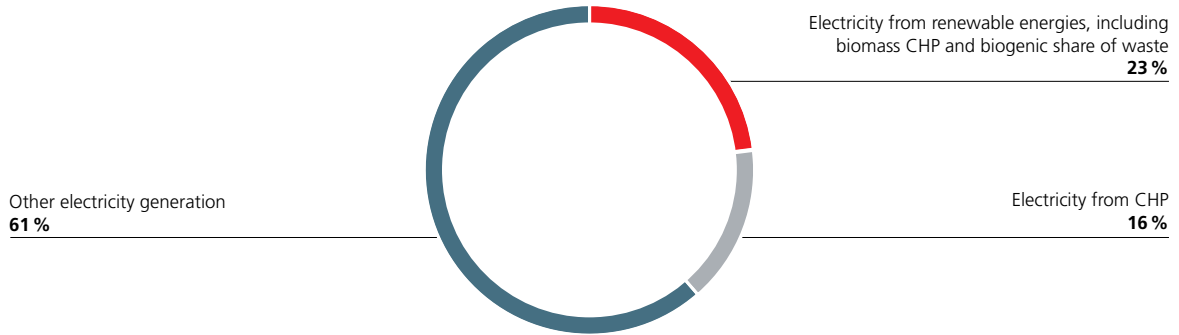
Electricity generated at the MVV Energie Group in Germany 2012/13: 3.7 billion kWh



Electricity generated at the MVV Energie Group in Germany 2012/13: 3.5 billion kWh



Net electricity generation in Germany in 2012: 583 billion kWh¹



¹ Source: Association of the German Energy and Water Industries (BDEW), Prognos AG, transmission grid operators and own calculations (preliminary)

Our plants' **ELECTRICITY GENERATION CAPACITY** (installed capacity) from renewable energies and waste/refuse-derived fuels grew year-on-year by 26 % from 250 MW to 314 MW. This growth largely resulted from the expansion in the wind power portfolio.

Installed capacity for renewable energies and biogenic share of waste/RDF at the MVV Energie Group in Germany¹

MW _e	2012/13	2011/12	% change
Biomass plants	48	48	0
Biogas plants ¹	3	3	0
Subtotal for biomass	51	51	0
Biogenic share of waste/RDF	117	123	-5
Wind power	144	73	+97
Hydroelectricity	2	2	0
Photovoltaics	1	1	0
Total	314	250	+26

¹ excluding Czech subgroup

² correction in previous year's figure

Wind power capacities doubled

The expansion in our wind power portfolio is also reflected in the development in our generation capacities, which exclusively relate to onshore wind turbines. These capacities rose from 73 MW in the previous year to 144 MW as of 30 September 2013. The annual production volume based on this capacity amounts to 294 million kWh, corresponding to the electricity needs of around 81 000 three-person households thereby covered by the MVV Energie Group on a CO₂-free basis. Compared with conventional fuels, this enables CO₂ emissions of around 210 000 tonnes to be avoided. According to studies published by the Federal Environment Ministry, the specific savings achieved with onshore wind power currently amount to around 720 g of CO₂ per kWh (source: Federal Ministry for the Environment, Nature Conservation and Reactor Safety: Renewable Energies in Figures, July 2012).

We substantially enlarged our wind power portfolio in previous years already. The wind power projects in Plauerhagen in Mecklenburg-Vorpommern (generation capacity: 16 MW; generation volume: around 35 million kWh p.a.) and Massenhausen in Northern Hessen (generation capacity: 4 MW; generation volume: around 9 million kWh p.a.) were followed in 2012 by the wind farm operated by our Energieversorgung Offenbach AG (EVO) subsidiary in Kirchberg in Rheinland-Pfalz, where all of the 23 wind turbines were in full operation for the first time in the year under report. With an installed capacity of 53 MW and a planned annual production volume of 125 million kWh, this is one of the highest-capacity wind farms in south-western Germany.

In the year under report, we took over seven German wind farms with a total of 40 wind turbines from Iberdrola Deutschland GmbH. This increased our installed capacity by 63 MW. As of 1 January 2013, these wind farms were pooled at our subsidiaries

Windenergie Beteiligungs GmbH and Windenergie NRW GmbH. Furthermore, in the course of the year under report our EVO subsidiary gradually launched operations with three wind turbines (7.6 MW) in Vogelsberg District close to the town of Dirlammen.

We are continuing the expansion in our wind power portfolio in the 2013/14 financial year.

Protecting fossil energy resources

By combining waste disposal and/or biomass with energy generation, we are contributing towards protecting the environment and climate, while also retaining sustainable jobs at our locations. With its MVV Umwelt GmbH subsidiary, the MVV Energie Group is one of Germany's technology leaders in the field of energy from waste. The reduction in installed capacity for the biogenic share of waste/RDF was due to efficiency measures implemented in the OptiMa project, in which an old turbine was decommissioned and replaced by two smaller turbines.

Further aspects of resource use (e.g. at the Group's properties) are less relevant compared with fuel deployment. In view of this, we do not aim for completeness in terms of our non-energy-generation resource-related indicators in the report, but restrict ourselves to the relevant plants. The same applies for the waste we generate. Our waste volumes are immaterial compared with the waste we incinerate at our plants – whether at energy from waste or at biomass power plants.

Generating energy from waste

Our generation of energy from waste is environmentally-compatible and sustainable. It enables us to save fossil energy resources and to support towns and local authorities in solving their waste disposal problems. Thanks to high-performance incineration technology and state-of-the-art flue gas cleaning, our plants meet the strict criteria laid down in environmental standards for energy from waste plants. Most of the energy generated from waste can be counted as renewable energy, as around 50 % of the waste consists of biogenic materials. Their incineration is largely CO₂-neutral, as the incineration process releases the same amount of carbon dioxide previously absorbed by the organic share of the waste during its growth. This saves resources and makes an active contribution towards protecting the environment. A further advantage is that no untreated waste has to be dumped in Germany.



Generating energy from waste:
detailed information about the plants
operated by the MVV Energie Group

With a total of eight lines, the energy from waste plants at our Mannheim, Offenbach and Leuna locations use around 1.3 million tonnes of waste to generate around 600 million kWh of electricity a year. That corresponds to the electricity requirements of 200 000 households a year. As in the previous year, at these plants we dispose of non-recyclable waste for 22 local authorities with a total population of around 5.4 million in their catchment areas.

Fuels used at power plants at the MVV Energie Group

	2012/13	2011/12	% change
Biomass (tonnes 000s)	521	509	+2
Biogenic share of waste/RDF (tonnes 000s)	1565	1563	0
Natural gas (kWh million)	1897	6464	-71
Heating oil extra light (HEL) (kWh million)	1687	1288	+31
Hard coal (tonnes 000s)	1703	1387	+23

We operate our largest plant in Mannheim, where we can incinerate up to 700 000 tonnes of waste a year. The geographical proximity of our energy from waste plant means that long-distance transport harmful to the environment can be avoided.

Major project in Plymouth

In the UK, we are currently building a waste-fired combined heat and power plant in Plymouth to serve the towns of Plymouth and Teignmouth, the borough of Torbay and the district of South Hams with a total population of around 645 000 inhabitants. We will also be operating the power plant once it is completed in the 2014/15 financial year. This major project will enable us to demonstrate our longstanding experience and technological expertise in putting waste to ecological use in the British market as well. In future, the plant will use around 245 000 tonnes of household, commercial and industrial waste a year to generate electricity and heating energy. The power plant will work with environmentally-friendly combined heat and power generation and have a net electricity capacity of 22 MW_e and a steam capacity of 23 MW_t.

Generating energy from biomass

Our MVV Umwelt subgroup generates several biomass power plants in Germany – in Mannheim (20 MW), in Königs Wusterhausen near Berlin (20 MW), and at the biomass power plant in Flörsheim-Wicker near Wiesbaden (15 MW) where we are co-owners and operations manager. By using around 387 000 tonnes (previous year: 398 000 tonnes) of solid biomass (waste timber), these three biomass power plants generated around 40 million kWh of CO₂-neutral electricity in the year under report (previous year: 40 million kWh). Our modern, efficient biomass power plants enable us to save fossil fuels and reduce CO₂ emissions.

First UK biomass power plant

We are now also investing in the field of biomass in the UK. In April 2013, we began construction work on the biomass power plant at Ridham Dock, an industrial port located south east of London. This plant, which will have a net electricity capacity of around 23 MW, is expected to commence operations in spring 2015 and should then generate around 188 million kWh of electricity a year from around 172 000 tonnes of waste timber from the surrounding region. Not only that, the power plant will also supply neighbouring industrial companies with heating energy. In constructing this modern biomass power plant, we are drawing on the same expertise in terms of the technology and operation of such plants that has enabled us to become a German market leader in generating energy from biomass.

Production and use of wood pellets

Consistent with its motto of “Energy from the region for the region”, our EVO subsidiary is also making its contribution to the energy system of the future. EVO has operated a wood pellet plant, one of the largest pellet production plants in Germany, for two years now. This plant currently produces around 65 000 tonnes a year of so-called DINplus pellets and industrial pellets from sawdust and waste timber. The raw materials are derived from untreated regional waste timber from sawmills, landscape conservation material and other waste timber. These pellets are put to use at the neighbouring biomass combined heat and power plant. The timber is dried on an environmentally-friendly basis with the assistance of the heating energy thereby generated.

EVO currently operates a total of 40 local heating grids in the Rhine/Main region. The heating energy for 22 of these grids is generated from natural gas, while 18 of the local heating grids are powered by wood pellets. In Raunheim in the state of Hessen, EVO operates one of Germany's largest pellet heating energy plants with a thermal capacity of 4.4 MW. This enables around 2 600 residential units to be supplied with heating energy via a local heating grid. The conversion to environmentally-friendly wood pellets enables around 4 500 tonnes of CO₂ a year to be saved compared with the previous gas heating system. Pellet incineration is viewed as virtually CO₂-neutral, as the timber only emits the same amount of CO₂ that it previously absorbed during its growth.

Power plants at MVV Enamic subgroup

Via subsidiaries, our MVV Enamic GmbH subgroup currently operates 27 biomass power plants and biomass combined heat and power plants, as well as two industrial power plants fired by refuse-derived fuel. These have a total installed capacity of 25 MW_e or 130 MW_t.

In June 2013, operations were officially launched at the new biomass combined heat and power plant at Tübingen University Hospital, which has a peak thermal capacity of around 37 MW. The 40 year-old original heating energy plant and local heating grid at the university hospital were successfully converted from the fossil fuels of heating oil and natural gas to the sustainable fuel of timber while maintaining ongoing operations. This forward-looking project, which will enable around 20 000 tonnes of CO₂ a year to be avoided, underlines the pioneering role we are taking in converting the energy supply towards more renewable energies and greater energy efficiency.

The largest power plants operated by the MVV Enamic subgroup are the refuse-derived fuel power plants at the industrial parks in Gersthofen and Korbach, where major industrial companies are located. Here, our Industriepark Gersthofen Servicegesellschaft mbH subsidiary works with the efficient combined heat and power generation process to produce steam and electricity. To this end, we exploit the energy potential contained in commercial and household waste. By working with refuse-derived fuels (RDF), we are able to save fossil fuels in limited supply, such as coal, crude oil and natural gas.

The RDF power plant in Gersthofen currently has the capacity to incinerate around 90 000 tonnes of refuse-derived fuel a year and to generate around 40 tonnes of steam an hour on this basis. With Industriepark Gersthofen, MVV Enamic can point to an independent, successful operating company with an excellent reputation. This energy and utility supply model, which also includes environmental and safety management, is also interesting for other chemicals industry parks.

Based on the environmental statistics published for 2012, the industrial power plant in Korbach generated a total of 173 million kWh of steam and 5.7 million kWh of electricity for the adjacent plant of a major tyre manufacturer. Of the energy generated, 95 % is attributable to treated commercial and household waste, i.e. to refuse-derived fuel, and the rest is generated from natural gas. The plant has consistently increased its availability levels. Apart from a small number of exceptions, the industrial power plant in Korbach consistently complied with all major contaminant thresholds in 2012. Both of the RDF power plants meet the strict emissions limits set out in the 17th Federal Immissions Protection Regulation. The environmental declaration for Gersthofen Industrial Park for 2012 and the environmental statistics for Korbach Industrial Park for 2012 have been published on the internet.

Biogas as component of new energy system

Our MVV Enamic GmbH subsidiary currently operates four biogas plants with an installed capacity totalling 2.6 MW. These plants are located in Oehna/Brandenburg, Mechau/Sachsen-Anhalt, Karow/Mecklenburg-Vorpommern and Voßhöhlen/Schleswig-Holstein and are mainly operated with maize and grass silage. Overall, they generated around 17 million kWh of electricity in the year under report and fed this into the public grid (previous year: 15 million kWh). Biogas can be substituted for fossil fuels in the decentralised generation of electricity and heating energy.

Second biomethane plant to launch operations by end of 2013

Since the previous year, we have been making targeted investments in biomethane projects. When treated and fed into the grid, bio-natural gas offers new perspectives in terms of the heating energy supply in cases where biomass combined heat and power plants do not have the option of generating heating energy turnover on location. It is flexible, suitable for a variety of uses and can also be stored. Particularly given the increased flexibility required in an electricity supply dominated by renewable energies, the versatility of biomethane as a renewable fuel is an important factor in helping the energy system conversion to succeed. In terms of raw materials, we focus on regenerative commodities and residual agricultural materials. No use is made of foodstuffs or genetically modified food. Not only that, we make efforts to select surfaces and substrates for which the potential negative repercussions resulting from indirect changes in land use are lower.

We launched operations at our first biomethane feed-in plant in Klein Wanzleben in Sachsen-Anhalt in September 2012. This plant, located south west of Magdeburg, has an installed capacity of 7 MW HS (equivalent to 3 MW_e) and uses around 60 000 tonnes of regenerative commodities and residual agricultural materials a year. We procure the fuels from agricultural companies in the direct vicinity of the plant on the basis of long-term contracts. This way, around 63 million kWh of bio-natural gas are generated a year and fed into the natural gas grid. This corresponds to the annual heating energy needs of around 3 000 detached houses. Our partners here are the project developer RES Projects and the companies KWS SAAT AG and Nordzucker AG.

Our second biomethane plant on the same scale, which we are currently building in Kroppenstedt, also in Sachsen-Anhalt, is set to launch operations in December 2013. In the previous tables, we accounted for the biomethane plant in Klein Wanzleben with an installed capacity of 3 MW_e. As this plant does not produce electricity, but rather bio-natural gas that is fed into the public grid, it is not accounted for in the table presenting electricity generation volumes from renewable energies.

Expansion in environmentally-friendly district heating supply

The supply of district heating produced from environmentally-friendly combined heat and power (CHP) generation remains a future market for MVV Energie. At our Mannheim location, we are increasing the density of the district heating grid and expanding it in several districts. The district heating grid operated by MVV Energie AG currently has a total length of 553 kilometres and is thus one of the largest such grids in Germany. Around 12 000 houses are currently connected to this climate-friendly energy form, corresponding to around 61 % of all households in Mannheim. Via a 21 kilometre transit pipeline from Mannheim to Speyer, since the 2010/11 heating period we have also been supplying the municipal utility company in Speyer with environmentally-friendly district heating produced using the highly efficient CHP process at the large power plant in Mannheim (Grosskraftwerk Mannheim – GKM).

Heating energy and steam generated at the MVV Energie Group in Germany¹

kWh million	2012/13	2011/12	% change
Biomass plants	137	131	+5
Biogas plants	4	5	-20
Subtotal for biomass	141	136	+4
Biogenic share of waste/RDF	1 071	873	+23
Heating energy generated from renewable energies	1 212	1 009	+20
Other plants/jointly owned power plants	5 193	4 467	+16
Total	6 405	5 476	+17

¹ excluding Czech subgroup

We are building what is currently Germany's highest-capacity district heating storage facility on the site of the GKM power plant. During the first months of the 2013/14 financial year, operations will gradually be launched with its functions and the facility will be integrated into the existing distribution grid supplying the urban area of Mannheim, the towns of Heidelberg and Schwetzingen and the district of Brühl. The district heating storage facility is a key component on the way towards greater energy efficiency. Further details can be found in the ▶ *Supplement from Page 16 onwards*.

In its own district heating grid expansion programme, EVO is focusing on the town of Heusenstamm. Stadtwerke Kiel is gradually converting its district heating grid in Kiel from heating steam to more up-to-date heating water technology and is consistently expanding its district and local heating supply in defined district heating priority areas. The waste heat and district heating association in Ingolstadt is a model example as to how the energy system can be restructured along ecological lines. Thanks to the expansion in the district heating grid at Stadtwerke Ingolstadt, waste heat from the refinery and the energy from waste plant operated by the City of Ingolstadt is used to supply district heating to numerous large customers, including Audi AG. The district heating grid has been and is being further expanded to enable increasing numbers of private customers as well to benefit from the district heating generated in this resource-efficient, environmentally-friendly way. As a result, the waste heat and district heating association enables around 35 000 tonnes of CO₂ a year to be saved in Ingolstadt.

Group-wide CO₂ emissions

We have systematically calculated and evaluated the CO₂ emissions at our generation plants in a group-wide analysis performed on this scale for the first time for the 2012/13 financial year.

Overall, our generation plants emitted 4.86 million tonnes of CO₂ in the year under report. This corresponds to a year-on-year increase of 12 %. Our ETS-plants (power and heating energy plants subject to emission trading requirements), chiefly comprising the large power plant in Mannheim (Grosskraftwerk Mannheim – GKM) and the joint power plant in Kiel (Gemeinschaftskraftwerk Kiel – GKK), account for 87 %, and thus play a key role in determining total emissions.

The increase in CO₂ emissions is attributable to the GKK plant in Kiel, which witnessed several months of downtime in the previous year. Excluding this one-off item, CO₂ emissions for the year under report would have been at the previous year's level.

Direct CO₂ emissions at the MVV Energie Group

tonnes	2012/13	2011/12	% change
CO ₂ at ETS plants	4 238 473	3 761 047	+13
CO ₂ at other generation plants	618 413	594 101	+4
Total	4 856 886	4 355 148	+12

The table below shows the CO₂ emissions avoided due to renewable energies plants, broken down by different power plant type:

CO₂ emissions avoided at renewable energies plants at the MVV Energie Group

CO ₂ equivalents (tonnes)	2012/13	2011/12	% change
Biomass plants	229 883	237 881	-3
Biogas plants	9 077	8 217	+10
Subtotal for biomass	238 959	246 098	-3
Biogenic share of waste/RDF	172 361	196 570	-12
Wind power	144 590	85 716	+69
Hydroelectricity	3 323	4 761	-30
Photovoltaics	680	602	+13
Total CO₂ avoidance due to renewable energies	559 914	533 747	+5

Generating electricity from the renewable sources of hydroelectricity, wind, solar radiation, biomass and geothermal energy reduces the use of fossil fuels, which currently still form the backbone of Germany's electricity supply. The generation of electricity from renewable energies thus contributes greatly towards reducing energy-related greenhouse gases.

To calculate the CO₂ emissions avoided by our renewable energies plants we refer to the avoidance factors published by the Federal Environment Ministry (please see ▶ *Glossary on Page 186*).

In the year under report, the expansion in our renewable energies portfolio compared with the previous year enabled us to save half a million tonnes of CO₂ equivalents. This virtually matches the total volume of emissions at our other generation plants. At 43 %, our biomass power plants made the greatest contribution in this respect. Due to the successful implementation of our growth strategy (please see chapter ▶ *Objectives and Strategies on Page 42*), our wind turbines alone enabled us to avoid an additional total of more than 58 000 tonnes of CO₂ equivalents compared with the previous year's period. This development is set to continue in the coming financial years as well.

Sustainable drinking water supply

Water is a valuable asset. Ensuring a safe supply of clean drinking water to people worldwide is one of the key global challenges. Our companies in Mannheim, Kiel and Offenbach operate the local water supply and secure a supply of high-quality drinking water to their towns and regions. The drinking water they supply is of superb quality and falls many times short of the threshold values set out in the relevant drinking water ordinance.

Groundwater is the most important source for the production of drinking water in our regions. Proprietary consumption volumes at our locations are immaterial by comparison. We protect the groundwater and secure the quality of drinking water resources. This enables us to provide the population with a supply of drinking water that is as natural in quality as possible and to avoid cost-intensive treatment. To ensure consistently high quality, we systematically check the entire water supply system and water quality at our locations – from wells via grids through to customers' house connections. In Mannheim, for example, we test the drinking water in our laboratories in line with up to around 470 physical/chemical and microbiological parameters before supplying it to our customers. Our grid service department regularly inspects the water grid, which comprises around 1 300 kilometres of pipeline, at a current total of eleven test points in the supply area so as to detect potential leaks at an early stage.

We maintain our water supply infrastructure on a long-term basis by performing extensive investment and scheduled maintenance measures at our waterworks and water grids. With extensive measures to protect groundwater and bodies of water, we are helping to safeguard clean drinking water for future generations as well. As a result, our supply of drinking water is free of problems either in terms of its quantity or its quality. The water turnover of the MVV Energie Group amounted to around 47 million m³ in the year under report.

We call on consumers to help protect our drinking water resources in their own day-to-day behaviour. Above all, they should make sparing use of washing and cleaning materials and dispose of medications separately.

Growing market for energy efficiency

One of the Federal Government's key energy policy targets is to reduce primary energy consumption in absolute terms. While electricity consumption is targeted to reduce by 25 % by 2050, the savings target of 80 % for buildings is even more ambitious. From a sustainability perspective, saving energy is by far the best way to reduce the footprint the energy system leaves on the environment. After all, every kilowatt hour of energy not generated leads to lower resource consumption and lower greenhouse gas emissions.

For us as an energy supplier, falling energy consumption means that our sales markets for pure commodities, whether electricity or natural gas, are set to contract in the long term. We have accounted for this medium to long-term development in our strategic planning and alignment. Although we are already well positioned with our energy-related services business field, it is currently still unclear which sectors and business models will benefit from a growing market for energy efficiency in the future. We have high expectations in the suitable national implementation of the European Energy Efficiency Directive in the coming years and will contribute the longstanding experience we have built up in our energy-related services business field to the political debate.

As the "Energiser of the Future", we are working closely on developing suitable business models that on the one hand lead to energy savings at end consumers and on the other hand offer sufficient earnings potential.

High investments and expenses for environmental protection measures

In our environmental energy business field alone, we invested Euro 4 million (previous year: Euro 12.5 million) and bore expenses of Euro 77 million (previous year: Euro 83 million) for environmental protection measures at our Mannheim, Leuna, Königs Wusterhausen and Flörsheim-Wicker locations in the year under report. These mostly involved waste disposal/ground pollution and air pollution measures. A smaller amount was channelled into water protection and noise control measures.

At the industrial park in Gersthofen, MVV Enamic GmbH has been operating an innovative water purification plant since autumn 2012. The aim here is to protect drinking water from deep ground water as a resource for future generations. The construction of a reverse osmosis ultrafiltration plant makes it possible to use surface water from the Lech Canal, thus replacing 300 000 m³ to 400 000 m³ of valuable drinking water from the deep well.

As an operator of generation plants, we are obliged to recycle waste or to dispose of it safely and appropriately. The disposal method used depends on each individual case. Here, MVV Energie is itself making an important contribution to the treatment and utilisation of waste.

Biodiversity

Biodiversity plays a key role for MVV Energie, particularly when it comes to operating and building generation plants. Here are some specific practical examples:

- When buying or building wind turbines, we review any potential interference with rare animal species, particular at forest locations.
- When buying or building biogas plants, we give due attention to obtaining a naturally compatible mix of substrates from our substrate suppliers.
- When using solid biomass, we give priority to timber from sustainable forestry.

Increase in customer satisfaction

We offer our customers a reliable supply of electricity, heating energy, gas and water. We aim to continue to satisfy their expectations, and that on a high level. Customers satisfied with our services can be retained on a long-term basis. In our group-wide "Customer Services" project, we are consistently working on sustainably enhancing our customer service.

Customer satisfaction is a major non-financial performance indicator for us, and one that we regularly monitor in customer surveys. According to our "Customer Focus Household Customer 2013" survey, overall satisfaction and customer support levels continue to be assessed as "Good", and thus unchanged on the previous survey in 2012. Based on the findings of the 2013 customer survey, MVV Energie's image has improved in many respects. MVV Energie is viewed significantly more positively, particularly in terms of its performance capability, support for renewable energies and information policy.

Alongside improved service, this increase in customer satisfaction is attributable to our range of attractive sales products.

Ecological sales products

As a longstanding energy supplier to small and medium-sized companies, we are familiar with the needs of these business customers and can offer a suitable range of energy supply products and services. Our Electricity/Gas Energy Fund enables companies to benefit from strategic procurement without themselves being active on the electricity market. The new SpotLight Energy Fund offered by our sales department to major customers with energy requirements of one million kWh a year upwards provides greater flexibility, price reliability and electricity procurement savings. For customers selecting our green option, in which they exclusively receive electricity from renewable energy sources, they switch their procurement from conventionally generated electricity to green electricity procurement. Not only that, they also receive an extensive customised marketing package for their own corporate communications. Further information about the Electricity/Gas Energy Fund and about MVV Energie-monitor can be found in the chapter ▶ *Business Model on Page 40*.

Today, every consumer can make a personal contribution towards protecting the environment by selecting their electricity and gas tariffs accordingly. We offer green electricity products to our private customers at all locations. Our range of ecological products also includes environmentally-friendly NATURA Biogas, with which our customers in Mannheim and the region can heat their houses and apartments. These customers thus meet the requirements of the "Utilisation of Renewable Heating Energy Act" in Baden-Württemberg (EWärmeG) without having to convert their heating systems.

New customer portal

The new B2B customer portal at MVV Energie AG has been available to business customers since July 2013. Via standard reporting/gas, MVV Energie customers can access extensive information and services relating to their gas supply on the internet. Customers can obtain location data at the click of a mouse. Not only that, customers can manage their location portfolios clearly and efficiently, irrespective of whether they wish to visualise and analyse the load behaviour of an individual location, call up current and historic consumption data, or view invoices and invoicing details. It goes without saying that they can also report their meter readings and monitor gas and electricity prices.

This centralised, prompt availability of all relevant gas supply data offers considerable benefits to large groups and medium-sized companies alike. The standard reporting/gas function is also especially interesting for our customers in the multi-location and real estate sectors, which generally have to manage complex location portfolios. For these customers, the pooled functions and services on the customer portal offer substantial added value in their portfolio management.

Launch of energy saving campaign

The energy saving campaign launched in cooperation with the Mannheim Climate Protection Agency in the 2011/12 financial year has been warmly received by our customers.

Within this campaign, private and business customers in Mannheim received bonuses from MVV Energie if they reduced their electricity consumption or bought new energy-saving household appliances. Customers reducing their electricity consumption by at least 5 % compared with the previous year received an energy bonus of Euro 15. This bonus rose to Euro 25 for electricity savings of 10 % upwards. In four changing campaigns within ten months, we rewarded the purchase of new energy-efficient appliances by offering scrapping incentives for old appliances in the form of an allowance of Euro 100. All of the campaigns were successful and 100 % of the available funds were exhausted by our customers. We have therefore decided to continue the campaign in the 2012/13 financial year as well.

Our Social Responsibility

MVV Energie's personnel strategy

To achieve our sustainability-driven company targets and uphold our competitiveness, we need high-performing, committed employees who support our objectives with their innovative capacity. That is particularly true for us as an energy company acting in a highly complex, rapidly changing environment.

To master personnel strategy challenges, such as demographic change, we are pursuing an innovative, forward-looking personnel policy which includes attractive personnel programmes. Only this way can we offer our employees a supportive, motivating working environment and recruit new high-performing employees. Good working conditions are a key aspect of an attractive employer brand. Further details about our employer brand can be found in the ▶ *Supplement on Page 8*.

Our personnel strategy has the priority target of reducing capacity risks and risks resulting from an aging workforce while at the same time increasing employees' job satisfaction. To achieve this target, we have identified five key strategic areas on which we will focus:

- Management and management development: promoting talent and management staff
- Working environment: upholding employees' performance capacity
- Organisational and cultural development: taking changing values seriously – change management as key
- Qualitative personnel planning: developing and retaining competencies
- Compensation management: devising innovative and attractive models.

Our personnel strategy on the one hand makes an important contribution towards securing our company's future. On the other hand, it underlines our social responsibility as an employer, an aspect to which we accord high priority.

We firmly believe that the consistent, sustainable and cooperative enhancement of our key personnel strategy focuses can produce only one outcome – excellent managers and high-performing, committed and satisfied employees.

Management and management development

Committed to enhancing management competence

Within our Management Development Programme, our top-tier managers are addressing the topic of "Organising and Managing Change and Decision-Making Processes". Drawing on the findings to date, in the year under report we dealt in greater depth with the "Analysing Problems" topic. This aims to make it easier for managers to reach sound decisions on complex issues.

We performed management appraisals in Mannheim in the 2011/12 financial year. In the year under report, managers and staff worked together to analyse the extent to which the measures derived from the appraisals had led to permanent changes in management conduct. We took a first step towards establishing this bottom-up appraisal approach at other locations and started with Soluvia GmbH. This company, which is present at the Mannheim, Kiel and Offenbach locations, performed a standardised bottom-up appraisal in an anonymised process for the first time in November 2012. The results of the appraisal were forwarded to managers and subsequently discussed in a workshop with employees. With the specific measures derived on this basis, we are supporting managers in extending their management skills and boosting cooperation.

High-quality further training

Within our Expert Programme, twelve specialists enhanced their advisory competence and learned new problem-solving techniques. They worked together to devise ways in which they can use their expertise to contribute to our company's further development. Those due to assume management positions in the near future were prepared for their roles within the Next-Generation Management Programme.

Given the expected implications of demographic developments, it is equally important to us to promote new employees and retain high-potential staff. With "energy@start", our new decentralised promotional programme, we support employees for one to three years after the completion of their studies or training by answering career-related questions. This eight-day programme concludes with a structured development plan. In the year under report, 16 employees in Mannheim and 12 in Kiel participated in the programme.

Working environment

Family-oriented personnel policies as key factor

We are convinced that companies benefit when their employees are able to do justice to both their professional and their private commitments. That is why we have supported our employees in improving their ability to combine family and work obligations for many years now. In Mannheim, Kiel and Offenbach, our large companies have already been audited and certified under the familieundberuf® certification scheme organised by the Hertie Foundation. The audit records the status quo of measures already on offer to improve employees' work/family balance. Carefully matched measures are then developed and implemented. Once the auditing process is complete, a certificate is issued and is confirmed in re-audits performed at three-year intervals. MVV Energie AG and Energieversorgung Offenbach AG were re-audited in 2011 and 2012 respectively. In the year under report, we implemented measures in Mannheim for the second re-audit due in the 2013/14 financial year.

At our locations in Mannheim, Kiel and Offenbach, we regularly inform our employees about the support opportunities available to employees caring for relatives. This information has been warmly received. In Kiel alone, 40 employees took part in the first information event. In the year under report, a project was launched in Kiel to take over the sponsorship concept that has already proven its worth in Mannheim for employees in maternity, paternity or nursing care leave. In this concept, employees on leave themselves choose a colleague who then accompanies them as their sponsor. In liaison with the respective manager, the sponsor communicates important information to the employee on leave.

We aim to make it easier for the parents we employ to return to work at an early stage after their maternity or paternity leave. Examples here include parent and child rooms (Mannheim, Kiel, Offenbach), our cooperation with a day-care facility close to the company (Offenbach) and our support for the "Kleine Stromer" parent initiative for the under-threes (Mannheim).

By providing a variety of working hour models, we offer our employees great flexibility. In the year under report, around 11 % of the MVV Energie Group's employees worked on a part-time basis. Of these, 76 % were women and 24 % men.

Healthcare promotion as key focus

Rising average and retirement ages among our workforce further increase the importance of the measures we offer to help our employees uphold their performance capacity and remain healthy, and thus also to reduce workforce aging risks for our company. We have offered numerous programmes and measures, such as those addressing the topics of nutrition and exercise, at our Group's various locations for several years now. One example here is the "Swing Active" programme in Ingolstadt. In Offenbach, the focus in the year under report was on psychological wellbeing, with workshops looking into stress prevention and how to improve employees' work/

life balance. In June 2013, numerous employees in Kiel took part in the "Health Day" performed in cooperation with health insurers, the state sports association and Christian-Albrechts-Universität.

The activities offered in our "Five-Star Health Programme" in Mannheim target individual groups of employees on a job-specific basis. Our industrial employees, for example, had the opportunity of taking part in a special programme aimed at helping them reduce individual health restrictions over a three-month period.

Since the year under report, the group programmes on offer at MVV Energie have also included "Generation M". Here, the focus is on employees in the middle of their lives. The pilot programme performed in the previous year, which aimed to promote continued employment and lifelong learning, received the "Employability Award 2012". Generation M targets experienced employees aged 45 upwards who aim to uphold and promote their willingness and ability to perform. This all-round programme addresses key areas of life – health, fitness, mental agility, nutrition and a career stocktaking process. Numerous small seminar units for the 18 participants from different company departments offer opportunities for information, discussion, self-reflection and practical exercises.

Promoting women

The fact that women account for a lower share of the workforce than men at the MVV Energie Group reflects the employee structure in the energy supply industry as a whole. As of 30 September 2013, women made up 27 % of our workforce (previous year: 26.5 %) while 73 % of our employees were men (previous year: 73.5 %). As the share of female employees is higher in younger age groups, the structure of our workforce will change in future (please see ▶ *chart on Page 85*). We have set ourselves the target of promoting women more effectively across all age groups and in management positions. Our collectively agreed payment structures in Mannheim, Kiel and Offenbach stipulate that positions are classified in line with requirements. This prevents any disparities arising between the compensation paid to female or male employees.

Share of women employees at the MVV Energie Group in %

Status: Balance sheet date at 30.9.2013	Mannheim location	Offenbach location	Kiel location
Total	27	29	29
in management positions (section head upwards)	12	20	9
Trainees	38	12	17
Junior Consulting Team/trainees	50	—	—

MVV Energie AG has joined the Project X company mentoring scheme, in which other well-known companies in the Rhine/Neckar metropolitan region are also involved. The aim is to boost women's management strengths by networking mentors and their mentees and by getting to know other organisations. In the year under report, five mentees and five mentors were selected and assigned partners at other companies.

Organisational and cultural development

Training measures

Given the changing framework and longer working lives, training is a key success factor enabling our employees to uphold their performance capacity. We are therefore making increasing use of both personal training measures and our group-wide personnel development programmes.

Change management

In the year under report, we trained 14 employees from Kiel, Offenbach and Mannheim as change managers. These employees should now accompany and support our workforce in forthcoming changes at the company. Due account is taken of employees' perspectives and of their expertise in managing change.

Dialogue with Executive Board in "Setting Course for the Future"

One firm component of our internal communications involves maintaining a close dialogue between Executive Board members and the workforce. Employees at our locations in Mannheim, Offenbach and Kiel and at our companies across Germany therefore take part in discussion rounds with Executive Board members. Here, they can talk openly about current topics and the company's strategy. This is particularly relevant given the process of transformation in the German energy supply system.

Qualitative personnel planning

Developing and retaining competencies

Based on our workforce age structure and personnel turnover rates, we can forecast how our employee totals will develop in the medium to long term. The resultant changes in terms of qualifications, competencies and expertise also have to be analysed on a forward-looking basis to enable us to react in good time to the qualitative requirements of the Group's business fields. We will therefore be introducing systematic qualitative personnel planning to facilitate optimal deployment of the competencies available at the Group, improve the transfer of expertise and build up new competencies.

Compensation management

We can offer our employees attractive compensation models based on collective and company agreements. Variable compensation incentives, life work time accounts and company pension schemes are just some examples of the possibilities on offer in our compensation system. Demographic change will nevertheless make it necessary to subject our compensation systems to repeated reviews in terms of their up-to-dateness and to align them both in respect of their flexibility for older employees and of their attractiveness for younger employees.

Development in personnel totals

The MVV Energie Group had a total of 5 459 employees as of 30 September 2013, and thus 82 employees fewer in total than at the same date one year earlier.

Personnel figures (headcount) at balance sheet date

	30.9.2013	30.9.2012	+/- change
MVV Energie AG	1 460	1 476	- 16
Fully consolidated shareholdings	3 694	3 775	- 81
MVV Energie AG with fully consolidated shareholdings	5 154	5 251	- 97
Proportionately consolidated shareholdings	305	290	+ 15
MVV Energie Group¹	5 459	5 541	- 82

1 including 369 trainees (previous year: 374)

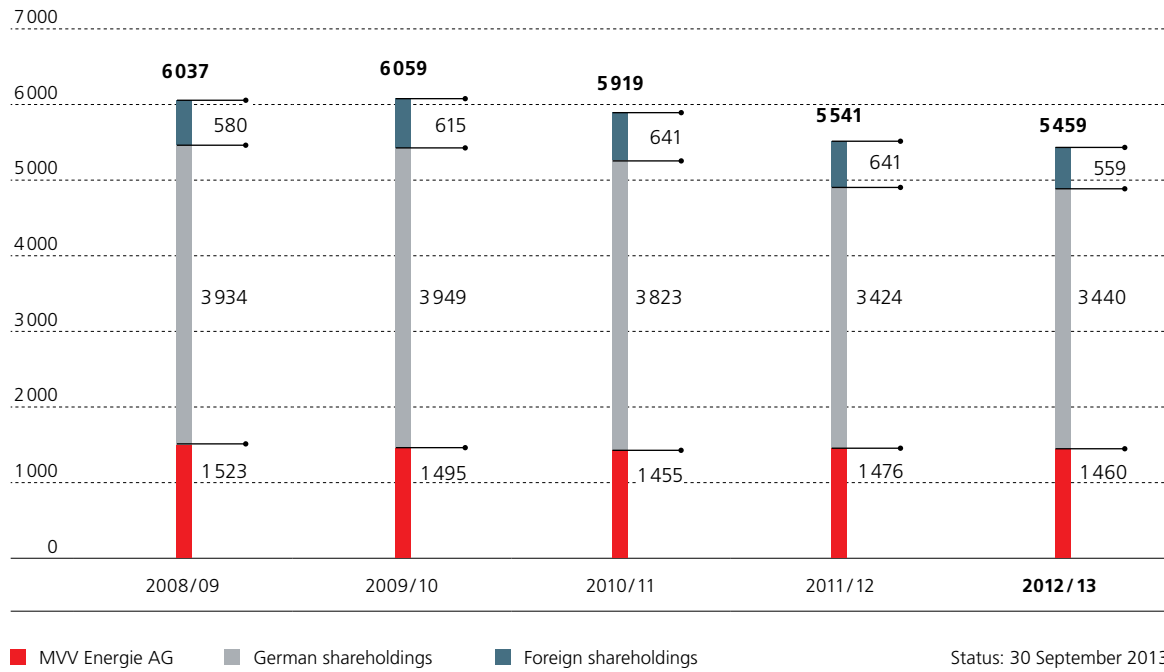
This reduction in personnel totals was mainly attributable to the fully consolidated Czech subgroup MVV Energie CZ, and here in particular to the sale of its 65.78 % stake in the district heating company Jablonecká teplárenská a realitní a.s. (JTR) to the town of Jablonec nad Nisou. Furthermore, we also made further scheduled reductions in personnel totals in the energy-related services business field.

These developments were countered by a slight increase in the workforce in the growth businesses of generation, environmental energy and sales. The staff cuts already resolved within our "Once Together" group programme in the 2010/11 financial year have been gradually implemented since then and are being handled in particular by way of part-time early retirement agreements.

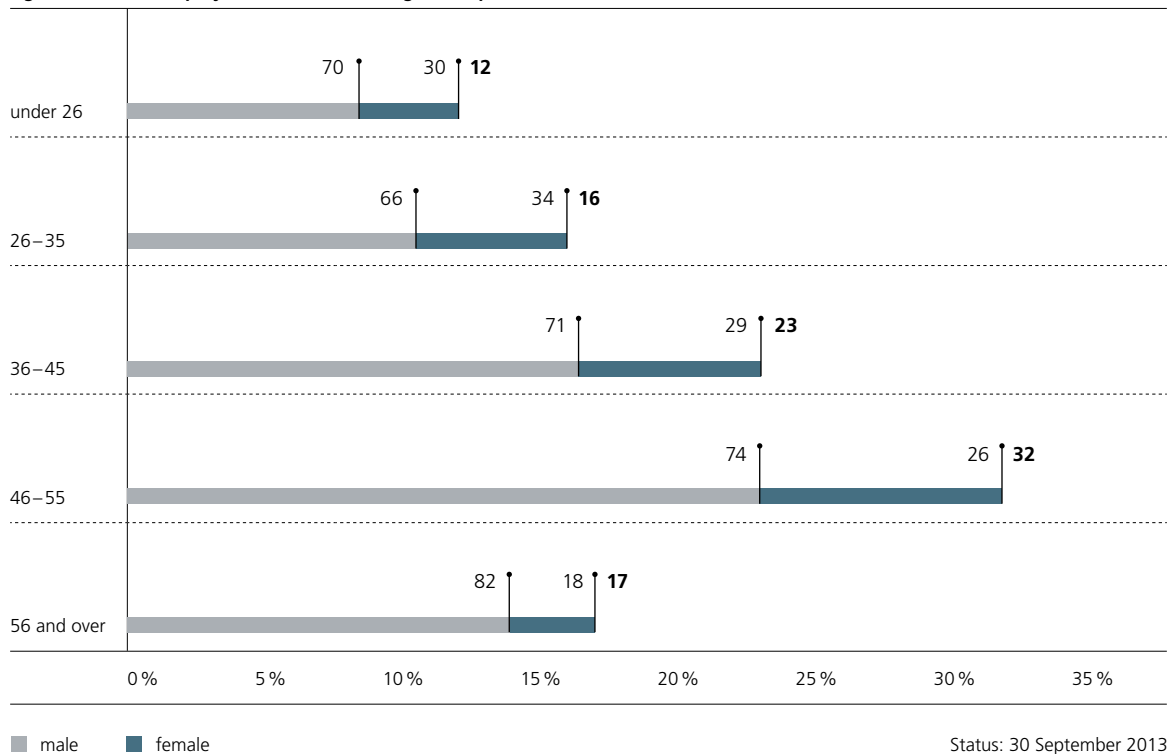
As in the previous year, our German companies had 4 900 employees at the balance sheet date. We had 559 employees abroad at the balance sheet date (previous year: 641), of which 555 at the Czech subgroup and 4 at the British subsidiary of the Umwelt subgroup. The UK employees are being supported by other specialists at the MVV Umwelt subgroup and by external companies in the construction of the energy from waste plant in Plymouth and the biomass power plant in Ridham Dock.

Our employees were on average 43.1 years old in the year under report (previous year: 43.0) and had worked at the company for an average of 14.9 years (previous year: 14.7). Our personnel turnover rate at the large companies in Mannheim, Offenbach and Kiel ranged between 3.6 % and 7.9 %. This largely involved age-related retirement. All of the employees at these companies are subject to collective pay agreements. Of our Group's workforce in the year under report, 4 781 employees, of which 1 266 women and 3 515 men, had permanent employment contracts, while 309 employees, of which 113 women and 196 men, had temporary employment contracts.

Employees of the MVV Energie Group (headcount)



Age structure of employees of the MVV Energie Group in %



Both MVV Energie AG and its shareholdings in Kiel and Offenbach exceeded the statutory severe disability employment quota of 5 %, with 5.4 % to 9.4 % of their workforces meeting this criterion.

Solid training and entry programmes to reduce capacity-related risk

A total of 368 young people, including students at the DHBW Baden-Württemberg Cooperative State University, were in training at the MVV Energie Group at the balance sheet date. We are continuing to maintain the number of training positions at the Group at very high levels and to train more young people than we actually require. This way, we are meeting our responsibility to society and securing good opportunities, particularly given demographic change, to cover our need for specialists in future as well.

We advertise our company with numerous campaigns. Our training is attractively structured and secures high quality standards. We take information events, such as "Girls' Day" or school project weeks, as an opportunity to present ourselves as an attractive employer.

In Mannheim, we are promoting particularly gifted trainees in a Talent Group, thus enabling them to prove their motivation and potential. In the year under report, we deployed our Talent Group at MVV Environment in Plymouth for a three-week project which included language training. What's more, together with other trainees and students the group organised a Knowledge Day in Mannheim. Here, interested employees had the opportunity to find out more about the megatrends topic addressed in the 2011/12 Annual Report.

To be attractive for university graduates, we act early to establish contact with students and offer a variety of entry programmes. In the previous year, the management consultancy Absolventa awarded its development programme quality seal to our programme in Mannheim. In our Junior Consulting Team, upcoming managers and future specialists address cross-divisional topics in an interdisciplinary team. We offer a trainee programme in Kiel, while Offenbach compiled a suitable concept in the year under report. Furthermore, Stadtwerke Kiel offered eight students the opportunity of taking part in a four-week basic electrical technology internship. Stadtwerke Ingolstadt was present at a regional training fair and is increasingly offering internships for bachelors and masters students. Based on the model of the "After Work Academy" (AWA), we have established a "Student Academy" in Mannheim, at which students and interns are introduced to various company departments with compact, varied presentations by MVV Energie experts. Via an online platform, we now also successfully offer AWA at our locations in Mannheim, Kiel and Offenbach.

Active occupational health and safety measures

Our occupational health and safety measures are organised on the basis of a management system consistent with the guidelines issued by the Federal Ministry of Labour and Social Affairs. Our employees' work safety is a matter of priority for us. The basic requirements of occupational health and safety include safe equipment and safety awareness on the part of our employees. To this end, we hold regular hazard assessments, training sessions and briefings. We review our safety standards with inspections and internal audits. The same high standards apply to employees of external companies as to our own employees. Our occupational health and safety experts and company doctors work together to implement the measures needed to meet statutory preventative health protection standards in line with the respective requirements.

In our technical departments, we have integrated a cross-divisional technical safety management system for gas, water, electricity and heating energy. This system has been audited and certified in line with the DVGW, AGFW and VDN specialist associations. Furthermore, we have implemented integrated management systems for Quality Management (ISO 9001), Environmental Protection (ISO 14001), Energy Management Systems (EN ISO 50001) and Occupational Health and Safety (BS 18001) at individual subsidiaries.

A total of 19.7 work-related accidents per 1 000 employees were recorded in the 2012 calendar year. This figure refers to the MVV Energie AG parent company, the Stadtwerke Kiel AG, Energieversorgung Offenbach AG and Stadtwerke Ingolstadt GmbH shareholdings, and MVV Enamic GmbH and MVV Umwelt GmbH. This results in a lost time injury frequency of 10.7 (LTIF – calculated as the number of work-related accidents per 1 000 000 working hours). No fatal accidents occurred.

Given the ongoing increase in the number of accidents on the way to work, we organised a Cycling Campaign Day at our Mannheim location. Not only that, we are also involved in the "Safe Journey to Work" initiative jointly organised by companies and associations in the Rhine/Neckar metropolitan region.

Compliance with codes of conduct and ethical standards

We have reported on our compliance management system and the requirements we place in major suppliers and service providers in our ▶ *Corporate Governance Declaration in our Corporate Governance Report from Page 105 onwards*. In that report, we confirm that once again in the year under report we did not identify any grave infringements of laws or of our internal codes of conduct. That is especially true of compliance with basic employee and human rights, an area of particular importance for MVV Energie.

Our Commitment to Society

The companies within the MVV Energie Group are major economic players at their locations. Part of the value they create flows back into their respective regions in the form of dividends, concession duties, trade taxes, property taxes and rent and lease expenses, thus boosting regional economic activity. Specific figures can be found in the ▶ *Value Added Statement in the Sustainability chapter on Page 71*. In their capacity as employers with a combined workforce of around 5 500 employees, with the investments they make and the orders they place with local suppliers, our companies secure jobs in their respective regions. Our high-quality training programmes, attractive jobs and personnel programmes, such as the assistance we provide to employees in combining their professional and family obligations – all these factors help us find and retain specialist staff.

A further sign of our responsibility towards society is our commitment to our regions and the people who live there. We provide targeted support in the fields of sport, culture, welfare, education and science. As the “Energiser of the Future”, we focus in particular on promoting upcoming talent. This promotion is always sustainable – after all, the young people will shape our future.

The support we provide at our locations

MVV Energie AG supports projects that reflect both its regional commitment and promote a positive image of the company outside its region and nationwide. We were one of the principal partners for the International German Gymnastics Festival held in Mannheim and the Rhine/Neckar metropolitan region in May 2013, for example, and thus made a key contribution to the success of this event.

The Mannheimer Adler (Eagles) are a highly popular ice hockey team in the Rhine/Neckar metropolitan region. They have their roots in Mannheim, but have also built up a nationwide reputation as one of the top teams in the German ice hockey league. That is one reason why we have supported the team since 2007. The longstanding successful cooperation between MVV Energie AG and the Mannheim Gymnastics and Sports Association (MTG) has been extended through to 2014, and that both for young people’s and popular sport and in the professional arena. Here, we act as principal sponsor for the outstanding MTG athlete Verena Sailer.

Since 2005, we have supported Nationaltheater Mannheim with its “Junge Oper”. This theatre project aims to motivate children and young people to discover the world of music and theatre for themselves – and thus represents an investment in the future cultural life of the Rhine/Neckar metropolitan region.

In the year under report, MVV Energie AG once again made Euro 100 000 available for the emergency assistance fund. In cooperation with independent welfare associations and the City of Mannheim, we thus help private customers who through no fault of their own find themselves in need to pay their energy and water bills.

With its Sponsoring Fund, MVV Energie AG has offered assistance twice a year to organisations and initiatives in Mannheim and the Rhine/Neckar metropolitan region since 2005 already. To date, the Fund has so far held 17 selection rounds and supported 375 projects in the fields of culture, sport, science and welfare. These activities mostly benefit young people.

Energieversorgung Offenbach AG (EVO) is also organising a sponsorship competition for the twelfth time already. Under its motto “Strong for the Region”, EVO promotes associations in recognition of their sporting, cultural, social and ecological commitment. With the “Offenbach moves ahead – Building a strong location together” association, EVO is working with other Offenbach-based companies, tradesmen, scientists and freelance professionals to help improve the town’s image. In its welfare activities, EVO is working to help unemployed young people find training positions via the “Joblinge” initiative. In its sporting activities, it is continuing its sponsorship of the Seligenstadt Athletics Association.

As part of its responsibility as a company and to promote a high quality of life in the region, **Stadtwerke Kiel AG** has supported numerous projects, campaigns and initiatives in Kiel and the surrounding area for years now. In its promotion of children and young people, the 24|sieben camp plays a special role. The idea behind this project, the only one of its kind in Germany, is that every child in Kiel should be enabled to try out sailing at least once. Since the first camp in 2003, around 65 000 children and young people have so far had the opportunity to gain their first experience of sailing.

Stadtwerke Ingolstadt Beteiligungen GmbH support sports and cultural events and promotes welfare organisations and associations in a variety of areas.

The flood disaster in Sachsen-Anhalt in June 2013 also mobilised employees at **Köthen Energie GmbH**. The energy supplier sent two employees with a company vehicle to the town of Aken, located directly on the River Elbe and 14 kilometres from Köthen, to help the local population. Not only that, numerous volunteers from the company also offered assistance in the areas affected by the flood.

OPPORTUNITY AND RISK REPORT

The energy policy changes in Germany present energy industry players with great challenges – we are in the midst of a protracted, challenging process of transformation. This process has on the one hand led to increased business risks for MVV Energie but on the other hand also harbours opportunities. We intend to exploit these opportunities by further developing our business model.

In this chapter we present the risk management system in place at the MVV Energie Group, comment on the development in the overall situation and show the six major categories to which we assign potential opportunities and risks. We report on our internal control system in respect of the financial reporting process ► *from Page 94 onwards*.

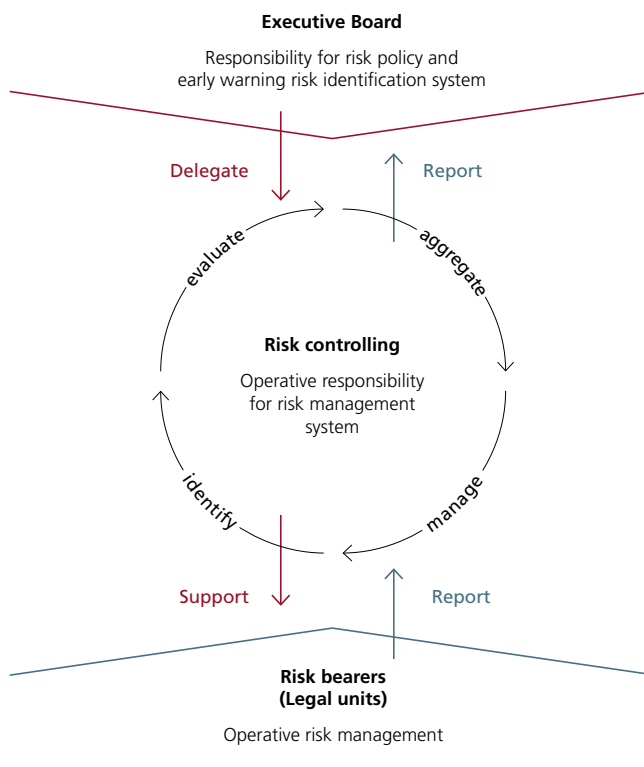
Description of risk management system

Having an effective strategy in place to handle opportunities and risks is a factor of great significance for the MVV Energie Group. With our opportunity/risk management, we pursue the objective of minimising any significant variances from our budgeted adjusted EBIT. We systematically identify, evaluate and manage the risks and opportunities detected and aggregate them into an opportunity/risk profile with which we monitor developments in the financial year. There are no risks relevant to our business that we either do not record or avoid as a matter of principle. When assessing the expected values relevant to our earnings and in the following presentation of risk categories, our risk evaluations account for the countermeasures already in place. The risks are thus considered on a net basis. In our adjusted EBIT forecast we have carefully weighed up and accounted for opportunities and risks. Future developments and events may nevertheless result in negative or positive variances to the forecast for MVV Energie.

The risk management system we have established on a group-wide basis covers the companies consolidated in the consolidated financial statements and is consistent with best practice at industrial companies.

The Executive Board lays down the risk policy and determines the processes, responsibilities and analytical methods used to assess risks. The Risk Management Handbook is available to all employees on the intranet. We ensure that risks are continually monitored by making sure that our central risk controlling function – that is responsible for the centralised monitoring of group risk positions – works closely together with risk managers at the business units. These risk managers are also responsible in each case for the earnings at their respective business unit.

Risk management system at the MVV Energie Group



Operative risk management takes place in the business units. These regularly review their current business situation and identify any material opportunities and risks. Risk managers also assess the extent to which opportunities and risks could impact financially on the budgeted level of adjusted EBIT. Risk managers regularly report their assessments in standardised form to the central risk controlling function. They are responsible for taking suitable measures to manage these risks.

The central risk controlling function pools the opportunities and risks for the Group and its subgroups and also lists the largest single risks separately. The Executive Board receives a detailed risk report on the Group's opportunity/risk situation each month. The Supervisory Board is informed on a quarterly basis. Urgent cases are reported immediately to the Executive Board, which then in turn informs the Supervisory Board.

One key component of our risk management involves developing and implementing measures enabling risks to be avoided, reduced or passed on. The deliberate assumption of risks may also form part of a successful risk strategy in cases where the risks are offset by corresponding opportunities or other possibilities of compensation.

We are continuously enhancing our risk management system. In the year under report, however, we did not make any material changes. Our internal auditors and the external auditors inspect the basic foundations of the system in terms of their effectiveness each year and in particular to ascertain whether the system meets the requirements of § 91 (2) AktG.

Executive Board summary

The entrepreneurial framework in which energy industry companies operate has deteriorated compared with previous financial years:

Competitive pressure has intensified sharply and has been accompanied by a noticeable increase in uncertainty, particularly in terms of energy policy decisions. Planning reliability has declined. The energy industry still has to expect fundamental changes, an unstable underlying framework and volatile energy markets. Accordingly, our future business activities now involve greater risks.

In view of these factors, the Executive Board concludes that the overall risk situation has deteriorated compared with the previous year. This is also apparent in the overview below.

From the perspective of the Executive Board of the MVV Energie Group, there are and were nevertheless no indications that any risks, either individual or aggregate, could have endangered the continued existence of the overall company or of any material group company in the period under report or could do so in future. There were no material changes in our Group's risk situation between the balance sheet date on 30 September 2013 and the preparation of the 2012/13 consolidated financial statements.

The following factors are especially significant for the development in our business results:

- Weather conditions
- Stable operations at our plants
- Price and volume fluctuations on procurement and sales markets
- Changes in the legislative framework
- Interventions by regulatory authorities.

We have subdivided the factors which could influence our business performance and our net asset, financial and earnings position into the following six categories.

Price risks and opportunities

Price risks and opportunities with the potential to positively or negatively influence our Group's earnings include: fluctuations in energy prices on both procurement and sales markets, and exchange rate and interest rate movements. Overall, based on our internal weighting our assessment of the future risk situation within price risks has increased.

Detailed information about financial instruments – which we chiefly deploy to limit risks – can be found in the ► *Notes to Consolidated Financial Statements on Pages 149 to 156.*

Expected risk situation at the MVV Energie Group

OVERALL DEVELOPMENT IN RISK SITUATION	Price risks	Operating risks	Volume risks	Legislative risks	Financing risks	Strategic risks
	<ul style="list-style-type: none"> • Market prices (incl. clean dark spread) • Exchange rates • Interest rates 	<ul style="list-style-type: none"> • Plant operation • Construction projects • Personnel • IT/model/organisation/security risks 	<ul style="list-style-type: none"> • Fluctuations in volumes due to: <ul style="list-style-type: none"> – Weather factors – Competition – Efficiency • Procurement (incl. fuel quality) 	<ul style="list-style-type: none"> • Regulation • Legal risks 	<ul style="list-style-type: none"> • Receivables default • Liquidity • Refinancing • Countries 	<ul style="list-style-type: none"> • Strategic decisions (incl. investments)
↗	↗	↗	→	→	→	↗

→ unchanged ↗ increased ↘ reduced

Fluctuations in the clean dark spread (CDS)

The clean dark spread (margin achieved from generating electricity from hard coal) is calculated as the difference between electricity revenues on wholesale markets on the one hand and the costs incurred to generate the electricity on the other hand. These generation costs mainly involve coal costs (including transport costs and the euro/dollar exchange rate) and CO₂ emission rights. We have a group-wide systematic approach in place to observe, evaluate and manage the potential implications of price fluctuations for our generation portfolio management.

The CDS persisted at a historically low level in the 2012/13 financial year. We therefore view the risks in connection with the CDS as having increased. The low CDS is negatively affecting our earnings from marketing power plant capacities in the Trading and Portfolio Management reporting segment.

Opportunities can only arise when the generation margin has significantly improved once again.

Fluctuations in energy market prices

We procure the predominant share of the energy volumes our sales department requires for supplies to our customers on the energy trading market. MVV Trading GmbH, our energy trading subsidiary, hedges the corresponding transactions in line with the applicable hedging regulations. We cover our energy volume requirements up to three calendar years in advance. This enables us to increase our earnings consistency in the Trading and Portfolio Management and Sales and Services reporting segments and to act early to reduce uncertainties for subsequent financial years. Our energy trading thus actively limits the scope of our risk position.

Exchange rate movements

The risks and opportunities resulting from exchange rate movements were previously only of subordinate significance for our business.

Due to our activities in the UK, where we are building an energy from waste plant in Plymouth and a biomass power plant in Ridham Dock, the euro/sterling exchange rate is set to become a more important factor for the Group. To account for this, we acted early to develop a corresponding hedging strategy. Thanks to this, exchange rate movements will not yet have any significant negative impact on earnings in the Generation and Infrastructure reporting segment in the 2013/14 financial year either. A positive impact is possible. Once the plants commence operations, exchange rate movements will gain in significance for our Group. We will act early to hedge the resultant risks as appropriate.

Interest rate movements

Our finance department monitors interest rate risks, which potentially result above all in connection with the financing of large projects, and hedges these to minimise risks. Our assessment of this risk position, which relates to the investment-intensive Generation and Infrastructure reporting segment, is unchanged.

Operating risks and opportunities

Operating risks and opportunities chiefly arise for MVV Energie in connection with the construction and operation of energy generation plants. Overall, based on our internal weighting our assessment of the future risk situation within operating risks and opportunities has increased.

Uncertainties resulting from plant operation

In the Generation and Infrastructure reporting segment, the operation of energy generation plants can result in significant operating uncertainties for our Group. There has been no change in the potential impact of this risk position on our budgeted adjusted EBIT compared with the previous year. Any unscheduled downtime at a plant would mean on the one hand that we might not be able to produce the budgeted volumes and on the other that we might face additional costs, for example to repair the plant or to procure substitute supplies for our customers. We reduce downtime risks by performing regular maintenance and monitoring measures in our plant operations. Furthermore, we invest in the upkeep of our plants. We nevertheless cannot exclude the possibility of downtime. We have concluded suitable insurance policies to limit the potential damages.

When we succeed in undercutting planned inspection periods or when plant availability exceeds the previously expected hours of use, then this gives us opportunities to achieve higher generation volumes and lower costs.

Risks resulting from progress with construction projects

The construction of new generation plants mostly requires long planning and construction periods. Our budgeted adjusted EBIT may be negatively affected if any delays arise in projects or if developments on the ground mean that costs are higher than budgeted. During the planning stage we therefore pay particular attention to ensuring that projects are robustly designed and budgeted. We involve the relevant specialist departments in our thorough project planning review. We work with state-of-the-art project management methods to limit any potential delays during the construction stage.

We launched a further project in the year under report – the construction of the Ridham Dock biomass power plant in the UK. Together with the energy from waste plant in Plymouth, UK, and Block 9 at the large power plant in Mannheim (Grosskraftwerk Mannheim – GKM), three major new construction projects are underway, alongside several comparatively small-scale projects. Based on these three large-scale projects, we view the risks resulting from progress with construction projects in the Generation and Infrastructure reporting segment as having increased.

Opportunities may arise to a minor extent in cases where the company manages to complete construction projects ahead of schedule, thus enabling operations to begin at an earlier date.

Personnel developments

We also monitor potential personnel-related risks. One example here is demographic change, which may lead to capacity risks and risks resulting from an aging workforce at companies in the MVV Energie Group as well. These risks could affect all reporting segments to varying degrees depending on the specific location. Well-qualified employees form the basis of our company's success. We therefore aim to be known as an attractive employer among potential employees. We also minimise our personnel risks with numerous measures, such as targeted personnel development and by helping employees to combine their family and work commitments. Detailed information about these measures can be found in the chapter ► *Sustainability from Page 82 onwards*. As in the previous year as well, we only see a low risk of being unable to find suitable replacements for key positions. Should our employee acquisition and retention programmes be more successful than expected, then opportunities would arise to attract especially desirable potential to our company. Information about our pension obligations can be found in ► *Notes to Consolidated Financial Statements from Page 143 onwards* (Provisions for pensions and similar obligations). Factors which could potentially result in pension obligation risks were already accounted for in pension surveys and have been factored into our budgets.

IT, model, organisation, and security risks and opportunities

The ability to store data safely and use information technology without interruption is important for all business processes. We counter potential IT risks with extensive technical and organisational measures, such as permanent data reflections between production computers and geographically separate backup computers. We have set up redundant copies for the most important hardware components and have established a backup computer centre. From our perspective, IT risks are thus only of subordinate significance for our Group. The same applies for model, organisation and security risks and opportunities.

Volume risks and opportunities

Fluctuations in volumes may impact positively or negatively on earnings from our business activities both on the procurement side and on the sales side. Overall, our assessment of the future risk situation within volume risks has remained unchanged.

Fluctuations in volumes due to changes in economic conditions

MVV Energie is affected by macroeconomic developments only indirectly. Any downturn in production at our major industrial and commercial customers due to economic circumstances may result in their procuring less energy from us. Conversely, any increase in our customers' output leads to opportunities for higher turnover.

Commercial waste volumes may also increase or decrease in line with production volumes. Our materials flow management enables us to react flexibly to any changes in regional market conditions and thus to counter potential volume risks for our plants. Revenues may nevertheless fall short of our expectations – even with high capacity utilisation rates at our energy from waste plants – if earnings are negatively affected by poor fuel quality. This is not automatically the case. After all, when the calorific value of the waste is lower than expected, then larger volumes can be incinerated if necessary. This in turn leads to rising waste revenues, as waste prices are based on weight.

There have been no changes in the risks resulting from volume fluctuations in the Generation and Infrastructure reporting segment.

Fluctuations in volumes due to weather conditions

Our business performance is always affected by weather conditions as well, as we supply many of our customers with district heating and gas during the heating period (October to April). Weather-related factors thus harbour risks and opportunities for all of our reporting segments. Opportunities arise for us when weather conditions are colder than expected. This was the case in the 2012/13 financial year, which was characterised by a prolonged period of cold weather extending beyond the usual heating period. This impacted positively on district heating and gas turnover and on the resultant adjusted EBIT in the Sales and Services, Strategic Investments and Generation and Infrastructure reporting segments.

Fluctuations in volumes due to competition or efficiency

Competitive pressure has intensified in the liberalised energy market. Where Customers decide to switch to other providers, this leads to downturns in volumes at our Group. Efficiency measures on the part of our customers, such as heat insulation, may also lead to changes in consumption patterns and to lower volumes. We are seizing the opportunities presented by the liberalised market. We are strengthening our customer retention and our opportunities to acquire new customers, for example by offering innovative, competitive products with substantial customer benefits, such as the Electricity/Gas Energy Fund, which is being continually enhanced. Despite increasingly tough competition, we therefore do not see any change in the risks arising in this regard in the Sales and Services reporting segment.

We only see low risks in connection with expiring concession agreements, as we traditionally maintain strong, partnership-based links with the respective municipal owners.

Legislative risks

Our business performance may be influenced by factors resulting from regulation or from legal risks. We pool these two items under legislative risks. Overall, based on our internal weighting our assessment of the future risk situation within legislative risks remains unchanged.

Regulatory risks

Regulatory risks mainly arise from authorities, such as the Federal Network Agency (BNetzA), or cartel offices, intervening in price structures. In the past, this mostly related to grid utilisation fees, which were fixed by the BNetzA. The process to set revenues at electricity and gas grid operators in the second regulatory period has not yet been completed. It is becoming apparent, however, that the risks in terms of our planning have reduced – we had budgeted our future grid revenues with due caution. As is true of all players in the energy industry, we cannot exclude the possibility of our water or district heating prices also being subject to review or of at least the cartel authorities imposing price reductions. Regulatory risks are particularly significant for the Generation and Infrastructure reporting segment. Depending on the new structure of the German Renewable Energies Act (EEG), our existing business or planned growth may be negatively affected by amended legislative requirements, for example due to changes in the rates of renewable energies feed-in compensation governed by EEG legislation. We expect the introduction of more clearly competitive structures in the energy system to have positive implications for our company. The possibility of the government making decisions that negatively affect our adjusted EBIT cannot be excluded. Regulatory risks are chiefly of relevance for the Trading and Portfolio Management and Sales and Services reporting segments.

To counter regulatory risks, we play an active role in the political opinion-forming process. Detailed information about this can be found in the chapter ► *Business Report from Page 46 onwards*.

Legal risks

The legal risks faced by MVV Energie chiefly arise in connection with court cases, product liability or onerous or unenforceable contracts. All of our reporting segments are exposed to these risks. Our group legal department limits these risks by suitably negotiating and drafting the corresponding contracts. Furthermore, we have a Compliance Management System in force across the Group that also serves to avoid infringements of the law. Information about this can be found in the chapter ► *Corporate Governance from Page 105 onwards*.

MVV Energie has filed an appeal against the administrative decision taken by the Federal Network Agency concerning the allocation for 2011 pursuant to § 19 (2) of the Electricity Grid Fee Ordinance (StromNEV). The appeal relates to the requirement as to how those grid fees from which electricity-intensive companies are exempted should be handled. The Federal Network Agency determined that revenues which grid operators failed to receive due to this exemption in 2011 should not, as previously provided for in the StromNEV ordinance, be settled by transmission grid operators (TGOs), but should rather be offset within the regulatory account. Our grid company Netrion GmbH is insisting on the settlement by analogy with § 9 of the German Cogeneration Act (KWKG) originally provided for in § 19 (2) StromNEV. The resultant proceedings had not reached any conclusion upon the preparation of this Annual Report.

MVV Energie's business activities are also exposed to risks resulting from verdicts passed in connection with price adjustment clauses. For our company, this factor may also generate uncertainties in terms of the structure of future contracts.

Legal risks have increased.

Financing risks

Financing risks mainly involve receivables default and liquidity risks. Overall, based on our internal weighting our assessment of the future risk situation within financing risks has remained unchanged.

Receivables default risks

Receivables defaults arise when customers or business partners fail to settle our invoices, or only in part. Receivables default risks relate in particular to long-term supply relationships, such as contracting agreements. To limit our risk, we select our business partners with due commercial prudence. Moreover, we diversify our portfolio to avoid any cumulative cluster of default risks. We check the creditworthiness of our customers. Where necessary, we agree additional deposits of security and guarantees. Receivables default risks apply for all reporting segments. In the Sales and Services reporting segment, we assess this risk as having increased.

Liquidity risks

We still see only a low risk of being unable to procure the liquid funds we need, or only at increased cost. We benefit from our group-internal cash pooling, which enables us to minimise our liquidity risk and, alongside this, to positively influence our net interest result. We cover our long-term capital requirements with promissory note bonds, among other instruments. Information about our repayment maturity profile can be found in the chapter ► *Business Report on Page 63*.

Country risks

Country risks may arise for us due to a state being unable or unwilling to meet its payment obligations. Transfer risks may also play a role in this respect. These risks relate to the Sales and Services reporting segment and, as in the previous year, only played a subordinate role for us.

Strategic risks and opportunities

The MVV Energie Group's sustainable success is dependent on the strategic decisions we take, and thus on the answers we find to the questions as to which markets, technologies, companies or projects we should invest in, and the decisions we take as to the timing and scope of such investments. Investments in the energy industry mainly involve energy generation and distribution plants, i.e. long-term tangible assets. We work with a strategic planning process to identify the potential which new markets and technologies harbour for our Group. We reach our strategic decisions based on in-depth market and competitive analyses and on thorough viability calculations.

In close liaison with the Executive Board, our group strategy department continually monitors the Group's strategic alignment and adjusts this in line with any change in circumstances.

We budgeted an investment programme of Euro 3 billion within our MVV 2020 strategy project. Over the past four years, we have already implemented or reached binding decisions for an investment total of around Euro 2.1 billion. It is important for our budgeted adjusted EBIT that our strategically important investments should generate the expected revenues. We review our investments in line with our internal investment guidelines and involve our specialist departments in this process. However, any erroneous assessments of planning processes, future profitability, the necessary financing framework and potential risks at shareholdings, business fields or also individual projects may lead to downturns in the budgeted level of adjusted EBIT in future financial years.

Our company too has witnessed a reduction in planning reliability due to the conversion in the German energy supply system. We therefore view the future risk situation within strategic risks as having increased.

Seizing opportunities

Alongside the risks resulting from the fundamental upheaval in the energy industry, this process is also giving rise to opportunities for value-adding growth in the medium and long term. Thanks to our group companies' strong municipal and regional roots and given our broad-based business portfolio along the entire value chain, we believe that by implementing our growth programme we will be well positioned to benefit in economic terms from the opportunities offered by the system change in the energy industry. By launching our MVV 2020 project in 2009, we acted early to realign our Group towards a new energy system. The strategy of the MVV Energie Group is outlined in the chapter ► *Group Fundamentals from Page 38 onwards*. Information about the opportunities available to our company can also be found in the chapter ► *Outlook from Page 97 onwards*.

INTERNAL CONTROL SYSTEM (IKS)

Scope of the Internal Control System (IKS)

The internal control system (IKS) in respect of the financial reporting process established pursuant to § 289 (5) and § 315 (2) No. 5 of the German Commercial Code (HGB) forms an integral component of the accounting and financial reporting processes at all locations of the MVV Energie Group. We thus pursue the objective of ensuring the correctness and reliability of uniform financial reporting across the Group, including the preparation of the consolidated financial statements and management reports. This also enables us to make sure that the company complies with legal requirements and its internal guidelines.

By means of the IKS system, we have achieved greater transparency at our group of companies concerning all commercial processes that are important for the consolidated financial statements and management reports of MVV Energie AG. The internal control system in respect of the financial reporting process covers the financial reporting at the entire MVV Energie Group and lays down principles, procedures, regulations and measures to ensure the complete, accurate and prompt recording of business transactions in line with legal requirements. Alongside the principles of proper accounting, these include the requirements of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG), as well as the supplementary requirements of the Articles of Incorporation. As MVV Energie AG is a publicly listed company, application is also made of the Corporate Governance Code in its latest version. Moreover, we compile an annual compliance management report informing readers whether legal requirements have been complied with. Further information about this can be found in the chapter ► *Corporate Governance from Page 105 onwards*.

Members of the Executive Board, managing directors at our subsidiaries and select division and group division heads at the MVV Energie Group are internally required to submit a balance sheet oath on a quarterly basis.

Basic features and organisation of IKS system

The consolidated financial statements of the MVV Energie Group are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the supplementary requirements of commercial law set out in § 315a (1) of the German Commercial Code (HGB). Prior to adoption and subsequent publication, the financial statements are inspected by the Audit Committee and the Supervisory Board. The consolidated financial statements of the MVV Energie Group are prepared centrally in the commercial division in Mannheim. Key accounting questions at the Group are dealt with by the accounting and tax department, which also acts as a contact partner for subsidiaries.

We prepare the consolidated financial statements in a multi-stage process and with the assistance of SAP consolidation software. Individual subsidiaries prepare their financial statements, which are audited by the respective auditor and then combined in the consolidated financial statements at MVV Energie AG. Individual processes which could indirectly influence our financial reporting, such as the invoicing service, are localised at our shared service company. We have laid down our company's general consolidation procedures in writing and monitor these when preparing the financial statements. All companies we include in the consolidated financial statements are subject to uniform accounting and reporting guidelines applicable for the consolidated annual and quarterly financial statements. These include a description of the accounting policies applicable in accordance with IFRS and the accounting requirements typical for our company, such as the treatment of our regulatory obligations. We collect further qualitative and quantitative information relevant to our accounting and the preparation of our financial statements within our financial statement preparation processes. We regularly discuss these with the relevant specialist departments within a predetermined procedural framework. To ensure completeness, we record this information in our quality assurance processes. We have subdivided our day-to-day accounting and the preparation of annual financial statements into functional process steps and established automatic or manual checks for these steps.

The basic principles underpinning the IKS system in terms of its structures and processes include:

- dual control principle
- consistent implementation of the separation of functions
- guidelines, process instructions and approval processes supported by an internal information and communication system.

We have established supervisory checks across all hierarchical levels.

The combined management report – applicable both for the MVV Energie Group and for MVV Energie AG – is prepared by the finance and investor relations department.

We have identified those risks which could counter the objective of publishing our consolidated financial statements in line with the respective norms by closely analysing the necessary processes and interfaces, training the employees involved and laying down the relevant schedule in great detail. Our IKS serves to avoid those risks of material misstatements in our consolidated financial statements, combined management report, and quarterly and half-year financial reports which could arise due to errors or fraud.

Uniform standards across all locations

The commercial division at MVV Energie AG is responsible for the internal control system in respect of the financial reporting process, as well as for preparing the separate financial statements of MVV Energie AG and the consolidated financial statements. Equivalent internal control systems based on uniform standards are in application across the MVV Energie Group. To meet the demand for an IKS that is documented and comprehensible in all of its stages, MVV Energie AG successfully implemented a standardised approach to document the relevant processes and checks in the 2009/10 financial year already. The most important companies have their own IKS managers to monitor IKS documentation on company level in line with a standardised process and to report regularly to the IKS managers at MVV Energie AG. Compliance with this standardised approach is monitored across all locations by MVV Energie AG. The results are summarised in a report which then serves as the basis for IKS reporting to the Audit Committee.

The structure of processes in the departments involved in preparing the financial statements of MVV Energie AG is presented using a special software and published on the intranet. Regulations governing individual cases and describing the relevant processes in greater detail are deposited as additional information within the process description. The financial statements are prepared within a firmly fixed schedule. This schedule, which covers all divisions required to supply data for the preparation of the financial report, must be strictly adhered to. The punctual delivery of information within the respective deadlines is permanently monitored and the data thereby submitted is documented. Both processes are standardised and comprehensible in all of their stages.

The accounting department is supported by an integrated Enterprise Resource Planning (ERP) system. The validations set up in the ERP system check the validity of the data. This facilitates system-based error avoidance from the outset. Moreover, the ERP system includes a user authorisation concept intended to exclude the possibility of any unauthorised access to data and systems, or to system settings, entry and reporting functions.

Regular reporting

The group controlling department regularly monitors compliance with the targets set in the business plans adopted by the Supervisory Board, as well as identifying variances to the previous year's business performance. To this end, an extensive report is prepared for the Executive Board each month in which the business performance is presented in detail by reference to the comments received from individual business fields. Based on the insights thereby gained, measures are proposed to enable the Executive Board to manage the MVV Energie Group's business on this basis.

Responsible supervision of IKS and RMS

The Executive Board members and managing directors of consolidated subsidiaries are responsible for implementing, maintaining and supervising the internal control and risk management systems. They are supported in this by the group internal audit department. Within its risk-based audit planning, this department audits the internal control and risk management system in place at the MVV Energie Group, identifies any weaknesses and monitors the implementation of improvements introduced to remedy any such weaknesses.

As the superordinate bodies, the Supervisory Board and Audit Committee of MVV Energie AG and the supervisory boards of consolidated shareholdings also check each year whether the internal control and risk management system is appropriate in terms of its structure and functionality. They thus form a key component of the internal monitoring system within the MVV Energie Group.

BASIC FEATURES OF COMPENSATION SYSTEM

We have presented the basic features of the compensation system and disclosures concerning the compensation of members of the Executive and Supervisory Boards for the 2012/13 financial year both in the ► *Compensation Report from Page 109 onwards* and in the ► *Notes to 2012/13 Consolidated Financial Statements from Page 160 onwards*. This report takes due account of the requirements of the German Commercial Code (HGB) and of International Financial Reporting Standards (IFRS), as well as of the recommendations of the German Corporate Governance Code.

The Executive Board compensation system conforms to the legal requirement that variable compensation should be aligned to the company's sustainable performance and based on multiyear targets. For its activity, the Executive Board receives total compensation that is divided into fixed and variable components. Variable compensation is based on two components. Executive Board members are granted an annual bonus to account for the operating performance of the MVV Energie Group. This is based on the adjusted EBIT of the MVV Energie Group less restructuring expenses. Furthermore, Executive Board members receive a sustainability bonus to compensate any increase in the company's profitability measured over a three-year period. This is based on the average ROCE (Return on Capital Employed) before IAS 39 items of the MVV Energie Group for the year under report and the two preceding financial years. Both components are subject to suitable minimum thresholds and caps.

TAKEOVER-RELATED DISCLOSURES

The management report and group management report include takeover-related disclosures pursuant to § 289 (4) and § 315 (4) of the German Commercial Code (HGB). The Executive Board has examined these disclosures and offers the following explanatory comments:

Composition of share capital

The company's share capital amounted to Euro 168 721 397.76 in total at the balance sheet date (30 September 2013) and was divided into 65 906 796 individual registered non-par shares with a prorated amount in the share capital of Euro 2.56 per share. Each share entitles its holder to exercise one vote at the Annual General Meeting of MVV Energie AG, as well as to the rights and obligations accruing to it by law and in the Articles of Incorporation.

Restrictions on voting rights and on transferability

There are no restrictions on voting rights or on transferability. No corresponding agreements between shareholders are known to the Executive Board. There are no shares with special rights lending powers of control.

Direct or indirect capital shareholdings exceeding 10 % of voting rights

The City of Mannheim indirectly held 50.1 % of the shares in MVV Energie AG at the balance sheet date, while RheinEnergie AG, Cologne, held a direct stake of 16.3 % and EnBW Energie AG, Karlsruhe, directly held 15.1 % of the shares.

Control of voting rights

There is no control of voting rights as defined in § 289 (4) No. 5 and § 315 (4) No. 5 of the German Commercial Code (HGB).

Regulations for appointment and dismissal of Executive Board members and amendments to Articles of Incorporation

The appointment and dismissal of Executive Board members is based on § 76 et seq., and in particular § 84 et seq. of the German Stock Corporation Act (AktG), and on § 30 et seq. of the German Code-termination Act (MitbestG). In line with the company's Articles of Incorporation, the Executive Board consists of at least two members. The Supervisory Board is responsible for determining the number of members, their appointment and dismissal. Members are appointed for a maximum period of five years, with repeated appointments permitted.

Amendments to the Articles of Incorporation must be undertaken in accordance with § 133 and § 179 et seq. of the German Stock Corporation Act (AktG). Pursuant to § 11 (3) of the company's Articles of Incorporation, the Supervisory Board is authorised to approve amendments to the Articles of Incorporation that only affect the respective wording. Pursuant to § 19 (1) of the Articles of Incorporation, a simple majority of the share capital with voting entitlement participating in the adoption of a resolution is also sufficient to amend the Articles of Incorporation, unless mandatory legal provisions require a larger majority.

Powers of Executive Board to issue and buy back shares

By resolution on 12 March 2010, the Annual General Meeting authorised the Executive Board until 11 March 2015 to acquire treasury stock up to an amount of Euro 16.9 million. This was equivalent to 10 % of existing share capital upon adoption of the resolution.

The Executive Board of MVV Energie AG has not yet made any use of this authorisation.

Compensation agreements and change of control clauses

There are no provisions in material agreements at MVV Energie AG governing any change of control due to a takeover bid (change of control clauses). The company also has not concluded any compensation agreements with members of the Executive Board or employees for the event of a takeover bid.

EVENTS AFTER BALANCE SHEET DATE

Over and above the factors outlined below, no material changes arose in the underlying framework for our business between the balance sheet date on 30 September 2013 and the preparation of the 2012/13 consolidated financial statements.

EEG allocation set to rise to record high from 1 January 2014

Higher state allocations, state duties and grid fees are due to come into effect as of 1 January 2014, as are increased expenses due to legal invoicing and information technology requirements. The largest single item is the green electricity allocation (EEG allocation), with which the expansion in renewable energies is subsidised. This allocation will increase from 5.277 cents per kWh to 6.240 cents per kWh as of the new year. According to the German Association of Energy and Water Industries (BDEW), state duties and taxes will then account for around 52 % of the electricity price in 2014. Energy suppliers have no influence over the increase in taxes, duties and allocations as of 1 January 2014, which will lead to electricity price adjustments at MVV Energie as well. Due to the more favourable procurement costs achieved with our professional trading activities, MVV Energie will nevertheless be able to effectively limit this price increase.

New Sales Director at MVV Energie AG

Ralf Klöpfer joined the Executive Board of MVV Energie AG as of 1 October 2013. He has assumed responsibility for the sales division, thus succeeding Matthias Brückmann following his departure from the company. Alongside directly related sales activities, the sales division at MVV Energie AG also includes the trading and portfolio management and energy-related services business fields.

Approval of Block 9 at GKM definitively confirmed

On 24 October 2013, the Federal Administrative Court (BVG) in Leipzig upheld the verdict passed by the 10th Senate of the Baden-Württemberg Higher Administrative Court (VGH Mannheim) in July 2011, which had rejected the petition filed by Friends of the Earth Germany (BUND) against the immission control approval of Block 9 at the large power plant in Mannheim (Grosskraftwerk Mannheim – GKM). According to the Federal Administrative Court (BVG), the granting of approval for the construction and operation of Block 9 did not contravene any public law requirements. The verdict passed by the Federal Administrative Court (BVG), which has the highest judicial authority, means that the verdict previously adopted by the administrative court in Mannheim is now legally valid. The scheduled progress of construction work was not influenced by this legal case. The new Block 9 at GKM is expected to commence operations in the course of the 2015 calendar year and will then replace the older Blocks 3 and 4.

OUTLOOK

Executive Board forecast business performance

The far-reaching transformation in the energy industry will continue to have an adverse impact on the entire energy sector, and thus also on our company, in the coming years as well. At the same time, we also see the change in the energy system towards renewable energies and greater energy efficiency as harbouring economic opportunities for the MVV Energie Group. With our forward-looking strategy, we aim to seize these opportunities.

Future macroeconomic developments

In their autumn survey published on 17 October 2013, Germany's leading economic research institutes forecast low economic growth of 0.4 % for Germany in 2013 and expect the country's gross domestic product to grow by 1.8 % in 2014. The higher level of growth in 2014 would chiefly be driven by increased capital expenditure and rising domestic demand. The economic researchers have predicted solid economic growth for Germany in the medium term as well. However, the economy is still vulnerable to risks, particularly in the event of any resurgence in the euro area debt crisis.

Future situation in the sector

The German energy industry faces a process of transformation on an unprecedented scale. This factor will continue to shape the energy industry in future as well and will require great efforts and adjustment processes at many companies. This also holds true for the MVV Energie Group, which will be unable to escape the difficult market conditions.

The key energy policy focus in recent years has been to boost the development of renewable energies by offering subsidised feed-in compensation rates and feed-in priority by way of the German Renewable Energies Act (EEG). Once the coalition negotiations have been completed in Germany, the new government will urgently have to reform this EEG legislation so as to limit the substantial economic burden it places on energy producers and consumers alike, to gradually make renewable energies capable of market and system integration, to dovetail these with conventional energy forms and to achieve greater macroeconomic cost effectiveness.

Current price levels on the wholesale electricity market are insufficient to finance new power plants. There are also concerns that existing plants will be taken off the market. Should this situation persist, then an additional market will be required for capacity provision (capacity mechanisms). After all, for the foreseeable future it will be necessary to maintain operations at existing conventional power plants, and to build new ones, in order to uphold supply reliability and back up weather-dependent generation volumes

from wind power and photovoltaics. The so-called cold reserve and the further development of this into a strategic reserve therefore represent a sensible temporary solution.

MVV Energie has contributed to the debate surrounding the reform of the German electricity market and a suitable future market design for renewable energies and has devised a three-stage plan leading from the status quo to an auction model. The starting point here was the finding that, for the foreseeable future, electricity generation from renewable energies will require a further source of refinancing alongside revenues generated from the electricity actually supplied (energy-only market). To this end, processes such as auctions should be introduced and made increasingly competitive over the medium to long term. Details about the study prepared in cooperation with the renowned research institutes Arrhenius, Ecofys and Takon can be found in the chapter ► *Energy Policy Changes from Page 46 onwards*.

Implications for MVV Energie

Our business performance will continue to be heavily influenced by the energy policy framework and developments in the energy industry in the 2013/14 financial year as well. We will also be unable to escape the effects of the macroeconomic framework in Germany. However, this factor is less significant for our business than weather conditions.

Ongoing consistent implementation of our strategy

We will continue to implement our forward-looking group strategy in a targeted manner. The growth fields we have defined are consistent with the energy policy objective shared by society as a whole of fundamentally changing the energy system. With its broad-based business portfolio focused on sustainability and covering the entire energy industry value chain, MVV Energie will seize the competitive opportunities arising for the company in the tough market climate as well. We are making good progress here! Further details can be found in the chapter ► *Objectives and Strategies on Pages 41 and 42*.

Future markets, products and services

One of our key focuses in expanding renewable energies is **ON-SHORE WIND POWER**, which we expect to offer further growth opportunities. The MVV Energie Group is currently working mainly in southern and western Germany to extend its wind power portfolio. Here, we are also relying on the proprietary development of new wind projects. Takeovers of existing wind farms remain an option, provided that such transactions make sense in economic terms.

We see further growth opportunities in the **BIOMETHANE BUSINESS**. We are currently implementing our second biomethane project in Kroppenstedt (Sachsen-Anhalt). This plant, which will be linked up to the grid at the end of 2013, will generate around 63.5 million kWh of biomethane a year and feed this into the public natural gas grid.

We continue to invest in the expansion of environmentally-friendly **DISTRICT HEATING WITH COMBINED HEAT AND POWER GENERATION**. We are further expanding and increasing the density of our district heating grids in Mannheim, Kiel, Offenbach and Ingolstadt, as well as at individual locations at our Czech subgroup MVV Energie CZ.

Construction work on the state-of-the-art, energy-efficient Block 9 at the large power plant in Mannheim (Grosskraftwerk Mannheim – GKM) is making visible progress. With this block, we are creating a basis to secure the electricity supply in southern Germany and to enable us to expand the supply of environmentally-friendly district heating in Mannheim and the Rhine/Neckar metropolitan region. Operations at this block, which will then replace the older Blocks 3 and 4, are set to begin in the course of the 2015 calendar year. Construction work on the new **DISTRICT HEATING STORAGE FACILITY** of MVV Energie AG at the GKM site is about to be completed. This facility will gradually begin operations in the course of the 2013/14 financial year. MVV Energie is the economic owner of the district heating storage facility and will also manage its future deployment.

In Kiel, operations at the 40 year-old **JOINT POWER PLANT (GEMEINSCHAFTSKRAFTWERK KIEL – GKK)**, a joint venture between E.ON Kraftwerke GmbH and our subsidiary Stadtwerke Kiel, are scheduled to be discontinued at the earliest at the end of 2015. Stadtwerke Kiel is reviewing various options to secure the supply of heating energy in Kiel in future as well.

Given its stable framework, the **BRITISH MARKET** offers promising development opportunities. Construction work on the waste-fired combined heat and power plant in Plymouth is progressing on schedule. Operations here are scheduled to begin in the 2014/15 financial year. The new biomass power plant we are building at Ridham Dock in southern England is also set to begin operations in the 2014/15 financial year. Details about these two projects can be found in the chapter ► *Sustainability on Page 77*.

We will further expand our **NATIONWIDE ELECTRICITY AND GAS SALES** with industrial and commercial customers and our direct marketing of electricity from renewable energies within the market premium model. As we are already among the market leaders here, we see this sales business as harbouring good market opportunities.

Decentralised concepts, such as energy saving and energy efficiency solutions are set to gain in significance for energy-intensive industrial and commercial customers and the real estate sector. Given this trend, we see opportunities for MVV Enamic GmbH, our subsidiary operating in the **ENERGY-RELATED SERVICES BUSINESS**, which has longstanding contracting experience.

Competition for **CONCESSIONS** has increased. We are playing an active role here and aim to retain and continue our successful partnerships with municipalities. We also submit targeted applications for newly tendered and attractive concessions.

SEPA launch

From 1 February 2014, existing national payment transfer systems, such as domestic transfers, direct debits and later card payments as well, are set to be replaced by SEPA and thus standardised across Europe. With the assistance of SEPA (Single Euro Payments Area), consumers and companies will be able to make non-cash payments in 32 countries across Europe just as easily and quickly as in their home countries. The MVV Energie Group acted early to launch a cross-location project to prepare for this change. This will also involve some changes for our customers.

Future research and development activities

The Smart Grid Integration (SGI) project in Baden-Württemberg is investigating how electric vehicles can be sensibly integrated into a smart electricity grid. This project, which has a 36-month term, is being promoted by the Federal Ministry of Education and Research (BMBF) with a total of around Euro 1.1 million within the Electromobility South-West model cluster (total volume: Euro 2.5 million). Since January 2013, the five project partners, with MVV Energie as consortium leader, have been testing the possibility of charging electrical vehicle batteries at times when high volumes of wind and solar power are produced. This active management, with no loss of convenience for users, is intended to avoid critical grid situations and thus contribute towards grid stability. We are ready for electromobility. Until significantly higher numbers of electric vehicles are registered, however, we will not be making any more major investments in this area.

Expected earnings position of the MVV Energie Group

The MVV Energie Group is unable to escape the implications of the fundamental upheaval in the overall energy industry. These factors will continue to influence our Group's economic position in the 2013/14 financial year as well.

Alongside the conversion in the German energy system, the main factors affecting the energy industry also include ongoing volatility on the energy markets and the insecure legal framework. Substantial energy policy decisions with the potential to impact on our earnings performance are only expected in the further course of the 2013/14 financial year.

Expected sales performance

Assuming normal weather conditions, we currently expect the sales (excluding energy taxes) of the MVV Energie Group for the 2013/14 financial year (October 2013 to September 2014) to exceed the high previous year's figure of Euro 4.0 billion by between 5 % and 10 %. In the following 2014/15 financial year, also assuming normal weather conditions, we expect to see a further increase in sales due to our growth investments, which should impact in particular on our Generation and Infrastructure reporting segment.

We will generate year-on-year sales growth in our **GENERATION AND INFRASTRUCTURE REPORTING SEGMENT** due to the launch of operations at the second biomethane plant in Kroppenstedt. Sales from the generation of energy from waste will show a slight decline. This is due to amendments to the contracts governing the incineration of waste from the cities of Mannheim and Heidelberg and the Rhine/Neckar district, which took effect as of 1 January 2013 and which will thus have their first full-year impact, as well as to the lower level of electricity prices. The projects currently under construction in the UK – the energy from waste plant in Plymouth and the biomass power plant at Ridham Dock – will commence operations in the course of the 2014/15 financial year. Sales will thus only increase following the end of our forecast period.

The sales performance of the **TRADING AND PORTFOLIO MANAGEMENT REPORTING SEGMENT** will be negatively affected by persistently low electricity prices on the spot and future markets of the European Energy Exchange (EEX). In our electricity trading business, we do not expect to see any growth compared with the sales reported for the 2012/13 financial year. This is because proprietary electricity generation volumes will be marketed almost exclusively on the basis of lower electricity prices in the 2013/14 financial year. The higher sales anticipated from further growth in gas trading volumes are not expected to be sufficient to offset the negative price factors in the electricity trading business.

In **SALES AND SERVICES**, our strongest reporting segment in terms of sales, we expect to be able to further expand both the direct marketing of electricity from renewable energies plants within the market premium model and our nationwide sales business. In our district heating and gas businesses, we expect to see lower sales in the 2013/14 financial year than in the previous year. This is because sales volumes in normal weather conditions will not match the scope seen in the 2012/13 financial year, which was characterised by an unusually cold and prolonged heating period.

Expected development in key income statement items

We expect the cost of materials of the MVV Energie Group in the 2013/14 financial year to develop largely in line with sales. Due to our investments, depreciation will increase. Personnel expenses for the 2013/14 financial year will exceed the figure for the 2012/13 financial year. This is due to collectively agreed pay rises and increased personnel totals in our growth businesses.

Expected earnings performance

Market expectations have shown a further significant deterioration for the entire energy industry. This is particularly true of the economic viability of conventional power plants. This development, which will have a markedly negative impact on earnings at all companies in the energy industry, will also affect our earnings for the 2013/14 financial year. Proprietary electricity generation volumes are now being marketed almost entirely on the basis of low electricity prices.

The low level of electricity prices on wholesale markets is adversely affecting generation margins at our conventional power plants. The margins achieved from generating electricity from hard coal (clean dark spread) are determined by wholesale market electricity prices on the one hand and by coal procurement expenses, including the development in the euro/US dollar exchange rate and emission right prices on the other hand. The resultant negative impact will be exacerbated in the 2013/14 financial year by the fact that CO₂ rights, previously allocated free of charge, have had to be auctioned in full since January 2013.

These negative factors will chiefly affect our **TRADING AND PORTFOLIO MANAGEMENT REPORTING SEGMENT**. The current development in electricity prices is also making itself felt in the **GENERATION AND INFRASTRUCTURE REPORTING SEGMENT**, where prices are promptly reflected in the operating earnings reported by the MVV Umwelt subgroup within this segment. To limit the impact of volatile prices, we market the predominant share of electricity volumes generated at our combined heat and power plants in close liaison with MVV Trading GmbH. Other than this, the earnings contribution from our MVV Umwelt subgroup is largely determined by waste revenues and operating and maintenance costs. Alongside these factors, earnings in the Generation and Infrastructure segment are also influenced by the regulatory climate in the grid business and by the additional costs resulting from implementation of legal requirements.

Alongside weather conditions and competitive factors, operating earnings in the **SALES AND SERVICES REPORTING SEGMENT** will also be determined by the further growth expected in the direct marketing business for electricity generated from renewable energies within the market premium model and in the nationwide electricity and gas sales business.

Overall, the entire energy industry is confronted with exceptionally great uncertainty in terms of earnings forecasts given that there is still no clarity as to the energy policy framework. Until the process of forming a government following the Federal Parliament elections in Germany has been completed and key energy policy decisions are discernible, it remains difficult to assess the consequences of such for the further course of business at MVV Energie and for its earnings performance.

Irrespective of this, it is already apparent today that our earnings for the 2013/14 financial year will be adversely affected, and that to a significant extent, by the ongoing low margin achieved from generating electricity from hard coal (clean dark spread), low wholesale electricity prices, the costs of the CO₂ rights previously allocated free of charge, low waste prices and start-up costs for our growth investments. Based on the information currently available, the Executive Board therefore expects the MVV Energie Group to generate adjusted EBIT of between Euro 170 million and Euro 185 million in the 2013/14 financial year. We are working to counter this downward trend with permanent efficiency enhancements and with our growth investments, which will nevertheless only make positive earnings contributions following a certain delay. We therefore expect to see an increase in our adjusted EBIT for the 2014/15 financial year already compared with the 2013/14 financial year. This will be driven in particular by the launch of operations at our two projects under construction in the UK – the energy from waste plant in Plymouth and the biomass power plant at Ridham Dock.

Separate financial statements (HGB)

On the level of the separate financial statements of MVV Energie AG prepared in accordance with the German Commercial Code (HGB), we expect sales (excluding energy taxes) to show slight growth in the 2013/14 financial year (year under report: Euro 2.0 billion). We expect to see higher sales in particular due to growth in the corporate customer business, the direct marketing of renewable energies within the market premium model and expansion in our nationwide electricity and gas sales. Assuming normal weather conditions in the current 2013/14 financial year, we expect to report lower sales and turnover in our district heating and gas businesses, which benefited from unusually cold weather conditions in the year under report. The operating earnings performance of the MVV Energie Group will also be reflected in the HGB annual net surplus after taxes at MVV Energie AG for the 2013/14 financial year.

Dividend continuity

MVV Energie AG is and remains committed to a shareholder-friendly dividend policy. We accord great priority to basing our dividend policy on continuity and granting our shareholders a solid return in future too. The CEO has commented on the dividend proposal to be submitted to the 2014 Annual General Meeting, which was adopted by the Executive and Supervisory Boards in December 2013, in the ► *Letter from CEO on Page 25*. MVV Energie paid its shareholders a dividend of Euro 0.90 per share for the 2011/12 financial year.

Planned investments

We have budgeted total investments of around Euro 450 million for the 2013/14 financial year. Of this sum, around Euro 300 million will be invested in growth and around Euro 150 million in our existing business. Of the growth investments, 50 % are already fixed. The largest growth investment projects can be found in the Generation and Infrastructure reporting segment and relate in particular to the further construction of the energy from waste plant in Plymouth and the biomass power plant in Ridham Dock and the expansion of onshore wind power, both together with partners and in proprietary project developments. A further focus involves expanding and increasing the density of our district heating grids at the Mannheim and Offenbach subgroups. The budgeted investments in our existing business are aimed at optimising and maintaining the substance of our supply plants and grids.

Significant growth investments at the MVV Energie Group

	Investment volume Euro million	Expected operations launch
Energy from waste plant in Plymouth (Generation and Infrastructure reporting segment)	250	2014/15
Kroppenstedt biomethane plant (Generation and Infrastructure reporting segment)	13	2013/14
Biomass CHP plant Ridham Dock, Kent (Generation and Infrastructure reporting segment)	140	2014/15

Expected financial position

MVV Energie continues to enjoy good access to the financial market and has no difficulty in covering its liquidity requirements.

The MVV Energie Group's high equity ratio of 34.3 % offers a strong financial foundation enabling us to achieve a balanced mix of financing for the investments budgeted for the 2013/14 financial year. We fund investments in our existing business from depreciation. In our growth business, we draw on the operating cash flow and optimised project-specific financing facilities. Moreover, we pool structurally similar projects with comparable terms. We take up the necessary funds on the capital market, where this is beneficial in economic terms, or draw on our ongoing strong supply of liquid resources. To optimise our financing costs, we are permanently and closely monitoring other sources of financing as alternatives to the bank market. We are thus observing the bond market, for example, very closely. As guidelines for our debt-financed growth we have defined various key financial figures and also comply with these. This way, we will continue to ensure an implicit rating on investment grade level for MVV Energie.

The bank market is characterised by a reduction in average terms for individual financing facilities and higher credit margins. Persistently very low interest rates mean that financing costs have remained more or less constant, and thus attractive.

Future opportunities and risks

We have outlined our main opportunity and risk items from ► *Page 88 onwards*. No further risk categories have been added to those listed there. Alongside the basic factors with the potential to affect our earnings every financial year, such as weather conditions, we see uncertainties – comparable to those involved in any construction project – for the coming financial years in connection with our large-scale investment projects. The projects in Plymouth and Ridham Dock in the UK mean that the development in the euro/sterling exchange rate is gaining in significance for our future company earnings. The far-reaching transformation in the energy industry offers opportunities and risks for medium and long-term profitable growth. From a current perspective, there are no indications of any risks that could endanger the company's continued existence in the course of the 2013/14 financial year or beyond.

Forward-looking statements and forecasts

Our combined management report for the MVV Energie Group (IFRS) and MVV Energie AG (HGB) includes forward-looking statements based on current assumptions and estimates. Although the Executive Board is convinced that these assumptions and budgets are accurate, the great uncertainty currently surrounding energy policy and numerous internal and other external factors mean that actual future developments and actual future results may deviate from these forecasts.



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CORPORATE GOVERNANCE

CORPORATE GOVERNANCE REPORT

Corporate governance is the framework of rules and regulations governing corporate organisation, management and supervision. Within the competencies granted to them by stock corporation law, the Executive and Supervisory Boards are obliged to compile and implement business policy principles and guidelines. Furthermore, they are required to safeguard the company's internal and external control and monitoring mechanisms. High-quality corporate governance forms the basis for responsible corporate management and supervision focusing on sustainable value creation.

MVV Energie is explicitly committed to the principles underlying the social and ecological market economy. The Executive and Supervisory Boards work closely together to the benefit of the company and of its shareholders and all other stakeholders with the objective of sustainably boosting the company's value creation and increasing its overall value. Responsible corporate governance not only represents a key pillar of the company's sustainable performance, but also helps in gaining and retaining the trust of our shareholders, customers and employees, as well as of the general public. The Executive and Supervisory Boards base their efforts in this respect on the German Corporate Governance Code and report in line with Point 3.10 of the Code.

In this chapter we begin by reproducing the Report of the Executive and Supervisory Boards. This is followed by the Corporate Governance Declaration pursuant to § 289a HGB published on the internet on 5 November 2013, which also includes the Declaration of Conformity with the German Corporate Governance Code. The chapter concludes with the Compensation Report.

Report of Executive and Supervisory Boards

The German Corporate Governance Code sets out nationally and internationally recognised standards of high-quality, transparent and responsible company management. The first version of the Code was published in February 2002. Since then, the German Corporate Governance Code Government Commission has reviewed the Code each year to account for national and international developments. Since 2012, it has consulted interested parties from among the general public before adopting potential amendments.

In the year under report, amendments to Point 4.2 "Management Board – Composition and Compensation" were adopted on 13 May 2013, as were a series of smaller-scale amendments. The adjustments made to the Code in respect of management board compensation are intended to make such compensation even more transparent and comprehensible. The other amendments serve to streamline the Code and make it more readable in specific points. The current version of the German Corporate Governance Code was published in the official section of the Federal Gazette on 10 June 2013.

As is apparent from the ▶ *Declaration of Conformity with the German Corporate Governance Code on Page 106*, MVV Energie AG complies with the recommendations made by the Code in all points. We also comply with virtually all of the suggestions made by the Code.

Shareholders and Annual General Meeting

All of our shareholders are entitled to participate in the Annual General Meeting, comment on all agenda items at the meeting, submit relevant questions and motions and exercise the voting rights conferred on them by their shares. Each share in MVV Energie AG entitles its holder to one vote. Voting rights may be exercised in a variety of ways. Shareholders may exercise their rights themselves at the Annual General Meeting or be represented by a proxy of their choice. They may also be represented by a voting proxy appointed by the company to act in line with their instructions, a bank or a shareholders' association. We also enable those shareholders who are unable to attend the Annual General Meeting in person and who do not send a proxy to cast their votes in writing by way of a postal ballot. This requires registration within the relevant deadline.

In line with the requirements of stock corporation law, we publish the invitation to the Annual General Meeting, as well as the proposals, reports and information relevant to the resolutions, in German and English on our internet site at www.mvv-investor.de. During the Annual General Meeting, all interested parties are able to follow the introductory words by the meeting chairman and the presentation by the CEO live and in full length on our internet site, where the CEO's presentation and the voting results are also published following the meeting.

Transparency

By ensuring transparent company management, we aim to permanently retain and strengthen the trust our stakeholders place in us. To this end, we continually make sure that all stakeholders – our shareholders, financial analysts, fund managers, our customers and employees, as well as the media and the general public – are always informed promptly and comprehensively.

Our legal obligations relate in particular to the requirements of the German Commercial Code (HGB), the German Stock Corporation Act (AktG) and the German Securities Trading Act (WpHG). We have always met these requirements in the past and also complied in full with the Code's transparency requirements. We will also ensure that all interested parties have access to the same information at the same time in future as well.

Our stakeholders can inform themselves at our internet site at www.mvv-investor.de, where we publish our quarterly financial reports and annual reports, voting right notifications pursuant to § 21 (1) WpHG and extensive further information about our company and the latest developments at our Group. We publish our financial reporting dates in our financial calendar.

In line with legal requirements, we publish ad-hoc announcements when any developments likely to significantly influence the share price of MVV Energie AG arise at the company outside the regular reporting framework.

Reporting and audit of financial statements

We prepare the separate financial statements of MVV Energie AG on the basis of the German Commercial Code (HGB). We nevertheless inform our shareholders and other interested parties about MVV Energie's performance primarily by means of our consolidated financial statements and combined management report, as well as in the financial reports for the 1st quarter, the 1st half and the 3rd quarter. We prepare the consolidated financial statements and the financial reports published within the financial year in accordance with International Financial Reporting Standards (IFRS) in the form requiring application in the European Union.

The combined management report presents the management report of MVV Energie AG and the group management report of the MVV Energie Group in combined form. The auditor audits the separate financial statements prepared by the Executive Board. These are subsequently approved by the Supervisory Board and thus adopted. The consolidated financial statements prepared by the Executive Board are also audited by the auditor and then forwarded to the Supervisory Board for approval. The audit conducted by the auditing company elected by the 2013 Annual General Meeting, PricewaterhouseCoopers AG, Wirtschaftsprüfungsgesellschaft, Mannheim, also encompasses the combined management report and the early warning risk identification system. The quarterly and half-year financial reports are prepared by the Executive Board and discussed with the Audit Committee prior to publication.

Corporate Governance Declaration with Declaration of Conformity

In our Corporate Governance Declaration we report – alongside the Declaration of Conformity with the German Corporate Governance Code pursuant to § 161 of the German Stock Corporation Act (AktG) – on those corporate governance practices applied at our company over and above legal requirements. Furthermore, we also describe the mode of operation of the Executive and Supervisory Boards, as well as the composition and mode of operation of Supervisory Board committees. According to § 289a of the German Commercial Code (HGB), the Corporate Governance Declaration must be published in the management report accompanying the separate financial statements or on the internet; we made this declaration available on our website at www.mvv-investor.de on 5 November 2013. To maximise transparency, we have nevertheless also included the declaration in this Corporate Governance Report.

Disclosures on corporate governance practices

MVV Energie values high-quality corporate and management culture. With our shared Management Guidelines, we have created a solid basis for the employees within the MVV Energie Group to work together successfully and on a basis of trust. This way, we safeguard the quality of management activities. We aim to promote and boost constructive cooperation between managers and their employees. To this end, we perform anonymous bottom-up appraisals to facilitate open feedback on management conduct.

Our MVV Energie Compliance Management System (CMS) – which covers all of MVV Energie's key business activities and processes – enables us to ensure that we comply with legal requirements. It also assists us in implementing our in-company guidelines and in documenting those ethical standards to which we are committed and in ensuring their implementation.

All employees are integrated within MVV Energie's CMS. Our detailed Compliance Handbook sets out the material contents, necessary organisational structures and processes, personal responsibilities and our reporting system. The Handbook is binding for all of MVV Energie's group companies. As part of our Management Handbook, it is available at all times to all of MVV Energie's employees on our intranet.

**Declaration of Conformity
with the German Corporate Governance Code
(§ 161 AktG)**

The Executive and Supervisory Boards adopted the following Declaration of Conformity with the German Corporate Governance Code in September 2013:

The Executive and Supervisory Boards of MVV Energie AG hereby declare that the company has complied with and continues to comply with the recommendations made by the German Corporate Governance Code Government Commission without exception.

For the past, this Declaration refers to the version of the German Corporate Governance Code dated 15 May 2012 and published by the Federal Ministry of Justice in the official section of the Federal Gazette on 15 June 2012. For the future, the Declaration refers to the recommendations made in the new version of the Code dated 13 May 2013 and published in the official section of the Federal Gazette on 10 June 2013.

Once again for the year under report, we have no severe infringements of laws or our internal guidelines to report. This applies in particular for environmental law and our marketing activities. We have structured our compliance system in such a way that relevant processes in sensitive areas are already checked in advance. Where necessary, corrective measures can thus already be taken on a preventative basis. As Group Compliance Officer, the head of our group legal, compliance and materials division is simultaneously responsible for working together with the relevant business units to compile compliance-related regulations, implement these and document their implementation. His duties also include training our employees and performing and monitoring CMS processes. He also reports on compliance with these. The Compliance Officer pays particular attention to ensuring that all managers receive regular training concerning general compliance requirements and the specific legal requirements applicable to their business unit.

The duties of the Compliance Officer also include advising and supporting the Executive Board in taking preventative measures to avoid and investigate any infringements of the law, corruption and deliberate acts harmful to the company.

Our employees working in sales, sales-related areas and procurement receive intensive corruption prevention training. The correct forms of behaviour when offered gratuities and invitations are discussed and explained in detail. This enables us to counter the substantial risk of so-called "soft bribery" in the form of non-monetary gifts and invitations from business partners. More than 280 employees took part in training sessions each lasting more than two hours in the 2012/13 financial year. We record and check gratuities and invitations. Furthermore, we systematically and regularly check adherence with compliance requirements in all business fields, divisions, group departments and subsidiaries. Our anonymous "Whistle-blower Hotline" also enables employees and third parties to reach the Compliance Officer and report any misconduct directly.

At the end of each year under report, all MVV Energie managers are required to confirm in an extensive Compliance Management Declaration (CMD) that the legal requirements – which are specifically set out for the relevant area of responsibility – have been complied with. Furthermore, the CMD also includes a declaration that all employees have been instructed and trained. Moreover, the managers answer detailed questionnaires including targeted questions to obtain information relevant to circumstances at the respective business unit.

At MVV Energie, all newly appointed managing directors and all upcoming management staff receive structured instruction in all areas of responsibility. In an extensive seminar held over several days, we outline the basis for assuming management responsibility at the MVV Energie Group. Attendance at this seminar is obligatory for management staff on all levels from section manager upward.

Suppliers and service providers to MVV Energie's key company locations in Germany are also surveyed in terms of compliance. For major tenders and contracts, our procurement department ensures supplier self-registration and works with supplier surveys, among other instruments. Here, we enquire as to which compliance and anticorruption regulations are in place at the supplier, whether these also apply for upstream suppliers and subcontractors, whether working conditions are consistent with the relevant national laws and ordinances and whether internationally recognised labour standards are complied with. We also enquire about non-monetary company objectives, such as voluntary environmental protection measures or educational, cultural or sports sponsorship activities.

One key corporate governance topic at our company, and thus also a particular focus of the Executive Board, involves ensuring that women are present on all hierarchical levels of the company. To this end, MVV Energie makes sure that female employees are systematically and comprehensively motivated and supported on all levels by offering them interesting activities and numerous accompanying measures. We make targeted efforts to boost internal and external networks of women in management positions at MVV Energie.

Composition and mode of operation of Executive and Supervisory Boards and their committees

In Germany, all stock corporations are structured in line with the legally mandatory dual management system. This is characterised in particular by a clear separation in terms of personnel between the Executive Board, which acts as the management body, and the Supervisory Board, which acts as the supervisory body. These two boards cooperate closely and on a basis of trust in the company's interests. They are nevertheless each furnished with their own distinct duties and competencies, which are outlined below:

The **EXECUTIVE BOARD** is responsible for managing the company and its business. It manages the company under its own responsibility and to the benefit of the company and pursues the objective of generating sustainable growth. The Executive Board compiles the company's strategic alignment and business policy, coordinates these with the Supervisory Board and ensures their targeted implementation. In its decisions, it takes due account of the interests of the company's stakeholders, i.e. shareholders, employees and other groups associated with the company. The company's business is managed by the Executive Board as a whole and each individual Executive Board member in accordance with the requirements of law, the Articles of Incorporation and the Code of Procedure. The Code of Procedure for the activities of the Executive Board, which is imposed by the Supervisory Board, lays down divisional responsibilities, the duties and decisions incumbent on the overall Executive Board, the duties of the Chief Executive Officer and the ways in which Executive Board resolutions are adopted. Furthermore, consistent with § 111 (4) Sentence 2 of the German Stock Corporation Act (AktG) the Code of Procedure includes a detailed catalogue of those transactions for which the Executive Board must obtain Supervisory Board approval. The Executive Board of MVV Energie AG consists of at least two members. Four Executive Board positions are currently provided for and occupied. As Chief Executive Officer, Dr. Georg Müller coordinates the work of the

Executive Board members and represents the Executive Board externally. All members of the Executive Board enjoy equal rights. Together, they bear joint responsibility for managing the company. Each Executive Board member manages the division assigned to him under his own responsibility. Executive Board members are expected to subordinate the specific interests of their division to the overriding interests of the company. The Executive Board members work together with the Supervisory Board and the company's employee representatives on a basis of trust. The Executive Board informs the Supervisory Board regularly, promptly and comprehensively of intended business policy and other fundamental matters of corporate planning. Particular attention is accorded to financial, investment and personnel planning. Furthermore, the Executive Board also reports on the company's profitability, its business performance and situation, as well as providing information about its risk situation and risk management.

The Executive Board is appointed by the Supervisory Board of MVV Energie AG.

The **SUPERVISORY BOARD** is responsible for advising and monitoring the Executive Board in its management of the company and in decisions of fundamental significance for the company.

The Supervisory Board of MVV Energie AG comprises 20 members, of which ten shareholder and ten employee representatives. The Annual General Meeting elects the shareholder representatives. The City of Mannheim delegates the Lord High Mayor and the relevant specialist head of department to the Supervisory Board, with such members being imputed to the ten Supervisory Board members elected by the Annual General Meeting. This applies to the extent that the City of Mannheim is a shareholder and directly or indirectly holds more than half of the company's share capital. Consistent with the German 1976 Codetermination Act (MitbestG), ten Supervisory Board members are elected by employees. The terms in office are identical. Four of the current Supervisory Board members are women. The Supervisory Board Chairman, Dr. Peter Kurz, coordinates the work of the Supervisory Board. The Supervisory Board has a self-imposed Code of Procedure governing its activities. Further extensive information about the task and activities of the Supervisory Board and its committees in the 2012/13 financial year can be found in the chapter ▶ *Supervisory Board Report from Page 28 onwards*. The composition of the Supervisory Board and of the committees it has formed to operate efficiently is presented in the chapter ▶ *Directors and Officers from Page 169 onwards*. The compensation of Supervisory Board members is presented below in the ▶ *Compensation Report on Page 111*.

The Supervisory Board of MVV Energie AG has formed four permanent **COMMITTEES**:

The **AUDIT COMMITTEE** includes three shareholder and three employee representatives. This Committee is chaired by Prof. Heinz-Werner Ufer, while the Supervisory Board Chairman is a permanent guest. The Audit Committee deals with the corporate planning, strategy, the performance of individual business fields, fundamental financial reporting issues, preparing the selection of the auditor, advising and discussing the annual and consolidated financial statements, as well as the interim consolidated financial statements for each quarter and the first half of the year. Moreover, it monitors the effectiveness of the internal control system (IKS), internal audit, organisational precautions to ensure compliance with legal requirements and internal company guidelines (compliance) and of the risk management system.

The **PERSONNEL COMMITTEE** also comprises six members, in this case the Supervisory Board Chairman, who also chairs the Committee, his deputy and four Supervisory Board members, of which two shareholder and two employee representatives. The Personnel Committee focuses in particular on preparing Supervisory Board resolutions concerning the conclusion, amendment and rescission of employment contracts with Executive Board members.

The **NOMINATION COMMITTEE** also consists of six members, with the Supervisory Board Chairman as Committee Chairman and five further shareholder representative Supervisory Board members. The purpose of this Committee is to propose suitable candidates to the Supervisory Board for its own election proposals to the Annual General Meeting. Particular account must be taken of legal requirements, as well as of the recommendations and suggestions made by the German Corporate Governance Code.

The Nomination Committee compiles specific targets for the composition of the Supervisory Board, taking due account of the company's specific situation. A requirements profile for Supervisory Board members lays down the requirements for the specialist knowledge, ability and experience, as well as for the personality of future Supervisory Board members. The following aspects are crucial in this respect: a good general understanding of the energy industry, and especially of the business fields in which MVV Energie operates, an ability to assess complex economic and technical matters, specialist knowledge in select areas of MVV Energie's activities and personal integrity. The members of the Supervisory Board should complement one another to ensure that the whole range of targeted expertise, abilities and experience is represented within the Supervisory Board. It is thus acknowledged that not every Supervisory Board member can meet the whole spectrum of specialist requirements. An upper age limit of 70 years should be complied with and the Supervisory Board should include an adequate number of independent members. This objective has already been met.

Both the Nomination Committee and subsequently the Supervisory Board have held detailed discussions about the recommendation made by the German Corporate Governance Code concerning the suitable level of participation by women. The Supervisory Board has set itself the target of ensuring that 20 % of its members are women by the beginning of the term in office following the expiry of the Supervisory Board's current term in office.

Furthermore, there is also a **MEDIATION COMMITTEE** pursuant to § 27 (3) of the German Codetermination Act (MitbestG). This Committee submits further personnel proposals to the Supervisory Board in cases where the two-thirds majority required to appoint and dismiss Executive Board members is not achieved in the first ballot.

The Audit and Personnel Committees meet several times a year. The Nomination and Mediation Committees are convened when necessary.

Independence of Supervisory Board members

In respect of Point 5.4.2 of the German Corporate Governance Code, we are of the opinion that the Supervisory Board members assigned by the City of Mannheim or potentially attributable to such are independent members in the spirit of the Code, as they do not maintain any personal or business, i.e. commercial, links with the company or its management bodies.

This complete Corporate Governance Declaration has also been published on the internet at www.mvv-investor.de.

Compensation Report

The Compensation Report sets out the principles underlying our compensation system and provides information about the structure and level of compensation for the Executive and Supervisory Boards of MVV Energie AG. We also list those benefits foreseen for Executive Board members should they terminate their activity or retire.

The basic principles of our compensation system and the disclosures concerning the compensation of Executive and Supervisory Board members for the 2012/13 financial year take due account of the requirements of the German Commercial Code (HGB) and of the recommendations made by the German Corporate Governance Code. We have designed our compensation system in such a way as to incentivise the successful, sustainable management of the company.

Changes in Executive Board

There were two changes in the composition of the Executive Board in the period under report. Hans-Jürgen Farrenkopf stood down from the Executive Board as of 31 December 2012 and retired as of the same date. His position as Personnel Director was assumed by Udo Bekker as of 1 January 2013. Furthermore, Matthias Brückmann stood down from the Executive Board as of 15 March 2013 and his employment at the company ended on 30 June 2013. He left the company at his own request. He has been succeeded as Sales Director by Ralf Klöpfer since 1 October 2013, the start of the 2013/14 financial year.

Compensation of Executive Board members

The Executive Board was paid compensation totalling Euro 2 219 thousand in the year under report. This compensation comprised non-performance-related and performance-related components. The table presents the compensation paid in the year under report on a pro rata temporis basis.

Compensation

Euro 000s	Fixed ¹	Variable ²	Supervisory Board compensation ³	Total
Dr. Georg Müller	500	335	18	853
Udo Bekker ⁴	268	154	5	427
Dr. Werner Dub	303	223	16	542
Matthias Brückmann ⁵	144	112	4	260
Hans-Jürgen Farrenkopf ⁶	78	56	3	137
Total	1 293	880	46	2 219

1 including allowances for voluntary pension insurance, health insurance, nursing care insurance, voluntary contributions to employers' mutual insurance association, reimbursements of transitional benefits, non-cash benefits, as well as the CEO allowance of Euro 185 thousand for Dr. Georg Müller

2 forecast value

3 supervisory board activities at shareholdings (entitlement in financial year)

4 from 1 January 2013 to 30 September 2013

5 from 1 October 2012 to 15 March 2013 (in period in which he was released from duties from 16 March 2013 to 30 June 2013, Matthias Brückmann received total compensation of Euro 88 thousand)

6 from 1 October 2012 to 31 December 2012

The members of the Executive Board of MVV Energie AG also act as managing directors of MVV RHE GmbH. The costs of the work performed in this function were charged on to MVV RHE GmbH.

Two components determine the variable – performance-related – compensation paid to Executive Board members. To account for the operating performance of the MVV Energie Group, Executive Board members are granted an annual bonus. This is based on the adjusted EBIT of the MVV Energie Group, here nevertheless less restructuring expenses. Furthermore, Executive Board members receive a sustainability bonus to compensate any increase in the company's profitability measured over a period of three years. This bonus is based on the average ROCE (Return on Capital Employed) before IAS 39 items of the MVV Energie Group for the past financial year and the two preceding financial years. Suitable minimum thresholds and caps are in place for both components. The sustainability bonus accounted for the overwhelming share of variable compensation in the 2012/13 financial year.

No further payments were either committed or made by third parties.

Pension commitments

The Executive Board members Dr. Georg Müller and Udo Bekker have been granted pension commitments whose volume is based on the balances on virtual pension accounts at the time at which the benefits are claimed. The virtual pension accounts are credited with annual pension contributions. Annual interest is paid on the pension accounts.

The pension commitment also includes a claim to benefits due to permanent inability to work and a claim to provision for surviving dependants.

The pension obligations for the Executive Board members Dr. Georg Müller and Udo Bekker are presented in the following table:

Pension obligations

Euro 000s	Development in virtual pension accounts			Pension provision	Allocation to pension provision	
	Balance 1.10.2012	Pension contribution	Balance 30.9.2013 ¹	Balance 30.9.2013 ²	Service cost ³	Interest expenses
Dr. Georg Müller	1 150	152	1 361	1 922	178	61
Udo Bekker	—	83	83	209	209	—
Total	1 150	235	1 444	2 131	387	61

1 including interest

2 equivalent to present value of vested claims

3 including retrospective service cost and invalidity cover

The overall pension commitment made to the Executive Board member Dr. Werner Dub continues to be based on pensionable compensation, as he has already reached the age of 60 and can thus be deemed to be approaching retirement age. The pension commitment amounts to a maximum of 70 % of pensionable compensation; other income from employment, benefits received under

the state pension scheme and other pension benefits attributable at least in half to employers' contributions are imputed. One component of the pension commitment also involves a claim to benefits in the event of reduced working capacity and a claim to provision for surviving dependants. The pension obligation for Dr. Werner Dub is presented in the following table:

Pension obligation

Euro 000s	Value of final pension ¹	Benefit percentage ²	Benefit percentage ³	Allocation to pension provision	
				Service cost	Interest expenses
Dr. Werner Dub	103	66 %	66 %	135	71

1 achievable claim to retirement pension aged 63, taking due account of amounts deducted

2 total pension rate achieved for retirement pension in %

3 benefit percentage achievable by age of 63

Former members of the Executive Board received benefits of Euro 401 thousand in the year under report. Provisions totalling Euro 11 712 thousand have been stated for pension obligations towards former members of the Executive Board. A total of Euro 468 thousand was allocated to this item in the financial year under report.

Pursuant to IAS 24, related parties also include management staff performing key functions. Alongside the Executive Board, this group of persons at the MVV Energie Group also includes active heads of division and authorised company representatives of MVV Energie AG. This group of persons receives its compensation exclusively from MVV Energie AG. Compensation totalling Euro 2 873 thousand was paid to this group in the year under report, with the predominant share (Euro 2 724 thousand) involving payments with current maturities.

Unless they are insured via municipal supplementary pension companies (ZVK), these individuals receive a defined contribution company pension of up to 8.6 % of their fixed compensation. Within the channels of execution offered within the Group, they can determine which biometric risks they would like to cover. Total expenses incurred for the aforementioned schemes amounted to Euro 149 thousand in the year under report.

Compensation of Supervisory Board members

The compensation of our Supervisory Board members is commensurate to their responsibilities and to the scope of their duties. The members of the Supervisory Board received annual compensation of Euro 10 thousand each in the 2012/13 financial year, with the Chairman of the Supervisory Board receiving twice and his deputy one and a half times this figure.¹ The Chairman of the Audit Committee received additional annual compensation of Euro 5 thousand and other members of this Committee received additional annual compensation of Euro 2.5 thousand. Moreover, a meeting allowance of Euro 1 thousand was paid per person per meeting of the full Supervisory Board and of the Committees. The Chairman of the Supervisory Board receives double the meeting allowance for meetings of the Supervisory Board, as does the Chairman of the Audit Committee for meetings of the Audit Committee. Total compensation amounted to Euro 434 thousand.² The compensation for the employee representatives in the Supervisory Board (excluding Supervisory Board compensation) amounted to Euro 963 thousand in the year under report. The composition of the Supervisory and Executive Boards has been presented in a separate overview ► on Page 169.

Supervisory Board compensation

Euro	Supervisory Board compensation	Meeting allowances
Dr. Peter Kurz	20 000	21 000
Johannes Böttcher	10 000	7 000
Timo Carstensen	10 000	4 000
Peter Dinges	17 500	17 000
Ralf Eisenhauer	10 000	11 000
Peter Erni	12 500	12 000
Detlef Falk	12 500	13 000
Reinhold Götz	10 000	6 000
Prof. Dr. Egon Jüttner	10 000	5 000
Heike Kamradt	10 000	11 000
Gunter Kühn	10 000	6 000
Dr. Antje Mohr	10 000	6 000
Dr. Lorenz Näger	12 500	9 000
Wolfgang Raufelder	10 000	7 000
Christian Specht	10 000	7 000
Dr. Dieter Steinkamp	10 000	5 000
Carsten Südmersen	12 500	16 000
Katja Udluft	10 000	7 000
Prof. Heinz-Werner Ufer	15 000	20 000
Jürgen Wiesner	10 000	11 000
Total	232 500	201 000

¹ Supervisory Board members joining or retiring from the Supervisory Board during the financial year received prorated compensation consistent with the duration of their term in office.

² amounts reported correspond to compensation for year under report calculated to nearest day.

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CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT

from 1.10.2012 to 30.9.2013

Income statement of the MVV Energie Group

Euro 000s	1.10.2012 to 30.9.2013	1.10.2011 to 30.9.2012	Notes
Sales	4260 123	4 128 654	
less electricity and natural gas taxes	216 095	234 120	
Sales less electricity and natural gas taxes	4044 028	3 894 534	1
Changes in inventories	1 589	-9 354	2
Own work capitalised	15 662	10 355	3
Other operating income	216 338	238 641	4
Cost of materials	3269 094	3 103 410	5
Personnel expenses ¹	333 122	332 696	6
Other operating expenses	321 195	352 878	7
Income from associates	14 135	22 718	8
Other income from shareholdings	1 506	5 941	
EBITDA²	369 847	373 851	
Depreciation	167 595	175 727	9
EBITA	202 252	198 124	
Restructuring expenses	-7 492	—	10
EBIT	209 744	198 124	
of which result of IAS 39 derivative measurement	-3 004	-20 113	
of which EBIT before result of IAS 39 derivative measurement	212 748	218 237	
Financing income	11 123	9 916	11
Financing expenses	72 712	77 163	12
EBT	148 155	130 877	
Taxes on income ¹	43 253	46 939	13
Annual net surplus	104 902	83 938	
of which non-controlling interests ¹	21 020	21 103	
of which share of earnings attributable to shareholders in MVV Energie AG (annual net surplus after non-controlling interests)	83 882	62 835	
Basic and diluted earnings per share (Euro)	1.27	0.95	14

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

2 before restructuring

STATEMENT OF COMPREHENSIVE INCOME

from 1.10.2012 to 30.9.2013

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

Euro 000s	1.10.2012 to 30.9.2013	1.10.2011 to 30.9.2012
Annual net surplus	104 902	83 938
Cash flow hedges	6 801	-46 589
Differential amounts from currency translation	116	-2 057
Items due to be recycled through profit or loss in subsequent periods	6 917	-48 646
Actuarial gains and losses ¹	-1 028	-7 323
Share of comprehensive income attributable to associates (at equity)	-33 977	—
Items not due to be recycled through profit or loss in subsequent periods	-35 005	-7 323
Comprehensive income	76 814	27 969
Non-controlling interests ¹	19 874	12 341
Comprehensive income attributable to shareholders in MVV Energie AG	56 940	15 628

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

BALANCE SHEET

at 30.9.2013

Balance sheet of the MVV Energie Group

Euro 000s	30.9.2013	30.9.2012	1.10.2011	Notes
Assets				
Non-current assets				
Intangible assets	253 834	255 950	309 682	15
Property, plant and equipment	2 464 859	2 255 191	2 306 173	16
Investment property	294	305	5 885	17
Associates	74 698	102 493	101 428	18
Other financial assets	86 762	97 519	93 502	19
Other receivables and assets	117 374	140 222	135 264	20
Deferred tax assets ¹	22 346	16 564	12 704	33
	3 020 167	2 868 244	2 964 638	
Current assets				
Inventories	61 840	59 609	65 923	21
Trade receivables	461 128	474 896	448 056	22
Other receivables and assets	251 365	267 860	219 690	20
Tax receivables	23 983	20 389	6 346	23
Securities	1 949	1 990	1 425	
Cash and cash equivalents	418 242	378 368	168 518	24
Assets held for sale	—	7 225	—	
	1 218 507	1 210 337	909 958	
	4 238 674	4 078 581	3 874 596	
Equity and liabilities				
Equity				25
Share capital	168 721	168 721	168 721	
Capital reserve	455 241	455 241	455 241	
Accumulated net income ¹	540 121	517 295	512 030	
Accumulated other comprehensive income ¹	-74 420	-48 024	-1 386	
Capital of the MVV Energie Group	1 089 663	1 093 233	1 134 606	
Non-controlling interests ¹	204 568	207 132	212 856	
	1 294 231	1 300 365	1 347 462	
Non-current debt				
Provisions ¹	158 064	146 756	121 336	26, 27, 28
Financial debt	1 113 856	1 212 801	933 270	29
Other liabilities	355 341	398 001	346 431	30
Deferred tax liabilities ¹	132 427	124 006	152 032	33
	1 759 688	1 881 564	1 553 069	
Current debt				
Other provisions	103 821	102 240	184 746	26, 28
Tax provisions	8 073	14 302	16 289	26, 28
Financial debt	415 070	193 288	322 197	29
Trade payables	390 969	336 583	246 203	31
Other liabilities	266 633	249 933	204 141	30
Tax liabilities	189	306	489	32
	1 184 755	896 652	974 065	
	4 238 674	4 078 581	3 874 596	

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

STATEMENT OF CHANGES IN EQUITY

from 1.10.2012 to 30.9.2013

Statement of changes in equity of the MVV Energie Group

Euro 000s	Equity contributed		Equity generated				Capital of the 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					
				Differential amount from currency translation	Fair value measurement of financial instruments	Actuarial gains and losses			
Balance at 1.10.2011¹	168 721	455 241	512 030	17 843	-20 392	1 163	1 134 606	212 856	1 347 462
Other income and expenses recognised in equity ¹	—	—	—	-1 886	-39 102	-6 219	-47 207	-8 762	-55 969
Result of business operations ¹	—	—	62 835	—	—	—	62 835	21 103	83 938
Comprehensive income	—	—	62 835	-1 886	-39 102	-6 219	15 628	12 341	27 969
Dividend distribution	—	—	-59 316	—	—	—	-59 316	-24 028	-83 344
Capital increase/reduction at subsidiaries	—	—	—	—	—	—	—	7 474	7 474
Change in scope of consolidation	—	—	1 746	—	569	—	2 315	-1 511	804
Balance at 30.9.2012¹	168 721	455 241	517 295	15 957	-58 925	-5 056	1 093 233	207 132	1 300 365
Balance at 1.10.2012¹	168 721	455 241	517 295	15 957	-58 925	-5 056	1 093 233	207 132	1 300 365
Other income and expenses recognised in equity	—	—	—	357	7 557	-34 856	-26 942	-1 146	-28 088
Result of business operations	—	—	83 882	—	—	—	83 882	21 020	104 902
Comprehensive income	—	—	83 882	357	7 557	-34 856	56 940	19 874	76 814
Dividend distribution	—	—	-59 316	—	—	—	-59 316	-18 568	-77 884
Capital increase/reduction at subsidiaries	—	—	—	—	—	—	—	1 412	1 412
Change in scope of consolidation	—	—	-1 740	546	—	—	-1 194	-5 282	-6 476
Balance at 30.9.2013	168 721	455 241	540 121	16 860	-51 368	-39 912	1 089 663	204 568	1 294 231

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

CASH FLOW STATEMENT

from 1.10.2012 to 30.9.2013

Cash flow statement of the MVV Energie Group

Euro 000s	1.10.2012 to 30.9.2013	1.10.2011 to 30.9.2012
Annual net surplus before taxes on income ¹	148 155	130 877
Amortisation of intangible assets, depreciation of property, plant and equipment and investment property	167 595	175 727
Net financial result	61 589	67 248
Interest received	8 422	9 364
Change in non-current provisions	21 314	28 633
Other non-cash income and expenses ¹	9 544	20 297
Result of disposal of non-current assets	1 873	-13 833
Cash flow before working capital and taxes	419 492	418 313
Change in other assets	-99 779	-203 327
Change in other liabilities	116 022	221 561
Change in current provisions	-10 667	-86 416
Income taxes paid	-53 126	-64 884
Cash flow from operating activities	370 942	285 247
Payments for investments in intangible assets, property, plant and equipment and investment property	-320 016	-261 678
Proceeds from disposals of intangible assets, property, plant and equipment and investment property	12 860	24 813
Proceeds from subsidy payments	12 151	21 189
Proceeds from sale of fully and proportionately consolidated companies	2 408	116 510
Proceeds from sale of other financial assets	7 224	11 843
Payments for acquisition of fully and proportionately consolidated companies	-11 396	-3 417
Payments for other financial assets	-8 051	-21 890
Cash flow from investing activities	-304 820	-112 630
Proceeds from taking up of loans	281 571	349 499
Payments for redemption of loans	-162 742	-166 770
Dividend payment	-59 316	-59 316
Dividend payment to non-controlling interests	-18 568	-24 027
Change due to changes in capital at minority shareholders	-3 618	4 349
Interest paid	-64 359	-66 738
Cash flow from financing activities	-27 032	36 997
Cash-effective changes in cash and cash equivalents	39 090	209 614
Change in cash and cash equivalents due to currency translation	-958	94
Change in cash and cash equivalents due to changes in scope of consolidation	1 742	142
Cash and cash equivalents at 1.10.2012 (2011)	378 368	168 518
Cash and cash equivalents at 30.9.2013 (2012)	418 242	378 368

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

Cash flow – aggregate presentation

Euro 000s	1.10.2012 to 30.9.2013	1.10.2011 to 30.9.2012
Cash and cash equivalents at 1.10.2012 (2011)	378 368	168 518
Cash flow from operating activities	370 942	285 247
Cash flow from investing activities	–304 820	–112 630
Cash flow from financing activities	–27 032	36 997
Change in cash and cash equivalents due to currency translation	–958	94
Change in cash and cash equivalents due to changes in scope of consolidation	1 742	142
Cash and cash equivalents at 30.9.2013 (2012)	418 242	378 368

NOTES TO 2012/13 CONSOLIDATED FINANCIAL STATEMENTS

- **of MVV Energie Group**
-

Information about the company

MVV Energie AG has its legal domicile in Mannheim, Germany. Its registered company headquarters is at: Luisenring 49 in 68159 Mannheim. As the parent company of the MVV Energie Group, MVV Energie AG acts as an energy distribution company and service provider in its value creation stages of Generation and Infrastructure, Trading and Portfolio Management, Sales and Services and Strategic Investments.

Basis of preparation

The consolidated financial statements of the MVV Energie Group have been prepared pursuant to § 315a (1) of the German Commercial Code (HGB) in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations of the IFRS Interpretations Committee (previously IFRIC). The consolidated financial statements thus fully conform with the IFRS and IFRIC published by the IASB to the extent that these had been adopted by the European Union by the end of the period under report and required mandatory application as of 30 September 2013.

The consolidated financial statements have been prepared as of the balance sheet date for the annual financial statements of MVV Energie AG and refer to the 2012/13 financial year (1 October 2012 to 30 September 2013). The consolidated financial statements have been compiled in euros. Unless otherwise indicated, all amounts have been stated in thousand euros (Euro 000s).

Alongside the income statement, statement of comprehensive income and balance sheet, the statement of changes in equity and the cash flow statement have been presented separately. The income statement has been prepared in accordance with the total cost method. In the interests of clarity, individual items have been presented in summarised form in the income statement and balance sheet and broken down and outlined separately in the notes.

The Executive Board of MVV Energie AG is responsible for the preparation, completeness and accuracy of the consolidated financial statements and the combined management report. The consolidated financial statements and combined management report were prepared by the Executive Board on 12 November 2013 and subsequently forwarded to the Supervisory Board for adoption.

Changes in accounting policies

The International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (previously IFRIC) have revised or newly adopted some standards and interpretations which require mandatory application for the first time in the 2012/13 financial year.

The standard accounted for by the MVV Energie Group for the first time in the 2012/13 financial year is presented in the following overview:

AMENDED STANDARD	EU ENDORSEMENT	EFFECTIVE DATE ¹	CONTENT	IMPLICATIONS
IAS 1 Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income	5.6.2012	1.7.2012	Breakdown of other comprehensive income (OCI) into items due to be recycled to the income statement in later years and items due to remain in equity, with recognition of the associated income tax items and formal summary of “Statements of Profit or Loss and Other Comprehensive Income” in an income statement with two sections.	Insertion of subheadlines in the statement of income and expenses recognised in group equity

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

The IASB and the IFRIC have published the following standards and interpretations not yet requiring mandatory application in the 2012/13 financial year and of which no voluntary premature application has been made:

AMENDED STANDARDS AND INTERPRETATIONS	EU ENDORSEMENT	EFFECTIVE DATE ¹	CONTENT
IAS 12 Income Taxes, Deferred Taxes: Recovery of Underlying Assets	11.12.2012	1.1.2013	This amendment applies to investment properties measured at fair value. In future, deferred taxes recognised for these items must generally be based on the tax consequences of the property being sold, unless there is clear evidence that the carrying amount of the assets will be fully consumed through use.
IFRS 1 First-time Adoption of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	11.12.2012	1.1.2013	These amendments deal with the question as to how a first-time adopter should present items where its functional currency was exposed to severe hyperinflation.
IFRS 1 First-time Adoption of International Financial Reporting Standards – Government Loans	4.3.2013	1.1.2013	The amendment deals with the recognition of interest-free government loans upon first-time adoption of International Financial Reporting Standards.
IFRS 7 Financial Instruments – Disclosures Offsetting Financial Assets and Financial Liabilities	13.12.2012	1.1.2013	New disclosure obligations in respect of the offsetting of financial liabilities and financial assets.
IAS 19 Employee Benefits	5.6.2012	1.1.2013	The amendments in the revised version of IAS 19 refer to the recognition of actuarial gains and losses, specific measurement assumptions and the recognition of termination benefits.
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine	11.12.2012	1.1.2013	This amendment addresses the recognition of stripping costs at active open-cast mining operations.
IFRS 13 Fair Value Measurement	11.12.2012	1.1.2013	This standard deals with fair value measurement and the relevant note disclosures. It offers assistance for determining fair value to the extent that this is prescribed by other IFRSs as the measurement method to be used.
Improvement Project 2009-11 and “Omnibus Standard Amending Various IFRSs”	27.3.2013	1.1.2013	Within the framework of annual adjustments, the IASB pooled minor amendments and clarifications to various standards in an omnibus standard.
Improvement Project 2010-12 and “Omnibus Standard Amending Various IFRSs”	outstanding	1.1.2014/ 1.1.2015	Within the framework of annual adjustments, the IASB pooled minor amendments and clarifications to various standards in an omnibus standard.
IAS 36 Disclosures for Non-Financial Assets	outstanding	outstanding	The amendment to IAS 36 clarifies and extends the note disclosures required in respect of IFRS 13 for impaired assets.
IFRIC 21 Levies	outstanding	outstanding	The new requirements becoming effective due to IFRIC 21 refer to the recognition of public levies paid to the state that are not taxes on income as defined in IAS 12.
IAS 39 Novation of Derivatives and Continuation of Hedge Accounting	outstanding	outstanding	The amendment to this standard permits the continuation of hedge accounting, provided that certain criteria are met, in cases where the novated derivative is transferred to a central counterparty due to a legislative amendment.
IAS 32 Financial Instruments – Presentation Offsetting of Financial Assets and Financial Liabilities	13.12.2012	1.1.2014	The amendments specify more detailed requirements for the offsetting of financial assets and financial liabilities.

AMENDED STANDARDS AND INTERPRETATIONS		EU ENDORSEMENT	EFFECTIVE DATE ¹	CONTENT
IFRS 10	Consolidated Financial Statements	11.12.2012	1.1.2014	This standard introduces a uniform definition for the concept of control, and thus a uniform basis for the existence of a parent/subsidiary relationship and the resultant delineation of the scope of consolidation. IFRS 10 supersedes the previously relevant control and consolidation guidelines set out in IAS 27 and SIC 12.
IFRS 11	Joint Arrangements	11.12.2012	1.1.2014	This standard governs the accounting treatment of situations in which a company exercises joint control over a joint venture or a joint operation. IFRS 11 supersedes IAS 31 and SIC 13, the standards previously stipulating the relevant requirements governing the accounting treatment of joint ventures. The most significant amendment in IFRS 11 compared with IAS 31 is the abolition of proportionate consolidation for joint ventures. In future, these will in all cases have to be accounted for using the equity method.
IFRS 12	Disclosures of Interests in Other Entities	11.12.2012	1.1.2014	This standard stipulates the disclosures required of companies that report in accordance with the two new standards IFRS 10 "Consolidated Financial Statements" and IFRS 11 "Joint Arrangements".
IAS 27	Separate Financial Statements	11.12.2012	1.1.2014	The consolidation requirements previously included in IAS 27 (2008) have been revised and are now included in IFRS 10 "Consolidated Financial Statements". The requirements for separate financial statements remain unchanged.
IAS 28	Investments in Associates and Joint Ventures	11.12.2012	1.1.2014	The revised version of IAS 28 includes follow-up amendments resulting from the publication of IFRS 10, IFRS 11 and IFRS 12.
IFRS 10, IFRS 11, IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance	4.4.2013	1.1.2014	The amendments to the standards specify the transition requirements in greater detail and offer additional relief upon the first-time adoption of all three standards.
IFRS 10, IFRS 12, IAS 27	Investment Entities	outstanding	outstanding	Once the amendments to IFRS 10 and the corresponding amendments to the other standards affected become effective, so-called investment entities will be exempted from the obligation to include subsidiaries they control in their consolidated financial statements by way of full consolidation. Such interests held by investment entities must be recognised in the consolidated financial statements at fair value through profit or loss pursuant to IFRS 9 or IAS 39.
IFRS 9	Financial Instruments: Classification and Measurement of Financial Assets	outstanding	outstanding	This amendment involves new requirements for the recognition and measurement of financial instruments, write-downs and hedge accounting. In this respect, the IASB has also made an amendment to IFRS 7.

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

Starting in the 2012/13 financial year, the MVV Energie Group has changed the option used to offset actuarial gains and losses for defined benefit plans. In future, the MVV Energie Group will no longer apply the corridor method, but will rather recognise all actuarial gains and losses for defined benefit plans under other comprehensive income. The previous year's figures have been adjusted accordingly. In respect of the application of IAS 19 from the coming financial year, we do not expect the abolition of the option to have any implications for our financial, net asset and earnings position. The new regulations governing the type of recognition for expected returns on plan assets will also not lead to any changes in our financial, net asset and earnings position. Note disclosures will be extended in line with requirements. Measure-

ment of the part-time early retirement provisions will result in a reduction in the amount of provision stated, a factor that will gradually lead to higher personnel expenses in subsequent years. The expected retrospective implication for the provision for the 2012/13 financial year amounts to approximately Euro 13 million.

The implications of the first-time application of the other standards not yet requiring mandatory application in the consolidated financial statements of the MVV Energie Group are currently under review. The amendments will be applied at the latest as of the date of mandatory application.

Scope of consolidation and changes in the scope of consolidation

In addition to MVV Energie AG, all material German and foreign subsidiaries in which MVV Energie AG directly or indirectly holds a majority of the voting rights have been included in the consolidated financial statements of the MVV Energie Group for the 2012/13 financial year. The relevant control concept requires the parent company to exercise a controlling influence in the case of full consolidation. This is the case for all companies fully consolidated. Material associates have been accounted for at equity, while material joint ventures have been proportionately consolidated.

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

Scope of consolidation			
	Companies fully consolidated	Companies recognised at equity	Companies proportionately consolidated
30.9.2012	73	13	5
Mergers	3	—	1
Additions	11	—	—
Disposals	1	1	1
30.9.2013	80	12	3

The companies included in the consolidated financial statements of the MVV Energie Group as of 30 September 2013 are presented in the list of shareholdings in Note 40.

The Group's principal joint ventures relate to the companies at Stadtwerke Ingolstadt. Their business fields are basically congruent with those of MVV Energie AG.

Due to the exit of the joint venture partner at the company Kielspeicher 103 GmbH & Co. KG, Kiel, in the 4th quarter of 2012/13, the inclusion of this company in the scope of consolidation has been amended from proportionate to full consolidation.

The following companies were included in the consolidated financial statements by way of full consolidation for the first time in the period under report:

- Windpark Dirlammen GmbH & Co. KG, Wörrstadt
- MVV Environment Ridham Ltd., Leeds, UK
- MVV Windenergie Beteiligungs GmbH, Mannheim
- MVV Windenergie NRW GmbH, Mannheim
- Biokraft Naturbrennstoffe GmbH, Offenbach
- Netrion Gasnetz Offenbach GmbH, Mannheim
- Kielspeicher 103 GmbH & Co. KG, Kiel
- Windpark Albisheim GmbH & Co. KG, Wörrstadt
- Windpark Hungerberg I GmbH & Co. KG, Wörrstadt
- Windpark Hungerberg II GmbH & Co. KG, Wörrstadt
- Infrastrukturgesellschaft Hungerberg GmbH & Co. KG, Wörrstadt

24sieben GmbH, Kiel, and SWKiel Service GmbH, Kiel, were merged with Stadtwerke Kiel AG, Kiel, in the 1st quarter of 2012/13. This merger had no implications for the Group's net asset, financial and earnings position.

Waldenergie Bayern GmbH, Gersthofen, was merged with MVV Enamic GmbH, Mannheim, in the 1st quarter of 2012/13. This merger had no implications for the Group's net asset, financial and earnings position.

reginova GmbH, Ingolstadt, was merged with Stadtwerke Ingolstadt Energie GmbH, Ingolstadt, as of 1 October 2012. This merger had no implications for the Group's net asset, financial and earnings position.

e:duo GmbH, Essen, was merged with MVV Enamic GmbH, Mannheim, in the 1st quarter of 2012/13. Prior to this merger, e:duo GmbH was presented under other shareholdings at the Group. The merger-related items are recognisable in the Group's net asset, financial and earnings position.

The Group acquired 100 % of the shares in Windpark Dirlammen GmbH & Co. KG, Offenbach am Main, in the 1st quarter of 2012/13. This company has been included in the Group by way of full consolidation. The purchase price was settled upon acquisition of the shares.

Furthermore, the Group acquired 100 % of the shares in the project company MVV Environment Ridham Ltd., Leeds, UK. This company has thus been fully consolidated for the first time in the consolidated financial statements of the MVV Energie Group. The purchase price was settled upon acquisition of the shares.

In the 2nd quarter of 2012/13, the Group acquired 100 % of the shares in MVV Windenergie Beteiligungs GmbH, Mannheim, and in its wholly-owned subsidiary MVV Windenergie NRW GmbH, Mannheim. Both companies have been included in the Group by way of full consolidation. The purchase price was settled upon acquisition of the shares.

Due to its growing business volumes, the company Biokraft Naturbrennstoffe GmbH, Offenbach am Main, previously listed under other majority shareholdings due to materiality considerations, has been included as a fully consolidated company since the 4th quarter of 2012/13.

The newly founded company Netrion Gasnetz Offenbach GmbH, Mannheim, took over the Offenbach-based grid business operations from Netrion GmbH, Mannheim. This company was included in the consolidated financial statements for the first time in the 2012/13 financial year.

The Group acquired 100% of the shares in the companies Windpark Albisheim GmbH & Co. KG, Wörrstadt, Windpark Hungerberg I GmbH & Co. KG, Wörrstadt, and Windpark Hungerberg II GmbH & Co. KG, Wörrstadt, in the 4th quarter of 2012/13. These three companies hold a 70% shareholding in Infrastrukturgesellschaft Hungerberg GmbH & Co. KG, Wörrstadt, which was thus additionally acquired in this transaction.

Furthermore, Stadtwerke Ingolstadt Energie GmbH acquired 41% of the shares in Windpark Riegenroth GmbH & Co. KG, Wörrstadt. This shareholding is recognised under other shareholdings.

The sale of the other shareholding held in KielNet GmbH Gesellschaft für Kommunikation, Kiel, took effect on 25 October 2012.

The shares held in Nordland Energie GmbH, Kiel, were sold in the 3rd quarter of 2012/13. Prior to its disposal, this shareholding was presented as an associate at the Group.

The shares held in Jablonecká teplárenská a realitní a.s., Jablonec nad Nisou, Czech Republic, were sold to the city of Jablonec with effect as of the end of the 2012/13 financial year. Prorated payment of the purchase price occurred upon the conclusion of the current financial year.

The fair value upon acquisition of the identifiable assets and liabilities at the companies consolidated for the first time in the period under report is presented in the following table:

Identifiable assets and liabilities

	Windpark Dirlammen GmbH & Co. KG, Offenbach am Main		MVV Environment Ridham Ltd., Leeds		MVV Windenergie Beteiligungs GmbH, Mannheim and MVV Windenergie NRW GmbH, Mannheim		Windpark Albisheim GmbH & Co. KG, Windpark Hungerberg I GmbH & Co. KG, Windpark Hungerberg II GmbH & Co. KG and Infrastrukturgesellschaft Hungerberg GmbH & Co. KG, all Wörrstadt	
Euro 000s	Recognised upon acquisition	Carrying amount	Recognised upon acquisition	Carrying amount	Recognised upon acquisition	Carrying amount	Recognised upon acquisition	Carrying amount
Property, plant and equipment	—	—	6 256	5 826	56 901	50 899	—	—
Financial assets	—	—	—	—	5 566	2 527	2	2
Inventories, receivables, other assets	—	—	91	88	2 743	2 728	—	—
Cash and cash equivalents	3	3	18	18	8 422	8 422	10	10
Deferred tax assets	—	—	—	—	1 316	—	—	—
Deferred expenses and accrued income	—	—	—	—	—	80	—	—
Provisions	—	—	21	21	2 983	988	—	—
Trade payables	—	—	—	—	—	—	2	2
Other liabilities	—	—	6 389	5 868	52 311	51 491	—	—
Deferred tax liabilities	—	—	—	—	2 357	—	—	—
Fair value of net assets	3	—	-45	—	17 297	—	10	—
Share acquired in company	3	—	-45	—	17 297	—	9	—
Goodwill	—	—	46	—	—	—	—	—

The purchase prices were settled with liquid funds. Since their initial consolidation, the companies thereby acquired have contributed sales of Euro 3 635 thousand and earnings of Euro -7 558 thousand.

Consolidation methods

The annual financial statements included in consolidation have been prepared on the basis of uniform accounting policies as of 30 September 2013.

Subsidiaries are fully consolidated upon acquisition, i.e. from the time at which the Group gains control. Their inclusion in the consolidated financial statements ends as soon as they are no longer controlled by the parent company. Capital consolidation is performed using the purchase method. This involves the costs of acquisition relating to the business combination being allocated to the identifiable assets acquired and the identifiable liabilities and contingent liabilities assumed on the basis of their fair value upon acquisition. Any remaining credit difference is recognised under intangible assets as goodwill. Capitalised goodwill is not subject to scheduled amortisation, but is rather tested for impairment once a year or if there are any indications of impairment. Goodwill remaining at a given cash generating unit upon deconsolidation is accounted for in the proceeds on disposal. Any debit differences arising are recognised through profit or loss following a renewed review of the purchase price allocation.

Non-controlling interests represent the share of earnings and net assets not attributable to the Group. Non-controlling interests are recognised separately in the consolidated income statement and consolidated balance sheet. In the consolidated balance sheet, they are recognised within equity, separately from the equity attributable to shareholders in the parent company.

Proportionate consolidation of joint ventures is performed in accordance with the same principles. Interests in associates are consolidated using the equity method.

Shareholdings in companies not included by way of full or proportionate consolidation or by application of the equity method have been accounted for pursuant to IAS 39.

Receivables and liabilities between consolidated companies have been offset against each other, as have income and expenses. Material intercompany results have also been eliminated.

Currency translation

Transactions in foreign currencies at consolidated companies are recognised at the spot rate applicable at the time of the transaction. Monetary assets and liabilities stated in foreign currency are translated at each balance sheet date at the rate valid on the balance sheet date. Since the 2012/13 financial year, differential amounts from currency translation have been recognised either within operating earnings or in the financial result in line with their respective allocation.

Annual financial statements of foreign group companies are translated into euros (the reporting currency of the Group) in accordance with the functional currency concept and using the modified reporting date method. The functional currency is the respective national currency at all companies thereby affected in view of the fact that they conduct their businesses in their national currencies as independent entities within the Group in financial, economic and organisational terms. Assets and liabilities are translated from their respective national currencies into euros at the mean exchange rate valid on the balance sheet date (reporting date rate). Income and expense items are translated using annual average exchange rates. Currency differences resulting from the use of different exchange rates for the balance sheet and the income statement are recognised directly in equity as revenue reserves (differential amount from currency translation).

Currency translation has been based on the following exchange rates:

Currency translation

	Reporting date rate		Average rate	
	30.9.2013	30.9.2012	1.10.2012 to 30.9.2013	1.10.2011 to 30.9.2012
1 Euro				
Czech crown (CZK)	25.730	25.141	25.605	25.176
British pound (GBP)	0.836	0.798	0.841	0.823

Source: European Central Bank

Accounting policies

Assets and liabilities are measured at amortised cost in all cases with the exception of certain financial assets, financial liabilities and derivative financial instruments which IAS 39 requires to be measured at fair value and where this can be reliably determined. Non-current receivables and debt are recognised at present value. Assets and liabilities are netted where the relevant requirements are met. Assets and liabilities with different dates of transaction and financial performance are recognised as of the transaction date. Income and expenses derived from assets or liabilities are recognised under earnings from operations or in the net financial result

depending on the respective balance sheet item. Period deferrals are accounted for where necessary. Items are recognised directly in equity where International Accounting Standards so require and are presented separately in the statement of changes in equity.

The underlying principles of recognition and measurement applied when preparing the consolidated financial statements of the MVV Energie Group are set out below.

Intangible assets

Intangible assets were mainly acquired in return for payment and are carried at cost. Apart from goodwill, they are subject to straight-line amortisation based on their pattern of consumption. With the exception of goodwill and one registered trademark, there are no intangible assets with useful lives classified as indefinite. CO₂ emission rights with holding periods longer than one year and requiring purchase by the MVV Energie Group are recognised as intangible assets at cost, while rights allocated free of charge are recognised at Euro 0. Where subsequent measurement is required, application is made of the floating average method.

Development expenses are capitalised where a newly developed product or process can be clearly delineated, is technically feasible and is intended for own use or sale. A further condition for capitalisation is sufficient likelihood that the development expenses will lead to future inflows of funds. Capitalised development expenses are subject to scheduled amortisation over the estimated period of sale of the products. Research expenses are not eligible for capitalisation and are expensed directly in the period in which they are incurred.

Goodwill is not subject to scheduled amortisation, but is rather tested for impairment annually or more frequently should any specific indications of impairment arise. Goodwill is allocated for this purpose to cash generating units on the level of the legal subgroups consisting of legal entities belonging together in geographical or material terms.

Property, plant and equipment

Property, plant and equipment is stated at cost, less proportionate depreciation to account for the decline in value of the assets. In the case of internally generated property, plant and equipment, the costs of manufacture are based on allocable direct costs and a commensurate share of directly allocable overhead expenses. Borrowing costs are recognised as a component of costs when they can be directly attributed to the acquisition or manufacture of a qualifying asset. Such costs are recognised as soon as the asset in question requires a significant period of time to be prepared for its intended use or sale.

The costs of assets are reduced by public subsidies received (investment grants). Public subsidies are recognised when it is reasonably certain that the subsidies will be granted and the relevant conditions have been met. Investment grants relate exclusively to asset-based subsidies. These grants are reported separately from investments in the non-current asset schedule.

Items of property, plant and equipment have been subject to straight-line depreciation consistent with their pattern of consumption. Depreciation is undertaken pro rata temporis in the year of addition. Scheduled depreciation is based on the following useful lives:

Useful lives in years	
Buildings	5–68
Technical equipment and machinery	2–54
Transmission grids	2–40
Plant and office equipment	2–33

Investment property

The investment property item includes real estate held for the purpose of generating rental income or long-term value growth and which is not used for operating purposes. Such property is measured at amortised cost. Transaction expenses are included in initial measurement. The real estate thereby recognised is subject to straight-line depreciation over a period of 30 to 50 years. The fair values are determined in regular impairment tests undertaken in the form of independent surveys based on internationally recognised methods.

Impairments of intangible assets, property, plant and equipment and investment property

The carrying amounts of intangible assets, property, plant and equipment and investment property are assessed for impairment at each balance sheet date. An impairment test pursuant to IAS 36 is undertaken should there be any indication of impairment. Goodwill is tested for impairment every year. Where the carrying amount of an asset is higher than its recoverable amount (the higher of its fair value less disposal costs or its value in use), the carrying amount is written down to the recoverable amount. The fair value represents a best estimate of the recoverable amount. The recoverable amount must be determined for each asset, unless the asset does not generate any largely independent cash flows. In this case, the amount should be stated for which an independent third party would acquire the cash generating unit at the balance sheet date. The fair value/value in use of the cash generating units are determined based on the cash flow forecasts approved by the management and supervisory bodies of MVV Energie AG. Such cash flow

forecasts are based on the experience and results in previous financial years, as well as on expectations as to future market developments. The cash flow forecasts refer to the expected development in key macroeconomic figures derived from economic and financial studies. Key assumptions used in the forecast concern the development in the price of crude oil, natural gas and coal on the global markets, the price of electricity and gas on the wholesale and end consumer markets and the development in market shares and of the relevant regulatory framework. The cash flow forecasts cover a detailed budgeting period of three years. Figures for subsequent financial years are based on an extrapolation of the results of the final financial year in the detailed budgeting period. Reference is made to current estimates of growth rates. These growth rates correspond to the average long-term growth rates in the markets in which the companies operate and are consistent with external sources of information concerning market expectations. Impairment losses are recognised when the recoverable amount of the asset (value in use) falls short of its carrying amount. Where the recoverable amount exceeds the carrying amount in subsequent periods, the assets are written up to a maximum of amortised cost.

Goodwill is not written up. Should the carrying amount of a cash generating unit to which goodwill has been allocated exceed its recoverable amount, then the goodwill thereby allocated is written down first. Any further write-down requirement is then accounted for by means of a prorated reduction in the carrying amounts of the other assets at the cash generating unit.

The MVV Energie Group leases specific items of property, plant and equipment (leased items). Lease contracts for items in which the MVV Energie Group bears the principal risks and rewards resulting from ownership of the leased item are classified as finance leases. Assets in connection with finance leases are capitalised at the beginning of the leasing term at the lower of the fair value of the leased item and the present value of minimum leasing payments, with equivalent leasing liabilities being recognised under non-current and current liabilities.

Each leasing instalment is divided into its respective interest and principal components in such a way that the leasing liabilities charge consistent interest. The interest component of the leasing instalment is recognised through profit or loss in the income statement. Items of property, plant and equipment governed by finance leases are depreciated over the shorter of their economic useful life or the term of the lease.

Associates

Associates are recognised using the equity method and are measured initially at cost and subsequently at the amortised value of the prorated net assets. The carrying amounts are increased or reduced annually to account for prorated earnings, dividend distributions and other changes in equity. Any goodwill thereby recognised is included in the value of the shareholding, rather than being reported separately. Impairment losses are recognised when the recoverable amount falls short of the carrying amount.

Other financial assets

Other financial assets consist of loans, leasing receivables, securities, other majority shareholdings and other shareholdings, which are measured and categorised as follows. Loans are classified under loans and receivables and leasing receivables under leases. These items are measured at amortised cost, less impairments where applicable. Other shareholdings and other majority shareholdings that are available for sale have also been allocated to other financial assets. Other majority shareholdings and other shareholdings are measured at amortised cost, corrected where necessary to account for impairments due to a reduction in expected cash flows or to existing default risks. Finance leases where all of the risks and rewards of ownership are transferred to the lessee are recognised as receivables at the present value of the minimum leasing payments (net investment value). Securities are recognised at fair value.

Any default risks identifiable for financial assets are accounted for with write-downs. These write-downs are recognised under income from shareholdings or in the financial result.

Receivables and other assets

Receivables and other assets include trade receivables, other receivables and assets and tax receivables. Apart from derivative financial instruments, these are measured at amortised cost. Initial measurement is undertaken as of the date of the transaction. Any write-downs required are based on the expected level of default risk. The value of receivables is generally corrected by means of a write-down account. Current other assets also include the current portion of leasing receivables and loans. Measurement of the current portions of leasing receivables and loans is based on the same principles as measurement of the non-current portions. These principles are outlined under financial assets.

Trade receivables include accruals/deferrals to cover energy and water sales not yet read or invoiced as of the balance sheet date. Part-payments made in the context of annual consumption invoicing are deducted from the receivables. Receivables from customers are recognised at amortised cost. Default risks existing at the balance sheet date are covered by adequate write-downs. Receivables are derecognised immediately upon becoming uncollectible. The carrying amounts reported are basically equivalent to their respective fair values.

CO₂ emission rights with remaining terms of less than one year and requiring purchase or exchange by the MVV Energie Group are recognised at cost as other assets, while rights allocated free of charge have been recognised at Euro 0.

Customer-specific construction contracts

Customer-specific construction contracts are recognised at percentage of completion. This means that prorated sales and the cost of sales incurred are recognised at the percentage of completion, based on the contractual arrangements with the customers, reached by the balance sheet date, as soon as the results of the construction contract can be reliably estimated. Percentage of completion is calculated on the basis of the project costs incurred by the balance sheet date as a proportion of the total costs of the project. In the balance sheet, the sales posted in line with their percentage of completion are reduced by advance payments received and recognised under trade receivables. As soon as the result of a construction contract cannot be reliably estimated, the revenues from the contract are only recognised at the level of the contract costs incurred and probably collectible. Losses on contracts are immediately expensed in full as soon as they are expected.

Inventories

Inventories consist of raw materials and supplies, unfinished and finished products and services, as well as advance payments made for such. They are measured at the lower of cost or net sale value. Cost of acquisition or manufacture for raw materials and supplies has been calculated using the average cost method. The manufacturing costs of unfinished and finished products and services include allocable direct costs and a commensurate share of the material and production overheads required based on normal capacity utilisation levels and thus include production-related full costs. Risks resulting from any impairment in utility are accounted for by way of suitable deductions.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and credit balances at banks with original terms of less than three months.

Assets and liabilities held for sale

Assets which can be sold in their current state and whose sale is highly probable are reported as assets held for sale. These may involve individual non-current assets, groups of assets or business divisions. Liabilities due to be dispensed with in a transaction together with assets are reported separately as liabilities held for sale.

Where the relevant specific standards do not require application, non-current assets held for sale are no longer subject to scheduled depreciation and amortisation, but are rather recognised at fair value, less expected disposal costs, where this is lower than the carrying amount. Gains or losses resulting from the measurement of individual assets held for sale or disposal groups are recognised under earnings from continuing operations until their ultimate disposal. Gains or losses resulting from the measurement of discontinued operations at fair value less disposal costs are recognised as earnings from discontinued operations.

Deferred taxes

Deferred taxes are stated for temporary differences between the tax balance sheets and IFRS balance sheets at individual companies arising from the measurement of assets and liabilities for tax purposes on the one hand and for external IFRS accounting on the other, as well as from consolidation processes impacting on earnings. Moreover, deferred tax assets have also been recognised for tax reduction claims resulting from the expected utilisation in subsequent years of existing losses carried forward. Such claims are capitalised if the realisation of these losses carried forward can be assumed with adequate certainty on the basis of existing business plans. Deferred taxes have been calculated based on the tax rates valid or expected at the individual organisational units upon realisation. Account is taken of the tax regulations valid or already adopted at the balance sheet date. The calculation of deferred taxes in Germany has been based on the tax rates applicable at individual companies. For corporations, this tax rate results from the unchanged corporate income tax rate of 15 %, the unchanged solidarity surcharge of 5.5 % and the respectively applicable trade tax rate of approximately 14 % to 17 %. The equivalent calculations for foreign companies are based on the respective national tax rates. Where the requirements of IAS 12 are met, deferred tax assets and liabilities are stated on a net basis for each company or fiscal unit.

Provisions

Provisions are recognised for all legal or constructive obligations to third parties at the balance sheet date as a result of past events, when it is probable that a future outflow of resources will be required to settle the obligations and the amounts can be reliably estimated. Provisions are recognised at their expected performance amounts and are not netted with refund claims. Provisions based on a large number of events of the same nature are recognised at the expected value of the potential results.

All non-current provisions have been recognised at their expected performance amounts discounted as of the balance sheet date. The discount rate is set on a group-wide basis at 0.6 % for provisions with terms of between one and five years and at 1.5 % for provisions with terms of five years or more.

Provisions for pensions and similar obligations are stated exclusively for defined benefit plans. Pursuant to IAS 19, these pension provisions are calculated using the projected unit credit method. As well as pensions and vested claims known of at the balance sheet date, this method also accounts for salary and pension increases expected in future. The calculation made application of the 2005 G mortality tables published by Prof. Dr. Klaus Heubeck. As the Group does not have any plan assets, its pension obligations are covered in full by provisions. Unlike in the previous financial year, since the 2012/13 financial year actuarial gains and losses resulting from changes in the assumptions underlying the calculation have been fully recognised in the period in which they arise. These are reported outside the income statement in the statement of income and expenses recognised in group equity.

The key parameters used in the calculation of the defined benefit plans as of 30 September 2013 were:

	30.9.2013	30.9.2012
Discount rate	3.6 %	3.8 %
Future salary increases	1.0–3.0 %	1.0–3.0 %
Future pension increases	1.0–2.75 %	1.0–3.0 %

The pension scheme for employees of the MVV Energie Group is largely arranged in line with collective wage and salary agreements specific to the respective companies. This results in indirect pension obligations to employees which are covered almost exclusively by municipal supplementary pension companies (ZVK). This requires allocations to be made for retirement periods. The payments made in this context serve to finance current pension outlays. According to IFRS requirements, this type of pension plan represents a defined benefit plan, as the individual benefits provided by the ZVK to former employees of member companies are not dependent on the level of contributions paid into the pension fund. Moreover, as the employees of several member companies are insured by the ZVK, this type of pension plan is to be considered a multi-employer plan and thus requires the application of special regulations.

Given the redistribution of the benefits provided by the ZVK among its member companies and the lack of adequate information about the age structures, personnel turnover rates and salaries of the employees thereby covered, no information is available on the proportion of future payment obligations (economic obligation) accruing to the MVV Energie Group. In view of this, IFRS does not permit recognition of the provisions and the scheme has to be treated as a defined contribution plan.

Liabilities

Following initial recognition, liabilities are measured at amortised cost using the effective interest rate method.

Liabilities from finance leases are carried at the present value of future leasing payments. Apart from derivative financial instruments, other liabilities are measured at amortised cost, which is basically equivalent to their fair values.

Trade payables are measured at amortised cost.

Contingent liabilities

Contingent liabilities involve potential obligations to third parties or existing obligations for which an outflow of resources is unlikely or whose amount cannot be reliably determined. Contingent liabilities are not recognised in the balance sheet. The volume of obligations stated in the notes for contingent liabilities corresponds to the scope of liability at the balance sheet date.

Financial instruments

PRIMARY FINANCIAL INSTRUMENTS: Shareholdings, loans, securities, trade receivables, other cash receivables and cash and cash equivalents are reported as financial assets on the asset side of the balance sheet. Primary financial instruments are measured at fair value upon addition, taking due account of transaction costs.

Financial assets are subsequently measured either at fair value or at amortised cost. The subsequent measurement of financial assets in the “financial assets available for sale” category is generally based on their fair values. Pursuant to IAS 39, changes in fair values are recognised directly in equity, taking due account of deferred taxes. Upon retirement, these are taken into the income statement. The asset is written down through profit or loss if there are any objective indications of impairment. Assets whose fair values cannot be reliably estimated are measured at amortised cost. The subsequent measurement of financial assets in the “loans and receivables” and “financial instruments held to maturity” categories is based on amortised cost, with application of the effective interest rate method where appropriate. The amortised cost of a financial asset is equivalent to the fair value of the consideration provided, adjusted to account for impairments, interest payments and principal repayments. Impairment losses are recognised for any identifiable risks, especially those resulting from expected payment defaults or reductions in expected cash flows. Impairment losses are recognised directly in period earnings.

Purchases and sales of financial assets executed on customary market terms are recognised on the date of the transaction, i.e. on the date on which the company assumed the liability to purchase the assets. Purchases and sales executed on customary market terms are purchases or sales requiring transfer of the assets within a period determined by market regulations or conventions.

The fair values of financial instruments traded on organised markets are determined by reference to the bid prices listed on the stock market on the balance sheet date. The fair values of financial instruments for which there is no active market are estimated with due application of valuation techniques. These methods are based on recent transactions performed on customary market terms, on the current value of other instruments which are essentially the same instruments, on analysis of discounted cash flows or on option pricing models.

Financial assets are retired when the contractual rights to cash flows from the asset expire or when the financial asset is transferred, provided that all significant risks and rewards relating to ownership of the asset are also transferred and the power to dispose over the asset has been ceded.

Financial debt, trade payables and other liabilities are reported as financial liabilities on the liabilities side of the balance sheet. Financial liabilities are mainly recognised at amortised cost, with application of the effective interest rate method where appropriate. In the case of financial debt, cost is equivalent to the amount disbursed. In the case of trade payables and other liabilities, cost is equivalent to the fair value of the consideration received.

Financial liabilities are retired when the underlying obligation has been met or terminated, or has expired.

As in the previous year, no use was made of the option of allocating financial assets and financial liabilities to the “measured at fair value through profit or loss” category.

DERIVATIVE FINANCIAL INSTRUMENTS: Derivative financial instruments include interest rate and currency derivatives, as well as commodity derivatives, in this case mainly for electricity, gas and coal. Derivative financial instruments are measured at fair value both upon initial recognition and in subsequent periods and are reported under other assets or other liabilities. The amounts recognised are derived from market values or using generally recognised valuation methods (present value method or option pricing models based on current market parameters). Changes in the value of interest rate and currency derivatives are recognised as income or expenses in the financial result. Changes in the value of all other derivative financial instruments are recognised as income or expenses under other operating income and expenses. Derivatives deployed in cash flow hedges are treated separately. Cash flow hedges serve to hedge future cash flows from financial assets or financial liabilities. Where they additionally meet the hedge accounting requirements set out in IAS 39, changes in the fair value of the effective portion of the hedging instrument are recognised directly in equity under fair value measurement of financial instruments. When the underlying transaction is recognised in the income statement, the hedge is also recognised through profit and loss and thus compensates for the impact of the underlying transaction.

IAS 39 sets out hedge accounting requirements. In particular, it requires hedging relationships to be extensively documented and effective, i.e. both prospective and retrospective changes in the fair value of the hedge have to lie within a range of 80 % to 125 % of the opposing changes in the fair value of the hedged item. Only the effective portion of a hedging relationship may be recognised in equity under revenue reserves. The ineffective portion must be credited or charged directly to earnings in the income statement.

Interest rate risks are limited by drawing in particular on interest swaps. These instruments secure the cash flows from interest-bearing non-current financial liabilities by means of cash flow hedges.

Pending transactions intended to secure market prices in the field of energy trading fall within the scope of IAS 39 and have to be recognised as derivative financial instruments, while the hedged items (sales contracts) are generally not covered by IAS 39. The accounting treatment under IAS 39 relates in particular to commodities futures transactions. This has led to increased earnings volatility. To limit such fluctuations, the own use exemption or cash flow hedge accounting are drawn on in many cases, particularly in the electricity and gas businesses.

Measurement uncertainties

Discretionary decisions have to be made when applying the accounting policies. Moreover, the preparation of consolidated financial statements in accordance with IFRS requires assumptions and estimates to be made which could impact on the values stated for the assets and liabilities, income and expenses thereby recognised, as well as on the disclosure of contingent liabilities.

Discretionary decisions in the application of accounting policies

The exercising of discretion in the application of accounting policies has not had any material influence on the values of the assets and liabilities as reported in the financial statements.

Uncertainties involved in estimates

The following section provides information on the most important forward-looking assumptions and major sources of uncertainty involved in estimates made at the balance sheet date, as a result of which there is a risk that a material adjustment will be required in the carrying amounts of assets and liabilities in the coming financial year.

The fair values of assets and liabilities and the useful lives of assets have been determined on the basis of management assessment. The same applies to the calculation of any impairments of assets.

The MVV Energie Group tests its goodwill and assets for impairment at least once a year and when any events or circumstances indicate that this might be the case. This requires an estimation of the value in use of the cash generating unit to which the goodwill is allocated. To estimate the value in use, the MVV Energie Group

has to estimate the cash flow surpluses expected to be generated by the cash generating unit in future and furthermore to select an appropriate discount rate to calculate the present value of the cash flow. All assumptions and estimates are based on circumstances and assessments at the balance sheet date or at the date during the financial year on which event-specific impairment becomes necessary. Any deviation in the underlying framework could result in differences arising between such estimates and actual values. Appropriate amendments are made in such cases to the assumptions and if necessary to the carrying amount of the goodwill.

Moreover, assumptions also have to be made when calculating actual and deferred taxes. In particular, the possibility of generating corresponding future taxable income plays a major role in the assessment as to whether it will be possible to use deferred taxes.

The principal estimates involved in the measurement of provisions for pensions and similar obligations include the discount factor, biometrical probabilities and trend assumptions. Any deviation in the development of these estimates could result in differences arising between the amounts recognised and the obligations actually arising in the course of time. Unlike in the previous reporting year, since the 2012/13 financial year actuarial gains and losses have been fully recognised in the period in which they arise. This means that any amendments in estimates have direct implications for the MVV Energie Group.

The measurement of sales and cost of materials is dependent on estimates to the extent that consumption deferrals have been undertaken as of the balance sheet date for trade receivables and payables already incurred but not yet invoiced.

Compensation liabilities for partnerships are recognised at pro-rated fair value. This is determined by compiling a company valuation, taking due account of current budgets and the yield curve.

When assessing these measurement uncertainties, reference is always made to the best information available concerning circumstances at the balance sheet date. Actual amounts may differ from estimates. The carrying amounts recognised in the financial statements which are subject to these uncertainties have been stated in the balance sheet and the accompanying information provided in the notes.

The amendments made to estimates in the 2012/13 financial year due to IAS 8 did not lead to any notable adjustments in the relevant income, expenses, assets or liabilities.

Notes to Income Statement

1 Sales after electricity and natural gas taxes

Sales include all revenues generated by the typical business activities of the Group. They are recognised upon the transfer of significant risks and rewards to customers or upon performance of the respective services, provided that payment can reliably be expected. The composition of sales broken down into individual segments can be found in the Segment Report in Note 36.

Compared with our main products, namely electricity, heating energy, gas, water and waste, other sales are of subordinate significance.

The sales of our foreign subsidiaries amounted to Euro 110 234 thousand in group currency.

2 Changes in inventories

Changes in inventories mainly result from contracting projects in which the MVV Energie Group acts as lessor within the framework of finance leases, as well as from house connection services not yet invoiced.

3 Own work capitalised

Own work capitalised relates in particular to the construction and expansion of distribution grids.

4 Other operating income

Other operating income		
Euro 000s	2012/13	2011/12
Income from IAS 39 derivatives	118 904	133 399
Reversals of provisions	15 238	18 962
Income from emission rights	11 968	9 278
Reversals of write-downs and receipts of receivables already retired	13 583	9 502
Reimbursements of damages claims	7 128	3 821
Agency agreements and personnel supplies	5 237	2 820
Credits and refunds	3 880	6 715
Benefits to employees	2 896	3 113
Exchange rate gains	2 871	12 040
Rental income	2 109	2 467
Income from sales of assets	2 004	4 647
Other	30 520	31 877
	216 338	238 641

Other operating income particularly relates to positive measurement items for energy trading transactions requiring measurement under IAS 39. Measurement items relating to energy trading transactions have been reported on a gross basis. This valuation-dependent income is offset by corresponding expenses.

Reimbursements of damages claims include reimbursements of Euro 302 thousand for property, plant and equipment.

5 Cost of materials

Cost of materials		
Euro 000s	2012/13	2011/12
Raw materials, supplies and purchased goods	2 849 374	2 672 890
Purchased services	419 720	430 520
	3 269 094	3 103 410

Cost of materials includes write-downs on raw materials and supplies amounting to Euro 73 thousand (previous year: Euro 102 thousand). This item also includes write-ups of Euro 30 thousand recognised for raw materials and supplies due to an increase in the net sale price (previous year: 57 thousand).

The increase in raw materials and supplies was primarily driven by higher business volumes due to volume and price factors and the resultant increase in energy procurement costs.

Expenses for purchased services mainly relate to expenses for grid utilisation fees, concession duties and disposal costs for residual waste.

6 Personnel expenses

Personnel expenses		
Euro 000s	2012/13	2011/12
Wages and salaries	267 775	266 656
Social security expenses and welfare expenses	46 332	47 585
Pension expenses	19 015	18 455
	333 122	332 696

The MVV Energie Group had an annual average of 5 469 employees (previous year: 5 878), of which 291 employees (previous year: 677) at proportionately consolidated companies. These personnel totals include 327 trainees (previous year: 341).

7 Other operating expenses

Other operating expenses		
Euro 000s	2012/13	2011/12
Expenses for IAS 39 derivatives	121 909	153 512
Contributions, fees and duties	26 251	20 783
Additions to write-downs and receivables defaults	19 420	27 230
Maintenance, repair and IT service expenses	18 647	24 720
Rental, leasehold and leasing expenses	18 127	19 435
Legal, consulting and surveyor expenses	15 878	15 118
Expenses for emission rights	13 565	14 600
Operating taxes (including energy taxes)	12 451	7 614
Public relations expenses	9 687	10 792
Personnel and welfare expenses	9 145	9 826
Exchange rate losses	4 186	7 795
Losses incurred on sales of assets	3 877	3 267
Accounting and year-end expenses	1 915	3 042
Office materials and specialist literature	1 195	1 115
Other	44 942	34 029
	321 195	352 878

Other operating expenses include negative measurement items for energy trading transactions requiring measurement under IAS 39. Measurement items relating to energy trading transactions have been reported on a gross basis. These valuation-dependent expenses are countered by other operating income offsetting this item.

8 Income from associates and other income from shareholdings

Income from associates and other income from shareholdings		
Euro 000s	2012/13	2011/12
Income from associates	14 135	22 718
Income from other shareholdings	1 360	2 098
Expenses/income from sales of financial assets	146	3 866
Write-downs on other shareholdings	—	–23
	15 641	28 659

9 Depreciation and amortisation

Depreciation and amortisation		
Euro 000s	2012/13	2011/12
Depreciation and amortisation	167 595	175 727
of which impairment losses	2 486	10 156

The impairment tests performed on assets pursuant to IAS 36 led to an impairment requirement within intangible assets. This resulted in impairment losses of Euro 1 637 thousand. Furthermore, impairment losses of Euro 438 thousand were recognised for buildings (previous year: Euro 2 172 thousand) and of Euro 382 thousand for technical machinery and equipment (previous year: Euro 7 951 thousand).

10 Restructuring expenses

The estimate of the provisions recognised for restructuring expenses has been revised on the basis of IAS 8. The latest findings have resulted in an adjustment to the restructuring provision.

11 Financing income

Financing income		
Euro 000s	2012/13	2011/12
Interest income from finance leases	4 349	4 981
Interest income from current account, overnight and fixed-term deposits	1 648	1 264
Income from general loans	92	124
Income from currency translation in connection with financing facilities	2 090	—
Write-backs to securities	—	27
Other interest and similar income	2 944	3 520
	11 123	9 916

12 Financing expenses

Financing expenses		
Euro 000s	2012/13	2011/12
Interest expenses on overdraft facilities, non-current and current loans	53 763	55 061
Compounding of provisions	5 274	10 781
Expenses from currency translation in connection with financing facilities	3 417	—
Interest and similar expenses	10 258	11 321
	72 712	77 163

13 Taxes on income

Taxes on income

Euro 000s	2012/13	2011/12
Actual taxes	42 210	50 019
Deferred taxes	1 043	-3 080
	43 253	46 939

Current tax expenses include the payable trade tax and corporate income tax charge (including the solidarity surcharge), as well as foreign taxes on income.

Of deferred tax expenses, an amount of Euro 2 038 thousand (previous year: tax expenses of Euro 3 100 thousand) results from changes in the write-down on losses carried forward and the utilisation through profit or loss of losses carried forward. Deferred tax income of Euro 995 thousand is attributable to the arising and/or reversal of temporary differences (previous year: Euro 6 142 thousand).

Actual tax expenses were reduced by Euro 1 848 thousand by using tax losses not previously recognised (previous year: Euro 1 088 thousand).

The reconciliation of expected tax expenses with those actually reported is presented in the following table. The tax rate of 30.3 % applicable for the tax reconciliation (previous year: 30.3 %) consists of the unchanged corporate income tax rate of 15.0 %, the unchanged solidarity surcharge of 5.5 % and an average trade tax rate of 14.5 % (previous year: 14.5 %).

Reconciliation of income tax expenses

Euro 000s	2012/13	2011/12
Earnings before taxes (EBT)	148 155	130 877
Expected tax expenses based on tax rate of 30.3 % (previous year: 30.3 %)	44 891	39 656
Deviations resulting from trade tax assessment base	3 020	3 287
Deviations from expected tax rate	-2 131	-1 226
Utilisation of losses carried forward, change in write-downs for losses and losses for which no deferred taxes are recognised	2 633	4 547
Non-deductible expenses	1 073	2 257
Tax-exempt income	-2 547	-15 614
Earnings from shareholdings recognised at equity	-2 246	-1 336
Permanent differences	2 787	13 645
Taxes for previous years	-2 802	3 348
Other	-1 425	-1 625
Effective tax expenses	43 253	46 939
Effective tax rate in %	29.2	35.9

The "Deviations from expected tax rate" item has increased due to the results at new wind farm companies with low trade tax multipliers and foreign companies with low average tax rates (UK: 23.5 % and CZ: 19.0 %).

The reduction in the "Utilisation of losses carried forward, change in write-downs for losses and losses for which no deferred taxes are recognised" item is mainly due to the increase in the ongoing value of deferred tax assets recognised on losses carried forward, as well as to losses used in the current financial year.

The decline in tax-exempt income is attributable to one-off items only arising in the previous year.

The reduction in the "Permanent differences" item results from one-off items in the previous year which do not apply in the current year. The existing permanent differences are chiefly due to tax-neutral conversion items.

The reversal of taxes for previous years into an income item is principally due to tax risk provisions for which no deferred taxes have been stated. These were triggered by recent court judgments.

14 Share of earnings attributable to shareholders in MVV Energie AG and earnings per share

Share of earnings attributable to shareholders in MVV Energie AG and earnings per share

	1.10.2012 to 30.9.2013	1.10.2011 to 30.9.2012
Share of earnings attributable to shareholders in MVV Energie AG (Euro 000s)	83 882	62 835
Number of shares (weighted average in 000s)	65 907	65 907
Earnings per share (Euro)	1.27	0.95
Dividend per share (Euro)	0.90	0.90

The number of individual registered shares in MVV Energie AG amounts to 65 906 796. The weighted annual average is calculated to the nearest day.

The dividend for the 2012/13 financial year is based on the proposal made by the Executive Board and is subject to approval by the Annual General Meeting on 14 March 2014. This proposal involves the distribution of a total dividend of Euro 59 316 thousand. The appropriation of earnings proposed for the 2011/12 financial year was approved by the Annual General Meeting on 8 March 2013. A total dividend of Euro 59 316 thousand was distributed. As there were no option rights to shares in MVV Energie AG at the balance sheet date, it is not necessary to account for any dilution effects.

Notes to Balance Sheet

15 Intangible assets

Intangible assets include concessions, industrial property rights and similar rights and values, goodwill and advance payments.

The requirements governing the capitalisation of development expenses were not met in the 2012/13 financial year. Like research expenses, these have therefore been recognised as expenses in the period in which they were incurred. The volume of expenses qualifying as research and development expenses under IFRS amounted to Euro 2 509 thousand in the 2012/13 financial year (previous year: Euro 4 594 thousand). Research and development expenses mainly relate to activities aimed at achieving ongoing improvements in working processes, product development and technological enhancements.

Concessions, industrial property rights and similar rights and values consist of software and contractually agreed grants to customers and suppliers. The useful lives of such rights are based on the relevant economic aspects or contractual requirements and range from 2 to 50 years.

Goodwill is tested for impairment at least once a year. Growth rates of at least 0.5 % were used in the budgets for the impairment test performed in the 2012/13 financial year.

The calculation is based on costs of capital after taxes of 5.18 % (previous year: 5.34 %).

The recoverable amount/value in use was determined by discounting the cash flows expected at shareholdings using discount rates (weighted costs of capital) averaging 7.4 % before taxes (previous year: 7.6 %). The discount rates have been determined on the basis of available market data. The budget period for the underlying cash flows generally amounts to three years.

Within the framework of a sensitivity analysis, the impairments resulting from any increase/reduction in the capitalisation discount rate by 0.5 % were calculated. This did not result in any notable changes in the ongoing values.

The carrying amounts stated for goodwill are structured as follows:

Goodwill carrying amounts		
Euro 000s	30.9.2013	30.9.2012
Energieversorgung Offenbach subgroup	65 796	65 796
Stadtwerke Ingolstadt subgroup	53 759	53 759
Enamic subgroup	36 611	36 611
MVV Czech subgroup	6 320	6 490
Environmental energy (Umwelt) subgroup	5 586	5 540
Other subgroups	1 018	1 018
	169 090	169 214

For the purposes of performing impairment tests, goodwill was allocated to cash generating units. The cash generating units basically correspond to the legal subgroups. No goodwill impairment was recognised in the 2012/13 financial year. The inclusion of the shares in MVV Environment Ridham Ltd., Leeds, UK, in the scope of consolidation of the MVV Energie Group gave rise to goodwill of Euro 46 thousand. Furthermore, currency translation effects of Euro – 169 thousand were reported for the MVV Czech subgroup (previous year: Euro – 115 thousand).

Intangible assets

Euro 000s	Concessions, industrial property rights and similar rights and values	Goodwill	Advance payments	Total
Gross value at 1.10.2011	226 946	269 939	7 954	504 839
Change in scope of consolidation	-3 584	-78 297	- 216	-82 097
Currency adjustments	- 27	- 154	- 11	- 192
Additions	17 311	—	1 911	19 222
Disposals	-1 324	—	- 210	-1 534
Reclassifications	5 864	—	-5 864	—
Gross value at 30.9.2012	245 186	191 488	3 564	440 238
Amortisation at 1.10.2011	-153 198	-41 959	—	-195 157
Change in scope of consolidation	3 605	19 646	—	23 251
Currency adjustments	26	39	—	65
Scheduled amortisation	-12 830	—	—	-12 830
Disposals	383	—	—	383
Reclassifications	—	—	—	—
Amortisation at 30.9.2012	-162 014	-22 274	—	-184 288
Net value at 30.9.2012	83 172	169 214	3 564	255 950
Gross value at 1.10.2012	245 186	191 488	3 564	440 238
Change in scope of consolidation	- 66	46	—	- 20
Currency adjustments	- 56	- 227	- 2	- 285
Additions	11 349	—	3 400	14 749
Disposals	-2 047	—	-1 495	-3 542
Reclassifications	1 035	—	- 580	455
Gross value at 30.9.2013	255 401	191 307	4 887	451 595
Amortisation at 1.10.2012	-162 014	-22 274	—	-184 288
Change in scope of consolidation	67	—	—	67
Currency adjustments	41	57	—	98
Scheduled amortisation	-12 417	—	—	-12 417
Impairment losses	-1 637	—	—	-1 637
Disposals	431	—	—	431
Reclassifications	- 12	—	- 3	- 15
Amortisation at 30.9.2013	-175 541	-22 217	- 3	-197 761
Net value at 30.9.2013	79 860	169 090	4 884	253 834

16 Property, plant and equipment

Property, plant and equipment					
Euro 000s	Land, leasehold rights and buildings, including buildings on third-party land	Technical equipment and machinery	Other assets, plant and office equipment	Advance payments and construction in progress	Total
Gross value at 1.10.2011	808 890	4 033 518	203 409	126 559	5 172 376
Change in scope of consolidation	-20 318	-225 953	-8 939	50	-255 160
Currency adjustments	-2 129	-2 640	-27	582	-4 214
Additions	3 541	127 744	8 673	103 213	243 171
Subsidy payments received	-55	-8 401	-23	—	-8 479
Disposals	-8 815	-44 740	-6 446	-6 846	-66 847
Reclassifications	2 284	77 242	1 005	-80 531	—
Gross value at 30.9.2012	783 398	3 956 770	197 652	143 027	5 080 847
Depreciation at 1.10.2011	-360 250	-2 368 208	-137 745	—	-2 866 203
Change in scope of consolidation	11 011	139 870	7 865	—	158 746
Currency adjustments	752	1 449	34	—	2 235
Scheduled depreciation	-17 394	-124 650	-10 458	—	-152 502
Impairment losses	-2 172	-7 951	-33	—	-10 156
Disposals	4 461	31 882	5 881	—	42 224
Reclassifications	—	—	—	—	—
Depreciation at 30.9.2012	-363 592	-2 327 608	-134 456	—	-2 825 656
Net value at 30.9.2012	419 806	1 629 162	63 196	143 027	2 255 191
Gross value at 1.10.2012	783 398	3 956 770	197 652	143 027	5 080 847
Change in scope of consolidation	-11 943	49 113	-9	5 892	43 053
Currency adjustments	-3 264	-3 954	-66	-632	-7 916
Additions	7 071	97 401	7 358	222 422	334 252
Subsidy payments	-15	-1 023	-9	—	-1 047
Disposals	-9 821	-33 302	-7 098	-2 243	-52 464
Reclassifications	4 302	53 068	1 446	-59 271	-455
Gross value at 30.9.2013	769 728	4 118 073	199 274	309 195	5 396 270
Depreciation at 1.10.2012	-363 592	-2 327 608	-134 456	—	-2 825 656
Change in scope of consolidation	6 751	4 802	83	—	11 636
Currency adjustments	1 200	2 336	55	—	3 591
Scheduled depreciation	-16 923	-124 955	-10 803	—	-152 681
Impairment losses	-438	-382	-29	—	-849
Disposals	4 906	21 131	6 496	—	32 533
Reclassifications	—	183	-168	—	15
Depreciation at 30.9.2013	-368 096	-2 424 493	-138 822	—	-2 931 411
Net value at 30.9.2013	401 632	1 693 580	60 452	309 195	2 464 859

Impairment losses mainly involve technical equipment and machinery, as well as land and buildings.

Borrowing costs of Euro 5 354 thousand were capitalised in the 2012/13 financial year (previous year: Euro 1 849 thousand). The financing cost rates thereby assumed ranged from 4.5 % to 7.0 % (previous year: from 4.7 % to 5.0 %).

The addition to technical equipment and machinery in connection with finance leases mainly relates to the capitalisation of the district heating storage facility, for which economic ownership is attributable to the MVV Energie Group as a result of the relevant contractual terms.

Property, plant and equipment up to an equivalent value of Euro 132 million (previous year: Euro 104 million) has been provided as security for financial debt. This mostly involves land and buildings, as well as technical equipment and machinery. Restrictions on disposal for items of property, plant and equipment mostly relate to environmental restrictions in force.

The subsidy payments received in the 2012/13 financial year chiefly relate to subsidies for combined heat and power (CHP) plants. There are no conditions that have not been met or other performance uncertainties in connection with these subsidy payments.

An amount of Euro 120.8 million was recognised as advance payments and construction in progress for the energy from waste plant in Plymouth and the biomass power plant in Ridham, both in the UK, in the 2012/13 financial year (previous year: Euro 42.1 million).

17 Investment property

The fair value of investment property was determined on the basis of the valuations performed by independent surveyors as of 30 September 2013 and amounts to Euro 320 thousand in total. There were no indications of impairment in the 2012/13 financial year. A new survey will therefore be commissioned for the 2015/16 annual financial statements. In the previous year's period, the old people's home in Solingen was sold upon the disposal of the shares held in MVV Energiedienstleistungen GmbH Solingen. In the financial year under report, investment property thus related solely to a residential and commercial property let out in Köthen. Rental income amounted to Euro 31 thousand in the financial year (previous year: Euro 624 thousand). Direct operating expenses (excluding scheduled depreciation) amounted to Euro 8 thousand (previous year: Euro 407 thousand).

Investment property		
Euro 000s	2012/13	2011/12
Gross value at 1.10.	448	7 557
Change in scope of consolidation	—	-7 122
Additions	—	13
Gross value at 30.9.	448	448
Depreciation at 1.10.	-143	-1 672
Change in scope of consolidation	—	1 768
Scheduled depreciation	-11	-239
Depreciation at 30.9.	-154	-143
Net value at 30.9.	294	305

18 Associates and joint ventures

The following overviews present the development in the carrying amounts of associates and in key items in their balance sheets and income statements.

Investments in associates (at equity)		
Euro 000s	2012/13	2011/12
Gross value at 1.10.	107 437	105 735
Change in scope of consolidation	—	-6 946
Additions	458	—
Measurement at equity	7 410	8 648
Earnings recognised in equity	-33 977	—
Disposals	-4 149	—
Reclassifications	990	—
Gross value at 30.9.	78 169	107 437
Amortisation at 1.10.	-4 944	-4 307
Amortisation at 30.9.	-3 471	-4 944
Net value at 30.9.	74 698	102 493

Earnings recognised in equity include the items resulting from measurement of pension obligations.

The assets, liabilities, equity, sales and annual net surplus attributable to associates are presented in the following tables.

Balance sheet		
Euro 000s	30.9.2013	30.9.2012
Assets		
Non-current assets	1 764 847	1 404 349
Current assets	248 144	260 404
	2 012 991	1 664 753
Equity and liabilities		
Equity	232 789	279 586
Provisions	750 873	546 355
Liabilities	1 029 329	838 812
	2 012 991	1 664 753
Income statement		
Euro 000s	2012/13	2011/12
Sales	727 220	755 110
Annual net surplus	43 322	47 852

The investment income received by the MVV Energie Group from these associates in the 2012/13 financial year amounted to Euro 6 725 thousand (previous year: Euro 6 101 thousand).

Our share of the contingent liabilities of companies measured at equity amounts to Euro 1 325 thousand (previous year: Euro 1 355 thousand).

Apart from Biomasse Rhein-Main GmbH, Flörsheim-Wicker, the associates included here have deviating financial years ending on 31 December. The income from shareholdings recognised at equity has been derived accordingly. As in the previous year, no publicly listed market prices were available.

As in the previous year, there were no restrictions on disposal or other encumbrances.

Joint ventures account for the following share of the balance sheet and of the income and expenses of the MVV Energie Group:

Balance sheet		
Euro 000s	30.9.2013	30.9.2012
Assets		
Non-current assets	87 290	94 974
Current assets	23 192	34 276
	110 482	129 250
Equity and liabilities		
Equity	31 610	34 042
Non-current debt	40 278	46 148
Current debt	38 594	49 060
	110 482	129 250
Income statement		
Euro 000s	2012/13	2011/12
Income	129 218	314 499
Expenses	120 578	307 104

19 Other financial assets

Other financial assets include other majority shareholdings, other shareholdings, general loans, loans in connection with finance leases and securities.

Write-downs and the development in other financial assets have been reported in the following table, as well as under income from associates and other income from shareholdings (Note 8), financing income (Note 11) and financing expenses (Note 12).

Loans and loans in connection with finance leases have fixed interest rates, with an average interest rate of 4.3 % (previous year: 4.9 %). The average period for which interest rates remain fixed amounts to 5.6 years in the case of fixed-rate loans (previous year: 5.6 years) and to 7.3 years in the case of finance leases (previous year: 12.7 years). Reclassifications mainly involve reclassifications of the aforementioned items in line with their respective maturities.

Further information about financial instruments can be found in Note 35.

The other shareholdings recognised under other financial assets involve associates and majority shareholdings not included in MVV Energie's consolidated financial statements due to materiality considerations.

Securities chiefly consist of shareholdings in funds, in most cases held to secure part-time early retirement credit balances.

Other financial assets also include the non-current share of finance leases. In several contracting projects, the MVV Energie Group acts as lessor in the context of finance lease agreements. In finance lease agreements, the major risks and rewards are assigned to the lessee. The respective assets are recognised at the present value of the minimum leasing payments. The reconciliation of these payments with gross investments in leases is as follows:

Reconciliation		
Euro 000s	30.9.2013	30.9.2012
Present value of minimum leasing payments with maturities < 1 year	6 710	6 134
Present value of minimum leasing payments with maturities > 1 year		
1 to 5 years	18 863	19 838
longer than 5 years	36 927	37 748
Present value of minimum leasing payments with maturities > 1 year	55 790	57 586
Total present value of minimum leasing payments	62 500	63 720
Financing income not yet realised	33 942	50 567
Gross investments in finance leases	96 442	114 287

Other financial assets

Euro 000s	Other majority shareholdings	Other shareholdings	Loans general	Loans in connection with finance leases	Securities	Total
Gross value at 1.10.2011	19 249	8 603	7 099	65 131	4 990	105 072
Change in scope of consolidation	25	-1 937	-194	-4 126	-277	-6 509
Currency adjustments	-7	—	—	—	—	-7
Additions	169	8 206	491	19 728	949	29 543
Subsidy payments received	—	—	—	—	—	—
Addition/disposal split-off	-56	—	—	—	—	-56
Disposals	-150	-368	-1 320	-413	-1 429	-3 680
Reclassifications	-11 620	—	-200	-7 774	-565	-20 159
Gross value at 30.9.2012	7 610	14 505	5 876	72 546	3 668	104 204
Amortisation at 1.10.2011	-11 320	-122	—	-33	-95	-11 570
Change in scope of consolidation	—	—	—	—	33	33
Currency adjustments	7	—	—	—	—	7
Write-ups	—	—	—	—	27	27
Impairment losses	—	-23	-394	—	—	-417
Disposals	—	64	—	—	—	64
Reclassifications	5 170	—	—	—	—	5 170
Amortisation at 30.9.2012	-6 143	-81	-394	-33	-35	-6 686
Net value at 30.9.2012	1 467	14 424	5 482	72 513	3 633	97 519
Gross value at 1.10.2012	7 610	14 505	5 876	72 546	3 668	104 204
Change in scope of consolidation	—	—	—	—	—	—
Currency adjustments	382	—	—	—	—	382
Additions	37	1 786	67	5 319	382	7 591
Disposals	-2 797	-350	-2 745	-32	-2 137	-8 061
Reclassifications	-38	38	-1 213	-12 680	42	-13 850
Gross value at 30.9.2013	5 194	15 979	1 985	65 153	1 955	90 266
Amortisation at 1.10.2012	-6 143	-81	-394	-33	-35	-6 686
Change in scope of consolidation	—	—	—	—	—	—
Currency adjustments	13	—	—	—	—	13
Disposals	2 770	5	—	—	—	2 775
Reclassifications	—	—	394	—	—	394
Amortisation at 30.9.2013	-3 360	-76	—	-33	-35	-3 504
Net value at 30.9.2013	1 834	15 903	1 985	65 120	1 920	86 762

20 Other receivables and assets

Other receivables and assets have been broken down into their respective contents and counterparties in the following tables. The hedging relationship has also been stated in the case of derivative financial instruments.

Other receivables and assets

Euro 000s	30.9.2013			30.9.2012		
	Non-current	Current	Total	Non-current	Current	Total
Derivative financial instruments	93 697	85 503	179 200	131 418	76 903	208 321
Other tax receivables	—	34 379	34 379	230	66 562	66 792
Receivables from security deposits for energy trading transactions	—	69 628	69 628	—	72 140	72 140
Deferred expenses and accrued income	10 680	10 979	21 659	5 642	8 466	14 108
Receivables in connection with finance leases	—	5 957	5 957	—	7 017	7 017
Refund claims	—	—	—	—	4 786	4 786
Suppliers with debit balances	—	5 056	5 056	—	2 547	2 547
Emission rights	—	2 143	2 143	—	2 069	2 069
Loans	—	580	580	—	816	816
Receivables from employees	—	398	398	201	363	564
Escrow accounts	—	68	68	—	87	87
Miscellaneous other assets	12 997	36 674	49 671	2 731	26 104	28 835
	117 374	251 365	368 739	140 222	267 860	408 082

Derivative financial instruments

Euro 000s	30.9.2013			30.9.2012		
	Non-current	Current	Total	Non-current	Current	Total
Derivative financial instruments	93 697	85 503	179 200	131 418	76 903	208 321
of which without IAS 39 hedges	66 063	76 122	142 185	108 163	69 216	177 379
of which cash flow hedges	27 634	9 381	37 015	23 255	7 687	30 942

Derivative financial instruments involve interest, currency and commodity derivatives, mainly for electricity, gas and coal.

Further information about financial instruments can be found in Note 35.

Other receivables and assets

Euro 000s	30.9.2013			30.9.2012		
	Non-current	Current	Total	Non-current	Current	Total
Other receivables and assets						
from third parties	117 374	250 709	368 083	139 852	267 287	407 139
from other majority shareholdings	—	651	651	—	329	329
from associates	—	—	—	370	128	498
from other shareholdings	—	5	5	—	116	116
	117 374	251 365	368 739	140 222	267 860	408 082

The write-downs and maturity structures for other receivables and assets have been presented in Note 35.

Other tax receivables mainly include input tax credits.

To minimise the counterparty risk involved in highly fluctuating fair values of energy trading derivatives, security deposits are exchanged with external trading partners. These involve margins. To reduce counterparty risks, payments are made both with the European Energy Exchange (EEX) and in some cases within the framework of bilateral agreements. These are reflected in the receivables from security deposits for energy transactions. Receivables from security deposits amounted to Euro 69 628 thousand (previous year: Euro 72 140 thousand).

Receivables and assets from contracting agreements without finance leases involve investments in the value-added services segment leading to energy savings at customers and thus to a receipt of revenues at the MVV Energie Group in future.

There were no indications of impairment requirements in the case of non-impaired other receivables and assets. All write-downs undertaken were calculated following individual consideration of each case and were not based on any general allowance.

21 Inventories

Inventories		
Euro 000s	30.9.2013	30.9.2012
Raw materials and supplies	40 896	40 424
Finished and unfinished products and services and merchandise	19 482	17 619
Advance payments	1 462	1 566
	61 840	59 609

There were no restrictions on disposal or other encumbrances (apart from retentions of title). Write-downs of Euro 73 thousand were recognised for inventories (previous year: Euro 102 thousand).

22 Trade receivables

Trade receivables		
Euro 000s	30.9.2013	30.9.2012
Trade receivables	461 128	474 896
of which due from other majority shareholdings	130	952
of which due from associates	11 101	10 271
of which due from other shareholdings	1 086	657

Trade receivables have terms of under one year.

The trade receivables recognised as of 30 September 2013 include receivables of Euro 6 184 thousand (previous year: Euro 7 630 thousand) for the settlement of construction contracts in line with their percentage of completion. Revenues of Euro 730 thousand were recognised for construction contracts in the year under report (previous year: Euro 353 thousand). Total costs incurred as of the balance sheet date amounted to Euro 458 thousand (previous year: Euro 536 thousand). Construction contracts resulted in a profit of Euro 152 thousand (previous year: loss of Euro 907 thousand).

The write-downs and maturity structures for trade receivables have been presented in Note 35. Receivables are written down on the basis of their actual age. Furthermore, large receivables are assessed individually to determine their specific write-down requirements. There were no indications of write-down requirements for non-impaired trade receivables.

23 Tax receivables

The tax receivables of Euro 23 983 thousand (previous year: Euro 20 389 thousand) mainly relate to refund claims for corporate income tax and capital gains taxes, which have been recognised at face value and where necessary at present value.

24 Cash and cash equivalents

Cash and cash equivalents primarily consist of credit balances at banks. Proportionately consolidated companies account for Euro 8 thousand (previous year: Euro 979 thousand). Cash and cash equivalents amounting to Euro 1 379 thousand are subject to restrictions on disposal (previous year: Euro 80 thousand).

Within the framework of short-term liquidity management structures, credit balances are exclusively deposited at banks of impeccable creditworthiness. As in the previous year, such balances bear interest at interbank levels.

25 Equity

The structure and development of equity have been presented in the Statement of Changes in Equity.

SHARE CAPITAL: The share capital of MVV Energie AG amounts to Euro 168 721 thousand and is divided into 65 906 796 individual registered shares of Euro 2.56 each. All registered shares are paid up in full. The City of Mannheim indirectly owned 50.1 % of the share capital as of 30 September 2013, while RheinEnergie AG held 16.3 %, EnBW Energie Baden-Württemberg AG held 15.1 % and GDF SUEZ Energie Deutschland GmbH held 6.3 % of the shares. The remaining 12.2 % of the shares were in free float.

SHARE CAPITAL II: Following the exercising of the respective authorisation to increase the share capital in 2006, Authorised Capital II of Euro 3 238 thousand was still available at the balance sheet date.

AUTHORISATION TO BUY BACK TREASURY STOCK: By resolution dated 12 March 2010, the Annual General Meeting authorised the Executive Board until 11 March 2015 to acquire treasury stock up to a prorated portion of the company's share capital amounting to Euro 16.87 million attributable to these shares. That corresponds to 10 % of existing share capital upon adoption of the resolution. The Executive Board of MVV Energie AG has not yet made any use of this authorisation.

CAPITAL RESERVE: The capital reserve relates to MVV Energie AG. This reserve includes external inflows of funds requiring inclusion under § 272 of the German Commercial Code (HGB).

EQUITY GENERATED: In addition to the prorated revenue reserves and accumulated annual net income of MVV Energie AG and of the other consolidated companies since the date of initial consolidation, equity generated also includes accumulated changes recognised directly in equity as a result of the fair value measurement of financial instruments, mainly relating to hedging relationships recognised under IAS 39 (2008), as well as currency translation differences arising upon the translation of foreign financial statements and actuarial gains and losses for defined benefit plans. Starting from the 2012/13 financial year, the MVV Energie Group has changed the option used to offset actuarial gains and losses for defined benefit plans. These are now recognised directly in equity. The opening balance has been adjusted accordingly. Income of Euro 7 557 thousand was recognised directly in equity in the 2012/13 financial year in connection with the fair value measurement of financial instruments (previous year: expenses of Euro 39 102 thousand).

PROPOSED APPROPRIATION OF EARNINGS: The Executive Board proposes appropriating the unappropriated net profit of MVV Energie AG for the 2012/13 financial year as follows:

Distribution of a dividend of Euro 0.90 per individual share for the 2012/13 financial year (total: Euro 59 316 116.40). The Annual General Meeting to be held on 14 March 2014 will pass resolution on the dividend proposal.

26 Provisions

Provisions broken down by maturity

Euro 000s	30.9.2013			30.9.2012		
	Non-current	Current	Total	Non-current	Current	Total
Provisions for pensions and similar obligations	52 431	—	52 431	49 287	—	49 287
Tax provisions	—	8 073	8 073	—	14 303	14 303
Personnel expenses	34 003	25 937	59 940	29 943	23 712	53 655
Early retirement	23 333	7 559	30 892	27 176	7 675	34 851
Services not yet invoiced	—	21 304	21 304	—	9 198	9 198
Restructuring obligations	15 701	2 793	18 494	10 760	16 889	27 649
Refurbishment measures	8 519	1 155	9 674	8 847	357	9 204
Miscellaneous contingencies	24 077	45 073	69 150	20 743	44 408	65 151
	158 064	111 894	269 958	146 756	116 542	263 298

Provisions are commented on in detail in the following notes.

The expenses for these pensions and similar obligations structured as defined benefit plans comprise the following items:

27 Provisions for pensions and similar obligations

The company pension plans consist of defined contribution and defined benefit plans.

An amount of Euro 25 641 thousand was paid into the state pension system in the 2012/13 financial year (previous year: Euro 25 637 thousand). The payments made to municipal supplementary pension companies (ZVK) and the state pension system are viewed as payments to defined contribution plans. These contributions have been recognised as expenses and reported under personnel expenses.

Current payments to the municipal supplementary pension companies (ZVK) represent expenses incurred in the given financial year. These expenses amounted to Euro 15 627 thousand in the 2012/13 financial year (previous year: Euro 15 946 thousand). The pension obligations of the ZVK as determined in an approximate calculation pursuant to IFRS for current and former employees of the MVV Energie Group are Euro 367 million (previous year: Euro 331 million) above the proportion accruing to the MVV Energie Group from the policy reserve recognised at the ZVK (labour law obligation). The structure of the relevant contracts means that the policy reserve required pursuant to labour law obligations cannot be clearly allocated.

Furthermore, there are direct pension obligations resulting from former collectively agreed provisions (measured in terms of duration of company service and employee compensation), as well as individual commitments made to Executive Board members.

Pension provision expenses

Euro 000s	2012/13	2011/12
Service cost	1 512	1 130
Interest expenses	1 814	2 116
Adjustment due to retrospective service cost recognised	559	—
	3 885	3 246

The interest expenses for vested pension claims have been reported in the income statement under financing expenses (interest and similar expenses). Other expenses have been recognised as personnel expenses.

The present value of the defined benefit obligations developed as follows:

Development in pension claims

Euro 000s	2012/13	2011/12
Present value of pension claims at 1.10.	49 161	38 344
Current service cost	1 512	1 130
Interest expenses	1 814	2 116
Payments made to beneficiaries	-2 051	-1 947
Actuarial gains/losses	1 310	10 319
Retrospective service cost	559	—
Changes in scope of consolidation	—	-801
Present value of pension claims at 30.9.	52 305	49 161

The actuarial gains and losses recognised in group equity for defined benefit pension obligations developed as follows:

Accumulated actuarial gains and losses recognised in equity		
Euro 000s	2012/13	2011/12
Accumulated actuarial gains (+) and losses (-) recognised in equity at 1.10.	-8 395	1 949
Actuarial gains (+) and losses (-) recognised in equity	-1 310	-10 344
Accumulated actuarial gains (+) and losses (-) recognised in equity at 30.9.	-9 705	-8 395

The experience adjustments to the present value of pension claims (changes in assumptions) represent part of the actuarial gains and losses attributable to pension claims in the given year.

Pension payments of Euro 2 277 thousand are forecast for existing pension obligations for the 2013/14 financial year.

No plan assets have been created.

28 Other provisions

Provisions									
Euro 000s	Balance at 1.10.2012	Change in scope of consolidation	Currency adjustments	Utilised	Reversed	Added	Reclassified	Interest portion	Balance at 30.9.2013
Non-current provisions									
Pensions and similar obligations	49 287	—	—	-2 051	—	3 381	—	1 814	52 431
Other provisions									
Early retirement	27 176	—	—	-483	—	5 995	-10 537	1 182	23 333
Personnel expenses	29 943	—	—	-635	47	4 646	-1 089	1 185	34 003
Restructuring obligations	10 760	—	—	—	4 050	8 370	—	621	15 701
Refurbishment measures	8 847	—	-1	-851	41	1 588	-1 067	44	8 519
Miscellaneous contingencies	20 743	2 714	-2	-737	2 478	3 633	-224	428	24 077
Total other provisions	97 469	2 714	-3	-2 706	6 616	24 232	-12 917	3 460	105 633
Total non-current provisions	146 756	2 714	-3	-4 757	6 616	27 613	-12 917	5 274	158 064
Current provisions									
Tax provisions	14 302	78	—	-8 513	1 723	3 929	—	—	8 073
Other provisions									
Early retirement	7 675	—	—	-11 285	—	632	10 537	—	7 559
Personnel expenses	23 712	7	—	-22 102	648	23 879	1 089	—	25 937
Services not yet invoiced	9 198	16	83	-5 292	1 147	18 446	—	—	21 304
Restructuring obligations	16 889	—	—	-2 284	13 255	1 443	—	—	2 793
Refurbishment measures	357	—	—	-269	—	—	1 067	—	1 155
Miscellaneous contingencies	44 409	257	-90	-14 802	10 877	25 952	224	—	45 073
Total other provisions	102 240	280	-7	-56 034	25 927	70 352	12 917	—	103 821
Total current provisions	116 542	358	-7	-64 547	27 650	74 281	12 917	—	111 894
Total provisions	263 298	3 072	-10	-69 304	34 266	101 894	—	5 274	269 958

Tax provisions include provisions for taxes on income, such as corporate income tax including the solidarity surcharge, and trade income tax.

The provisions for early retirement expenses mainly relate to legal and constructive obligations towards employees as a result of part-time early retirement agreements. The actuarial assumptions correspond to those used in the measurement of pensions and comparable provisions. The decline in provisions for early retirement results from utilisation of part-time early retirement agreements.

The provision for personnel expenses mainly includes collectively agreed obligations, such as allowances, compensation payments, bonus payments, benefits in kind, employee working hour credits and anniversary bonuses.

The restructuring obligations date back to the restructuring plan compiled and approved in the context of the "Once Together" programme in the 2010/11 financial year. These provisions were recognised to cover socially responsible personnel cuts. To achieve the socially responsible personnel cuts thereby targeted, this programme

was extended in the course of the 2012/13 financial year. To this end, part-time early retirement agreements were offered to further age groups. A revision of the respective estimates also resulted in an adjustment to the restructuring provision.

The services not yet invoiced item principally involves supplies and services from third parties which have already been provided but not yet invoiced. These have been measured on the basis of appropriate estimates.

Miscellaneous contingencies include provisions for disposal and dismantling obligations. Furthermore, this item also includes provisions for litigation risks.

These involve several individual risks for which the level of claim is uncertain. The value has been based on the most likely outcome of the litigation expected on the basis of the information currently available.

We expect the provisions recognised to be utilised in line with their respective items.

29 Financial debt

Financial debt

Euro 000s	30.9.2013			30.9.2012		
	Non-current	Current	Total	Non-current	Current	Total
Liabilities						
to banks	1 085 807	387 467	1 473 274	1 184 931	171 487	1 356 418
in connection with finance leases	4 052	2 369	6 421	3 969	2 124	6 093
to other majority shareholdings	—	142	142	—	294	294
to associates	—	1 377	1 377	—	1 377	1 377
to other shareholdings	—	640	640	—	440	440
Other financial debt	23 997	23 075	47 072	23 901	17 566	41 467
	1 113 856	415 070	1 528 926	1 212 801	193 288	1 406 089

Maturities in years

Euro 000s	30.9.2013			30.9.2012		
	< 1 year	1–5 years	> 5 years	< 1 year	1–5 years	> 5 years
Liabilities						
to banks	387 467	615 838	469 969	171 487	770 563	414 368
in connection with finance leases	2 369	3 903	149	2 124	3 552	418
to other majority shareholdings, associates and other shareholdings	2 159	—	—	2 111	—	—
Other financial debt	23 075	13 162	10 835	17 566	13 305	10 595
	415 070	632 903	480 953	193 288	787 420	425 381

The fixed-rate liabilities to banks amounting to Euro 1 368 million (previous year: Euro 1 251 million) have an average interest rate of 3.5 % (previous year: 3.4 %). The floating-rate liabilities to banks amounting to Euro 105 million (previous year: Euro 105 million) have an average interest rate of 1.4 % (previous year: 2.2 %). The average remaining period for which the rate remains fixed in the case of fixed-rate liabilities amounts to six years (previous year: five years). In the case of floating-rate liabilities, the average period for which the interest rate structure remains fixed has reduced from four to three years.

As of 30 September 2013, the MVV Energie Group had undrawn credit lines of Euro 369 million at its disposal (previous year: Euro 368 million).

Liabilities in connection with finance leases are recognised at the present value of future leasing payments. The fair values of other financial debt items are basically equivalent to the carrying amounts reported.

The liabilities in connection with finance leases involve various items of technical equipment and plant and office equipment. The agreements provide for extension options in some cases, but do not include any purchase options or price adjustment clauses.

The transition from the present value of future minimum leasing payments to the liabilities reported is as follows:

Present value of minimum leasing payments

Euro 000s	30.9.2013	30.9.2012
Present value of minimum leasing payments with maturities		
up to 1 year	2 203	3 127
1 to 5 years	3 621	3 099
longer than 5 years	15	412
Total	5 839	6 638
Financing costs not yet realised	1 114	489
Gross liabilities in connection with finance leases	6 953	7 127

Of financial debt, an amount of Euro 132 million (previous year: Euro 104 million) is secured by the pledging of property, plant and equipment.

30 Other liabilities

Other liabilities have been broken down into their respective contents and counterparties in the tables below. The hedging relationship has also been stated in the case of derivative financial instruments.

Other liabilities

Euro 000s	30.9.2013			30.9.2012		
	Non-current	Current	Total	Non-current	Current	Total
Derivative financial instruments	179 223	126 612	305 835	226 098	109 826	335 924
Liabilities for other taxes	—	52 670	52 670	—	41 747	41 747
Deferred income and accrued expenses	165 013	12 641	177 654	162 101	8 062	170 163
Liabilities to employees	—	16 915	16 915	—	17 909	17 909
Advance payments received	—	13 068	13 068	—	14 423	14 423
Customer credit balances	—	9 929	9 929	—	11 808	11 808
Interest liabilities	—	10 484	10 484	—	9 921	9 921
Liabilities for security deposits for energy trading transactions	—	1 174	1 174	—	5 947	5 947
Concession duties	—	110	110	—	303	303
Social security liabilities	—	606	606	—	875	875
Miscellaneous other liabilities	11 105	22 424	33 529	9 802	29 112	38 914
	355 341	266 633	621 974	398 001	249 933	647 934

Other liabilities

Euro 000s	30.9.2013			30.9.2012		
	Non-current	Current	Total	Non-current	Current	Total
Liabilities						
to third parties	355 341	252 263	607 604	397 633	232 862	630 495
to other majority shareholdings	—	403	403	—	557	557
to associates	—	—	—	368	1 413	1 781
to other shareholdings	—	899	899	—	678	678
Advance payments received for orders	—	13 068	13 068	—	14 423	14 423
	355 341	266 633	621 974	398 001	249 933	647 934

Derivative financial instruments involve interest rate derivatives, currency derivatives and commodity derivatives for electricity, gas and coal, CO₂ rights and other certificates. Further details about financial instruments can be found in Note 35.

Derivative financial instruments

Euro 000s	30.9.2013			30.9.2012		
	Non-current	Current	Total	Non-current	Current	Total
Derivative financial instruments	179 223	126 612	305 835	226 098	109 826	335 924
of which without IAS 39 hedges	74 337	103 495	177 832	107 115	97 750	204 865
of which cash flow hedges	104 886	23 117	128 003	118 983	12 076	131 059

To reduce the counterparty risk involved in highly fluctuating fair values of energy trading derivatives, security deposits (margins) are exchanged with the EEX. Moreover, the Group has also entered into bilateral risk reduction agreements in some cases. The Group had liabilities of Euro 1 174 thousand in connection with security deposits as of the balance sheet date (previous year: Euro 5 947 thousand).

Liabilities for other taxes mainly involve energy tax and value added tax liabilities.

31 Trade payables**Trade payables**

Euro 000s	30.9.2013	30.9.2012
Trade payables	390 969	336 583
to other majority shareholdings	259	263
to associates	30 544	9 134
to other shareholdings	259	238

All trade payables have terms of under one year.

32 Tax liabilities

The tax liabilities of Euro 189 thousand (previous year: Euro 306 thousand) consist of income tax liabilities.

33 Deferred taxes

The deferred taxes reported for 2012/13 relate to the following items:

Euro 000s	30.9.2013		30.9.2012	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	1 071	- 10 755	2 581	- 12 768
Property, plant and equipment, including investment property	16 953	- 147 067	13 106	- 151 814
Inventories	1 147	- 378	840	- 198
Special item	—	- 4 447	—	- 3 981
Other assets and positive fair values of derivatives	3 271	- 163 966	12 236	- 156 586
Provisions for pensions	4 414	—	4 033	—
Non-current other provisions	15 523	—	14 987	—
Current other provisions	2 390	- 15 205	4 482	- 12 333
Liabilities and negative fair values of derivatives	192 024	- 4 292	181 175	- 4 678
Losses carried forward	4 863	—	4 632	—
Deferred taxes (gross)	241 656	- 346 110	238 072	- 342 358
Value adjustment	- 5 627	—	- 3 156	—
Netting	- 213 683	213 683	- 218 352	218 352
Deferred taxes (net)	22 346	- 132 427	16 564	- 124 006

Of the (net) deferred taxes presented above, Euro 13 811 thousand relate to non-current deferred tax assets (previous year: Euro 10 412 thousand) and Euro 102 653 thousand to non-current deferred tax liabilities (previous year: Euro 100 440 thousand).

No deferred tax assets have been recognised for corporate income tax loss carryovers of Euro 28 886 thousand (previous year: Euro 39 728 thousand) or for trade tax loss carryovers of Euro 26 371 thousand (previous year: Euro 38 662 thousand).

For the temporary differences of Euro 9 166 thousand (previous year: Euro 10 178 thousand) between the value of shareholdings in the tax balance sheet and their respective values in the consolidated financial statements, no deferred tax liabilities have been stated for an amount of Euro 2 777 thousand (previous year: Euro 3 084 thousand), as such differences are unlikely to be reversed by means of dividend distributions or by disposal of the respective companies in the foreseeable future.

Deferred taxes amounting to Euro 31 865 thousand (previous year following adjustment: Euro 32 815 thousand) were recognised directly in other income and expenses within group equity in the 2012/13 financial year.

Income tax items within other income and expenses in group equity can be broken down into their respective components as follows:

Euro 000s	30.9.2013		30.9.2012	
	Income tax	Gross	Income tax	Gross
Cash flow hedges	- 1 232	8 033	21 378	- 67 967
Actuarial gains and losses ¹	282	- 1 310	1 862	- 10 344
Share of total earnings attributable to associates	—	- 33 977	—	—
Currency translation difference	—	116	—	- 2 057

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

34 Contingent claims, liabilities and financial obligations

The volume of obligations listed below corresponds to the scope of liability pertaining at the balance sheet date. The company has such obligations in the form of guarantees amounting to Euro 2.9 million (previous year: Euro 4.6 million). As in the previous year, no collateral has been provided for third-party liabilities.

The purchase commitments of the MVV Energie Group in connection with orders placed amounted to Euro 2.3 million for investments in intangible assets (previous year: Euro 2.9 million) and to Euro 120.8 million for investments in property, plant and equipment (previous year: Euro 152.6 million).

The financial obligations relating to operating leases primarily involve water grids, car pools, IT equipment, land leasehold payments and rental payments for buildings and storage areas. The minimum leasing payments have the following maturity structure:

Financial obligations for operating leases

	Nominal value	
	30.9.2013	30.9.2012
Euro 000s		
Operating leases		
up to 1 year	8 281	6 806
1 to 5 years	13 158	12 426
longer than 5 years	10 734	10 427
	32 173	29 659

In leases where economic ownership remains with the lessor (operating leases), the assets thereby leased are recognised at the lessor. The leasing expenses incurred are recognised as expenses over the term of the leasing contract.

The contracts provide for extension options in some cases, but do not include any purchase options or price adjustment clauses.

The Group has a contingent claim from the State of Baden-Württemberg and the City of Mannheim in connection with a land decontamination measure. The contingent claim has a present value of Euro 4.9 million.

35 Financial instruments

In the field of interest hedges, existing underlying transactions have been included in cash flow hedges with terms of up to 20 years as of 30 September 2013 (previous year: 15 years). In the field of commodity hedges, the terms of planned hedged items amount to up to five years (previous year: up to three years). Both interest rate hedging instruments and commodity derivatives require net settlements to be paid at contractually fixed dates largely congruent with the hedged items. The hedging instruments mostly involve swaps which generate cash flows throughout the contractual term.

Income of Euro 6 801 thousand was recognised directly in equity in the 2012/13 financial year (previous year: expenses of Euro 46 589 thousand).

The amounts reclassified from equity and recognised through profit or loss in the income statement in connection with cash flow hedge accounting were as follows:

Euro 000s	2012/13	2011/12
Included in EBIT	-48 557	-9 226
Included in net financial result and tax result	-6 726	-549
Total amounts withdrawn	-55 283	-9 775

The amounts recognised directly in equity and attributable reclassification amounts are presented in the following table:

Euro 000s	30.9.2013	30.9.2012
Cash flow hedges	6 801	-46 589
of which changes recognised in equity	-48 482	-56 364
of which reclassified to income statement	55 283	9 775
Currency translation difference	116	-2 057
of which changes recognised in equity	116	-2 057
Actuarial gains and losses	-1 028	-7 323
of which changes recognised in equity	-1 028	-7 323

Expenses of Euro 3 891 thousand were recognised in connection with the ineffective portion of cash flow hedges in the 2012/13 financial year (previous year: expenses of Euro 248 thousand). The results of ineffective portions of cash flow hedges are recognised as other operating income or expenses to the extent that they exceed the cumulative fair value changes in the respective hedged items. For interest rate hedges, the results are recognised under other interest income and expenses.

The carrying amounts have been presented and broken down into IAS 39 measurement categories in the following tables. The classes presented are based on the balance sheet.

IAS 39 measurement categories for carrying amounts

Euro 000s	IAS 39 measurement categories	30.9.2012		30.9.2013	
		Carrying amounts	of which not within scope of IFRS 7	Carrying amounts	of which not within scope of IFRS 7
Assets					
Financial assets					
of which unconsolidated shareholdings	available for sale	15 891	—	17 737	—
of which loans excluding finance leases	loans and receivables	6 298	—	2 566	—
of which loans in connection with finance leases	not applicable	79 530	—	71 077	—
of which securities	held for trading	5 609	—	3 855	—
	available for sale	14	—	14	—
Trade receivables	loans and receivables	474 896	—	461 128	—
Other assets					
of which derivatives outside hedge accounting	held for trading	177 379	—	142 185	—
of which derivatives within hedge accounting	not applicable	30 942	—	37 015	—
of which other operating assets	loans and receivables	191 928	83 533	183 002	58 579
Cash and cash equivalents	loans and receivables	378 368	—	418 242	—
		1 360 855	83 533	1 336 820	58 579
Liabilities					
Financial debt					
of which financial debt in connection with finance leases	not applicable	6 093	—	6 421	—
of which other financial debt	amortised cost	1 399 996	—	1 522 505	—
Trade payables	amortised cost	336 583	—	390 969	—
Other liabilities					
of which derivatives outside hedge accounting	held for trading	204 865	—	177 832	—
of which derivatives within hedge accounting	not applicable	131 059	—	128 003	—
of which other operating liabilities	amortised cost	312 010	227 208	316 139	243 998
		2 390 606	227 208	2 541 869	243 998

The carrying amounts of the financial assets and liabilities are basically equivalent to their fair values.

The following table presents the key measurement parameters for financial instruments measured at fair value. Measurement has been based on 30 September 2013. Pursuant to IFRS 7, the individual levels are defined as follows:

LEVEL 1: Measurement based on prices listed on active markets and taken over without amendment;

LEVEL 2: Measurement based on directly or indirectly observable factors other than those in Level 1;

LEVEL 3: Measurement based on factors not observable on the market.

MEASUREMENT AT COST: This category includes those financial instruments which IAS 39 requires to be measured at cost as their fair values cannot be reliably determined. These items mainly involve other shareholdings and other majority shareholdings.

Fair value hierarchy

Euro 000s	30.9.2012				30.9.2013			
	Level 1	Level 2	Level 3	At cost	Level 1	Level 2	Level 3	At cost
Financial assets								
Unconsolidated shareholdings	—	—	—	15 891	—	—	—	17 737
Securities	33	5 576	—	14	—	3 855	—	14
Derivatives outside hedge accounting	31 693	145 659	27	—	24 400	117 698	87	—
Derivatives within hedge accounting	6 886	24 056	—	—	13 480	23 535	—	—
Financial liabilities								
Derivatives outside hedge accounting	56 506	145 572	2 787	—	50 747	126 484	601	—
Derivatives within hedge accounting	28 268	102 791	—	—	37 160	90 843	—	—

The following reconciliation account presents the development in financial instruments recognised in Level 3:

Development in financial instruments recognised in Level 3

Euro 000s	30.9.2012			30.9.2013		
	Balance at 1.10.2011	Gains/losses in income statement	Balance at 30.9.2012	Balance at 1.10.2012	Gains/losses in income statement	Balance at 30.9.2013
Financial assets						
Derivatives outside hedge accounting	1 117	–1 090	27	27	60	87
Financial liabilities						
Derivatives outside hedge accounting	910	1 877	2 787	2 787	–2 186	601

Gains and losses in income statement for Level 3 financial instruments

2011/12 Euro 000s	Total	of which still held at 30.9.2012	2012/13 Euro 000s	Total	of which still held at 30.9.2013
Other operating income	—	—	Other operating income	2 246	—
Other operating expenses	–2 967	—	Other operating expenses	—	—
	–2 967	—		2 246	—

Impairments of financial assets

2011/12 Euro 000s	Unconsolidated shareholdings	Loans	Trade receivables	Other operating assets	2012/13 Euro 000s	Unconsolidated shareholdings	Loans	Trade receivables	Other operating assets
Balance at 1.10.2011	11 442	1 534	30 584	1 332	Balance at 1.10.2012	6 224	1 928	40 276	1 221
Utilisations/disposals	5 241	—	11 489	2 162	Utilisations/disposals	2 788	—	18 114	108
Net additions	23	394	21 181	2 051	Net additions	—	—	15 521	390
Reclassifications	—	—	—	—	Reclassifications	—	–394	—	—
Balance at 30.9.2012	6 224	1 928	40 276	1 221	Balance at 30.9.2013	3 436	1 534	37 683	1 503

Impairment losses recognised in the 2012/13 financial year for individual IFRS 7 categories amounted to Euro 0 thousand for unconsolidated shareholdings (previous year: Euro 23 thousand), Euro 0 thousand for loans (previous year: Euro 394 thousand),

Euro 18 952 thousand for trade receivables (previous year: Euro 25 113 thousand) and Euro 468 thousand for other operating assets (previous year: Euro 2 117 thousand).

Net results by measurement category

Financial instruments have been recognised in the income statement with the following net results pursuant to IFRS 7.

Net results (IFRS 7)		
Euro 000s	2012/13	2011/12
Financial assets and financial liabilities held for trading	-6 711	-19 859
Financial assets available for sale	756	4 462
Loans and receivables	-8 630	-20 961
Financial liabilities measured at amortised cost	—	263

The presentation of net results takes due account of standalone derivatives included in the “financial assets and financial liabilities held for trading” measurement category. The net result in the “financial assets and financial liabilities held for trading” category is largely attributable to fair value measurement pursuant to IAS 39.

The net result in the “available for sale” category chiefly involves income and distributions from shareholdings, as well as disposal gains and write-downs.

The net results in the “loans and receivables” category predominantly relate to write-downs and additions.

The interest income and interest expenses in connection with financial assets and financial liabilities measured at cost chiefly result from the total interest income and expenses presented below.

Total interest income and expenses		
Euro 000s	2012/13	2011/12
Total interest income	8 848	9 480
Total interest expenses	57 295	65 094

The net financial result also includes interest components for provisions not covered by IFRS 7 disclosure requirements, as a result of which the figures published here differ from the net financial result. The interest income reported here mainly results from credit balances at banks, overnight and fixed-term deposits, and loans. The interest expenses largely relate to loan obligations. As in the previous year, total interest income does not include any interest on financial assets already impaired.

Financing and price risks

GENERAL INFORMATION ABOUT FINANCING AND PRICE RISKS:

Due to its business activities, the MVV Energie Group is exposed to various financial risks. These comprise market price risks resulting from changes in interest rates and exchange risks, as well other price risks. The Group is exposed to commodity price risks in terms of its procurement and sales. Furthermore, the MVV Energie Group is subject to credit risks resulting in particular from trade receivables. Moreover, the Group also faces liquidity risks in connection with credit and market price risks or with a deterioration in its operating business or disturbances on financial markets. Financing risks include liquidity and interest rate risks, as well as receivables default risks and risks resulting from non-compliance with key figures agreed in connection with the taking up of debt capital (financial covenants).

Market price risks result in particular from fluctuations in prices on the energy markets, as well as from changes in interest rates. Since the beginning of its business activities in the UK, the euro/sterling exchange rate has gained in significance for the MVV Energie Group.

Group-wide risk management pursues the objective of identifying any unforeseeable developments on the financial markets at an early stage and of countering any resultant negative implications. To achieve this objective, internal guidelines, discretionary frameworks, responsibilities, separations of functions and checks have been laid down.

Derivative financial instruments are used to cover against market price risks. For interest rate risks, these mainly involve interest swaps. Commodity derivatives are deployed in the field of energy trading. The use of commodity derivatives for proprietary energy trading is only permitted within narrow limits and is monitored and managed with a separate limit system.

CREDIT RISKS: The risk of economic loss arising as a result of a business partner failing to meet its contractual payment obligations is referred to as credit risk. Credit risk encompasses both the risk of direct default and the risk of reduced creditworthiness. The MVV Energie Group maintains its credit and trading relationships predominantly with banks and other trading partners of good credit standing. Credit risks towards contractual partners are inspected upon conclusion of the contract and monitored continuously. Credit risk is limited by setting trading limits for transactions with business partners and, where appropriate, by providing cash collateral. Where possible, default risk is already reduced in advance by means of suitable framework agreements with trading partners.

The MVV Energie Group is exposed to credit risks in its sales business, as customers may potentially fail to meet their payment obligations. This risk is limited by regularly inspecting the creditworthiness of major items in our customer portfolio.

The maximum default risk for the financial assets reported in the balance sheet (receivables, derivatives and other assets, as well as cash and cash equivalents and assets held for sale) is equivalent to their carrying amounts. The volume of defaults was immaterial both in the year under report and the previous year.

As derivatives may be subject to substantial fluctuations in their fair values, the counterparty risk of derivative financial assets has been presented in the following overview. Only recognised accounts have been included. Where netting agreements are in place with a trading partner, the actual risk, i.e. the net risk, has been presented. No account has been taken of counterparties with negative balances, i.e. where there is no counterparty risk. In all other cases, the figures have not been netted against negative fair values.

Counterparty risk at 30.9.2012

Euro 000s	Total		of which < 1 year		of which 1 to 5 years	
	Nominal value	Counterparty risk	Nominal value	Counterparty risk	Nominal value	Counterparty risk
Counterparty rating as per Standard & Poor's and/or Moody's						
AAA and Aaa to AA- and Aa3	612 668	19 188	223 197	8 545	389 471	10 643
AA- and A1 or A+ and Aa3 to A- and A3	231 550	8 018	65 212	3 446	166 338	4 572
A- and Baa1 or BBB+ and A3 to BBB- or Baa3	150 853	11 122	53 595	3 864	97 258	7 258
BBB- and Ba1 or BB+ and Baa3 to BB- and Ba3	—	—	—	—	—	—
Other	496 895	24 642	137 208	8 387	359 687	16 255
	1 491 966	62 970	479 212	24 242	1 012 754	38 728

Counterparty risk at 30.9.2013

Euro 000s	Total		of which < 1 year		of which 1 to 5 years	
	Nominal value	Counterparty risk	Nominal value	Counterparty risk	Nominal value	Counterparty risk
Counterparty rating as per Standard & Poor's and/or Moody's						
AAA and Aaa to AA- and Aa3	70 982	9 348	16 101	2 751	54 881	6 597
AA- and A1 or A+ and Aa3 to A- and A3	200 947	5 162	5 830	750	195 117	4 412
A- and Baa1 or BBB+ and A3 to BBB- or Baa3	624 944	43 987	406 149	25 081	218 795	18 906
BBB- and Ba1 or BB+ and Baa3 to BB- and Ba3	21 521	1 717	5 302	570	16 219	1 147
Other	185 157	10 477	113 401	7 974	71 756	2 503
	1 103 551	70 691	546 783	37 126	556 768	33 565

As in the previous year, there were no counterparty risks with terms longer than five years. Major shares of the nominal derivative volumes in question involve trading partners for which external ratings are available. Internal ratings are available for the nominal derivative volumes reported under "Other".

As in the previous year, there were no credit risks as of 30 September 2013 for trading transactions concluded with stock exchanges, as the relevant net balances only had negative fair values.

The credit risks involved in financial assets and their maturities broken down by category are structured as follows:

Credit risks and maturities

Euro 000s	30.9.2012			30.9.2013		
	Loans	Trade receivables	Other operating assets	Loans	Trade receivables	Other operating assets
Neither overdue nor impaired	85 518	392 451	100 799	73 642	379 052	119 381
Overdue but not impaired						
≤ 6 months	310	31 709	6 396	—	38 195	3 477
> 6 months ≤ 1 year	—	558	3	—	1 811	1
> 1 year	—	99	—	—	615	43
Net value of assets written down	—	50 079	1 197	—	41 455	1 521
	85 828	474 896	108 395	73 642	461 128	124 423

LIQUIDITY RISKS: Liquidity risk involves the risk of a company being unable to meet its financial obligations adequately. The MVV Energie Group is subject to liquidity risks as a result of its obligation to meet its liabilities in full and on time, as well as its obligation to service security payments (margins) from energy trading partners. Cash and liquidity management at the MVV Energie Group is responsible for maintaining the company's solvency at all times. This involves calculating all cash requirements and all cash surpluses. The major subgroups have a cash pooling process which enables bank transactions to be reduced to a reasonable limit.

A financial budget is compiled for liquidity management purposes. Any financing requirements arising are covered by means of suitable liquidity management instruments. Alongside the liquidity available

on a daily basis, the MVV Energie Group has further liquidity reserves in the form of committed credit lines. The volume of contractually committed credit lines is structured in such a way as to ensure that the Group has adequate liquidity reserves available at all times, even in a difficult market climate. In view of its available liquidity and existing credit lines, the MVV Energie Group does not see itself as being exposed to any material liquidity risks.

Group companies within the MVV Energie Group are generally refinanced by local banks of good credit standing, as well as by MVV Energie AG.

Contractually agreed outflows of funds for financial liabilities are presented in undiscounted form in the table below. The figures include the corresponding interest payments.

Undiscounted cash flows

Euro 000s	30.9.2013			30.9.2012		
	Maturities < 1 year	Maturities 1–5 years	Maturities > 5 years	Maturities < 1 year	Maturities 1–5 years	Maturities > 5 years
Non-derivative financial liabilities						
Liabilities to banks	438 363	702 070	540 535	220 276	885 794	479 773
Liabilities in connection with finance leases	2 663	4 134	156	2 524	4 124	479
Trade payables	390 970	114	—	336 579	119	—
Other financial debt	25 843	15 560	12 034	20 280	15 703	12 393
Other financial liabilities	58 707	1 646	7 919	75 219	1 229	8 573
Derivative financial liabilities	142 250	229 121	109	116 451	217 301	322
	1 058 796	952 645	560 753	771 329	1 124 270	501 540

INTEREST RATE RISKS: Interest rate risks relate to credit balances at banks on the asset side and to floating-rate liabilities to banks on the liabilities side of the balance sheet.

The impact of changes in interest rates on annual earnings and equity are analysed below. This analysis has been based on the assumption that there are no changes in any other parameters, such as exchange rates. The analysis only includes financial instruments where interest rate risk could impact on equity or annual earnings.

Any upward or downward variance in the level of interest rates in the euro area by 10 % as of the balance sheet date on 30 September 2013 would have led the annual net surplus to deteriorate/improve by a total of Euro 6 thousand/Euro 11 thousand (previous year: Euro 35 thousand/Euro 10 thousand). This variance would have reduced/increased equity by a total of Euro 3 186 thousand/Euro 5 218 thousand (previous year: Euro 473 thousand/Euro 1 018 thousand).

FOREIGN CURRENCY RISKS: Foreign currency risks are increasingly relevant on account of the project to build and operate an energy from waste plant in Plymouth/UK. Here, project development and construction costs will initially be invoiced partly in British pounds. During the operating stage of the project, future cash flows will be generated exclusively in British pounds. The resultant foreign currency risks are hedged by natural hedges in the form of currency-congruent financing and by using derivative financial instruments. Further foreign currency risks relate to the procurement of raw materials and fuels settled in US dollars on international markets. These are procured by means of commodities futures intended to secure the commodity and fuel requirements known of at a given point in time. The resultant payment obligations in US dollars whose amounts and maturities are already known when the commodities futures are agreed are subject to foreign currency risk. The major part of this risk is eliminated by concluding forward exchange contracts congruent with the cash flows in US dollars.

Any upward or downward variance in the exchange rate by 10 % would have changed the annual net surplus by Euro 1 906 thousand upwards/Euro 1 906 thousand downwards.

COMMODITY PRICE RISKS: Within the framework of our energy trading activities, energy trading contracts are concluded for the purposes of price risk management, adjustments to actual loads and margin optimisation. All transactions are governed by narrow, clearly defined limits which have to be adhered to at all times.

Price change risks chiefly arise in connection with the procurement and disposal of electricity and gas and the procurement of coal and emission rights. These risks are hedged with suitable financial instruments by reference to the stipulated limits. The Group made use of derivative hedging instruments in the year under report. The hedging instruments used mainly involved forwards, futures and swaps.

The sensitivity involved in the measurement of electricity, coal, gas and emission right derivatives is analysed in the following section. This analysis has been based on the assumption that there are no changes in the other parameters and that there is mutual dependency between the commodities. The analysis only includes derivatives for which fluctuations in market values could impact on equity or on annual earnings. These involve derivatives requiring mandatory recognition. The analysis does not include derivatives earmarked for the physical delivery of non-financial items in line with the company's expected proprietary procurement, sale or utilisation (own use). These do not require recognition under IAS 39. If the market price at the balance sheet date on 30 September 2013 had been 10 % higher/lower, this would have increased/decreased the annual net surplus by Euro 17 820 thousand/Euro 21 302 thousand (previous year: Euro 44 042 thousand/Euro 52 973 thousand). Equity would have increased/reduced by Euro 32 645 thousand/Euro 33 342 thousand as of the same date (previous year: Euro 66 006 thousand/Euro 74 937 thousand).

The following table presents the nominal volumes and fair values of the derivatives used:

Nominal volumes and fair values

Euro 000s	30.9.2013			30.9.2012		
	Nominal volumes		Fair values	Nominal volumes		Fair values
	Total	of which with remaining terms of more than 1 year		Total	of which with remaining terms of more than 1 year	
Interest derivatives	482 998	450 699	-34 580	471 825	412 054	-45 980
Commodity derivatives	4 554 415	1 414 553	-88 795	4 857 305	1 618 507	-77 482
Currency derivatives	99 860	99 860	-3 260	7	7	—
	5 137 273	1 965 112	-126 635	5 329 137	2 030 568	-123 462

Interest derivatives almost exclusively involve interest swaps. The currency derivatives are intended to hedge financial coal in US dollars.

Commodity derivatives can be subdivided as follows:

Commodity derivatives				
Euro 000s	30.9.2013		30.9.2012	
	Nominal volumes	Fair values	Nominal volumes	Fair values
Commodity derivatives				
Electricity	3 079 462	-31 083	3 589 551	-42 029
Coal	31 211	-30 797	21 585	-21 185
Gas	1 351 931	-3 660	1 138 905	8
CO ₂ rights	90 708	-22 685	104 727	-12 142
Other	1 103	- 570	2 537	-2 134
	4 554 415	-88 795	4 857 305	-77 482
Commodity derivatives				
Futures	4 523 148	-57 942	4 834 629	-55 208
Swaps	31 267	-30 853	22 676	-22 274
	4 554 415	-88 795	4 857 305	-77 482

The positive fair values amounting to Euro 179 200 thousand (previous year: Euro 208 321 thousand) were counteracted by margining liabilities of Euro 1 174 thousand (previous year: Euro 5 947 thousand). These are reported under other liabilities. The negative fair values of Euro 305 835 thousand (previous year: Euro 335 924 thousand) were counteracted by cash collateral amounting to Euro 69 628 thousand (previous year: Euro 72 140 thousand).

36 Segment reporting

Segment report of the MVV Energie Group from 1.10.2012 to 30.9.2013

Euro 000s	External sales excluding energy taxes	Intercompany sales excluding energy taxes	Scheduled depreciation	Impairment losses
Generation and Infrastructure	389 880	649 958	114 413	57
Trading and Portfolio Management	1 053 681	1 031 313	289	1 637
Sales and Services	2 355 693	389 984	17 236	34
Strategic Investments	243 688	6 501	16 931	568
Other Activities	3 186	25 052	16 240	190
Consolidation	-2 100	-2 102 808	—	—
	4 044 028	—	165 109	2 486

Euro 000s	Material non-cash income and expenses	Adjusted EBIT	Income from associates	Investments
Generation and Infrastructure	5 765	148 463	11 176	336 426
Trading and Portfolio Management	2 369	-15 726	—	9 206
Sales and Services	7 928	39 595	—	13 972
Strategic Investments	544	31 891	—	17 128
Other Activities	10 566	8 110	2 959	14 883
Consolidation	—	-2 728	—	—
	27 172	209 605	14 135	391 615

Segment report of the MVV Energie Group from 1.10.2011 to 30.9.2012

Euro 000s	External sales excluding energy taxes	Intercompany sales excluding energy taxes	Scheduled depreciation	Impairment losses
Generation and Infrastructure	354 259	650 189	108 863	434
Trading and Portfolio Management	975 896	1 211 677	289	—
Sales and Services	2 162 346	365 132	17 721	9 618
Strategic Investments	397 538	24 900	22 959	104
Other Activities	4 495	23 382	15 739	—
Consolidation	—	-2 275 280	—	—
	3 894 534	—	165 571	10 156

Euro 000s	Material non-cash income and expenses	Adjusted EBIT ¹	Income from associates	Investments ²
Generation and Infrastructure	3 233	140 810	12 281	223 675
Trading and Portfolio Management	5 279	2 997	—	3 678
Sales and Services	6 749	21 041	-803	32 836
Strategic Investments	836	38 581	—	16 676
Other Activities	7 522	13 057	11 240	16 720
Consolidation	—	6 732	—	—
	23 619	223 218	22 718	293 585

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

² previous year's figures adjusted. Further details can be found in ▶ *Note 36 Segment reporting*

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

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

- The **GENERATION AND INFRASTRUCTURE** reporting segment comprises the conventional power plants, energy from waste plants and biomass power plants at the MVV Energie AG, Stadtwerke Kiel AG, Energieversorgung Offenbach AG and MVV Umwelt GmbH subgroups, as well as the waterworks and wind farm portfolio. Moreover, this segment also includes grid facilities for electricity, heating energy, gas and water and technical service units allocated to the grids business field for the grid-based distribution of electricity, heating energy, gas and water.
- 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 business at the MVV Energie AG, Stadtwerke Kiel AG and Energieversorgung Offenbach AG subgroups. It encompasses supplies of electricity, heating energy, gas and water to end customers and the energy-related services business at the MVV Enamic and Energieversorgung Offenbach subgroups.
- The **STRATEGIC INVESTMENTS** reporting segment consists of the Stadtwerke Ingolstadt GmbH, Köthen Energie GmbH and MVV Energie CZ a.s. subgroups. The Ingolstadt subgroup is proportionately consolidated.
- The **OTHER ACTIVITIES** reporting segment consists in particular of the company Shared-Services-Center and of cross-divisional functions.
- Consolidation includes figures relating to transactions with other reporting segments that are eliminated for consolidation purposes.

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

Reconciliation of EBIT (income statement) with adjusted EBIT

	1.10.2012 to 30.9.2013	1.10.2011 to 30.9.2012	+/- change
Euro 000s			
EBIT as per income statement	209 744	198 124	11 620
Financial derivative measurement items	3 004	20 113	-17 109
Restructuring expenses	-7 492	—	-7 492
Interest income in connection with finance leases	4 349	4 981	-632
Adjusted EBIT	209 605	223 218	-13 613

Of segment sales with external customers, 96.9 % were generated in Germany (previous year: 97.1 %). The regional breakdown of sales is based on the geographical location of the respective company domiciles.

No individual customers of the MVV Energie Group account for or exceed 10 % of the Group's total sales.

The segment reporting presented in accordance with IFRS 8 is based on the internal management structure. This is mainly reflected in the segment earnings (adjusted EBIT) and investments. The reconciliation of EBIT with adjusted EBIT is apparent in the above table. In the management perspective, the concept of investments includes both the additions apparent in the respective schedules and the change in non-current assets from first-time consolidation. By contrast, non-cash additions to the non-current asset schedule in the period under report do not form part of the investment concept in the management perspective and have therefore been excluded.

37 Cash flow statement

The cash flow statement portrays the flow of funds from operating activities, investing activities and financing activities. The cash flows from investing and financing activities have been calculated directly. The cash flow from operating activities, on the other hand, has been derived indirectly. The amount of cash and cash equivalents stated in the cash flow statement is consistent with the corresponding figure in the balance sheet.

Inflows and outflows of funds from the acquisition and disposal of consolidated companies are included in the cash flow from investing activities. The cash and cash equivalents thereby acquired or disposed of have been reported separately.

The cash flow before working capital and taxes showed a slight year-on-year increase in the 2012/13 financial year. The substantial increase in the annual net surplus before taxes on income in the year under report was countered by a reduction in non-cash income and expenses compared with the 2011/12 financial year. By contrast, the elimination of profit on the sale of non-current assets increased the cash flow before working capital and taxes

significantly compared with the previous year. This item was affected above all by the profits generated in the 2011/12 financial year from the sale of the shares held in Stadtwerke Solingen GmbH, MVV Energiedienstleistungen GmbH Solingen and Maintal-Werke GmbH.

The higher cash flow from operating activities was influenced in particular by the substantial improvement in working capital.

The main factor influencing the cash flow from investing activities was the sale of the shares in Stadtwerke Solingen GmbH and MVV Energiedienstleistungen GmbH Solingen in the previous year. This led to a high incoming payment on a scale not seen in the year under report. A further factor relates to the higher volume of payments for investments in renewable energies in the year under report.

Given lower proceeds from the taking up of loans, the cash flow from financing activities reduced compared with the previous year.

38 Capital management

MVV Energie AG is not subject to any statutory minimum capital requirements, but pursues its internal objective of using effective financial management to maintain its equity ratio at a level necessary to attain a good rating in the banking market. This enables the costs of capital to be optimised.

The equity ratio represents consolidated shareholders' equity as a proportion of total assets. Shareholders' equity consists of share capital, the capital reserve, accumulated net income, accumulated other comprehensive income and minority interests.

Measures to comply with the targeted equity ratio initially take place within the business planning process and within the framework of investment budgeting in the case of major (unplanned) investment measures. By issuing shares, the company is able to adjust its equity ratio to requirements.

The key figure used in the value-based management of the company and the capital management thereby required is the value spread. This key figure is calculated as the difference between the period-based return on capital employed (ROCE) and the weighted average cost of capital (WACC).

There were no changes in underlying capital management requirements compared with the previous year.

39 Related party disclosures

Business transactions performed between the parent company and its consolidated subsidiaries, which constitute related parties, are not outlined in this section, as they are eliminated in the course of consolidation.

The City of Mannheim is the sole shareholder in MVV GmbH. MVV GmbH owns 99.99 % of the shares in MVV Verkehr AG, which in turn has a 50.1 % shareholding in MVV Energie AG. The City of Mannheim and the companies it controls therefore represent related parties as defined in IFRS.

Numerous contractually agreed legal relationships are in place between the companies of the MVV Energie Group and the City of Mannheim and the companies it controls (electricity, gas, water and district heating supply agreements, rental, leasing and service agreements). Moreover, there is also a concession agreement between MVV Energie AG and the City of Mannheim.

The concession duties to the City of Mannheim amounted to Euro 19 124 thousand (previous year: Euro 18 375 thousand).

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

Related party disclosures

Euro 000s	Goods and services provided				Receivables		Liabilities	
	Income		Expenses		30.9.2013	30.9.2012	30.9.2013	30.9.2012
	1.10.2012 to 30.9.2013	1.10.2011 to 30.9.2012	1.10.2012 to 30.9.2013	1.10.2011 to 30.9.2012				
Abfallwirtschaft Mannheim	771	428	987	3 947	75	78	7	3 300
ABG Abfallbeseitigungsgesellschaft mbH	7 177	29 150	4 473	4 288	—	1 083	606	477
GBG Mannheimer Wohnungsbaugesellschaft mbH	11 088	10 462	112	194	835	820	—	—
m:con – Mannheimer Kongress- und Touristik GmbH	3 719	3 748	402	319	5 699	5 149	—	—
MVV GmbH	286	361	46	520	16	51	—	1
MVV Verkehr GmbH	180	155	37	6	24	106	—	—
Rhein-Neckar-Verkehr GmbH	7 807	7 977	24	61	1 778	1 511	156	249
Stadtentwässerung Mannheim	3 300	2 953	374	424	140	147	12	13
City of Mannheim	16 751	16 082	21 000	21 526	839	1 968	4 164	3 604
Associates	42 757	50 747	215 814	211 772	11 383	11 646	31 921	10 915
Proportionately consolidated companies	41 991	157 270	6 861	31 079	4 692	34 532	1 569	7 779
Other related parties	8 787	9 407	1 896	2 898	1 728	3 921	432	552
	144 614	288 740	252 026	277 034	27 209	61 012	38 867	26 890

Furthermore, customer contracts concerning the supply of electricity, gas, water and district heating have been concluded between MVV Energie AG and members of its Executive and Supervisory Boards and individuals in key management positions (division heads, authorised representatives). These have also been concluded on customary market terms and do not differ from other customer contracts.

The MVV Energie Group has otherwise not concluded or performed any material related party transactions.

MVV Energie AG has compiled a dependent company report in accordance with § 312 of the German Stock Corporation Act (AktG) for the financial year ending on 30 September 2013.

The basic principles of our compensation system and disclosures on the compensation of Executive and Supervisory Board members for

the 2012/13 financial year take due account of the requirements of the German Commercial Code (HGB) and of the recommendations made by the German Corporate Governance Code. We have designed our compensation system in such a way as to incentivise the successful, sustainable management of the company.

There were two changes in the composition of the Executive Board in the period under report. Hans-Jürgen Farrenkopf stood down from the Executive Board as of 31 December 2012 and retired as of the same date. His position as Personnel Director was assumed by Udo Bekker as of 1 January 2013. Furthermore, Matthias Brückmann stood down from the Executive Board as of 15 March 2013 and his employment at the company ended on 30 June 2013. He left the company at his own request. He has been succeeded as Sales Director by Ralf Klöpfer since 1 October 2013, the start of the 2013/14 financial year.

The Executive Board was paid compensation totalling Euro 2 219 thousand in the year under report. This compensation comprised non-performance-related and performance-related components. The table presents the compensation paid in the year under report on a pro rata temporis basis.

Compensation

Euro 000s	Fixed ¹	Variable ²	Supervisory Board compensation ³	Total
Dr. Georg Müller	500	335	18	853
Udo Bekker ⁴	268	154	5	427
Dr. Werner Dub	303	223	16	542
Matthias Brückmann ⁵	144	112	4	260
Hans-Jürgen Farrenkopf ⁶	78	56	3	137
	1 293	880	46	2 219

1 including allowances for voluntary pension insurance, health insurance, nursing care insurance, voluntary contributions to employers' mutual insurance association, reimbursements of transitional benefits, non-cash benefits, as well as the CEO allowance of Euro 185 thousand for Dr. Georg Müller

2 forecast value

3 supervisory board activities at shareholdings (entitlement in financial year)

4 from 1 January 2013 to 30 September 2013

5 from 1 October 2012 to 15 March 2013 (in period in which he was released from duties from 16 March 2013 to 30 June 2013, Matthias Brückmann received total compensation of Euro 88 thousand)

6 from 1 October 2012 to 31 December 2012

The members of the Executive Board of MVV Energie AG also act as managing directors of MVV RHE GmbH. The costs of the work performed in this function were charged on to MVV RHE GmbH.

Two components determine the variable – performance-related – compensation paid to Executive Board members. To account for the operating performance of the MVV Energie Group, Executive Board members are granted an annual bonus. This is based on the adjusted EBIT of the MVV Energie Group, here nevertheless less restructuring expenses. Furthermore, Executive Board members receive a sustainability bonus to compensate any increase in the company's profitability measured over a period of three years. This bonus is based on the average ROCE (Return on Capital Employed) before IAS 39 items of the MVV Energie Group for the past financial year and the two preceding financial years. Suitable minimum thresholds and caps are in place for both components. The sustainability bonus accounted for the overwhelming share of variable compensation in the 2012/13 financial year.

No further payments were either committed or made by third parties.

The Executive Board members Dr. Georg Müller and Udo Bekker have been granted pension commitments whose volume is based on the balances on virtual pension accounts at the time at which the benefits are claimed. The virtual pension accounts are credited with annual insurance contributions. Annual interest is paid on the pension accounts.

The pension commitment also includes a claim to benefits due to permanent inability to work and a claim to provision for surviving dependants.

The pension obligations for the Executive Board members Dr. Georg Müller and Udo Bekker are presented in the following table:

Pension obligations

Euro 000s	Development in virtual pension accounts			Pension provision	Allocation to pension provision	
	Balance 1.10.2012	Pension contribution	Balance 30.9.2013 ¹	Balance 30.9.2013 ²	Service cost ³	Interest expenses
Dr. Georg Müller	1 150	152	1 361	1 922	178	61
Udo Bekker	—	83	83	209	209	—
	1 150	235	1 444	2 131	387	61

1 including interest

2 equivalent to present value of vested claims

3 including retrospective service cost and invalidity cover

The overall pension commitment made to the Executive Board member Dr. Werner Dub continues to be based on pensionable compensation, as he has already reached the age of 60 and can thus be deemed to be approaching retirement age. The pension commitment amounts to a maximum of 70 % of pensionable compensation; other income from employment, benefits received under the state pension scheme and other pension benefits attributable at least in half to employers' contributions are imputed. One component of the pension commitment also involves a claim to benefits in the event of reduced working capacity and a claim to provision for surviving dependants.

The pension obligation for Dr. Werner Dub is presented in the following table:

Pension obligation

Euro 000s	Value of final pension ¹	Benefit percentage ²	Benefit percentage ³	Allocation to pension provision	
				Service cost	Interest expenses
Dr. Werner Dub	103	66 %	66 %	135	71

1 achievable claim to retirement pension aged 63, taking due account of amounts deducted

2 total pension rate achieved for retirement pension in %

3 benefit percentage achievable by age of 63

Former members of the Executive Board received benefits of Euro 401 thousand in the year under report. Provisions totalling Euro 11 712 thousand have been stated for pension obligations towards former members of the Executive Board. A total of Euro 468 thousand was allocated to this item in the financial year under report.

Pursuant to IAS 24, related parties also include management staff performing key functions. Alongside the Executive Board, this group of persons at the MVV Energie Group also includes active heads of division and authorised company representatives of MVV Energie AG. This group of persons receives its compensation exclusively from MVV Energie AG. Compensation totalling Euro 2 873 thousand was paid to this group in the year under report, with the predominant share (Euro 2 724 thousand) involving payments with current maturities.

Unless they are insured via municipal supplementary pension companies (ZVK), these individuals receive a defined contribution company pension of up to 8.6 % of their fixed compensation. Within the channels of execution offered within the Group, they can determine which biometric risks they would like to cover. Total expenses incurred for the aforementioned schemes amounted to Euro 149 thousand in the year under report.

The compensation of our Supervisory Board members is commensurate to their responsibilities and to the scope of their duties. The members of the Supervisory Board received annual compensation of Euro 10 thousand each in the 2012/13 financial year, with the Chairman of the Supervisory Board receiving twice and his deputy one and a half times this figure.¹ The Chairman of the Audit Committee received additional annual compensation of Euro 5 thousand and other members of this Committee received additional annual compensation of Euro 2.5 thousand. Moreover, a meeting allowance of Euro 1 thousand was paid per person per meeting of the full Supervisory Board and of the Committees. The Chairman of the Supervisory Board receives double the meeting allowance for meetings of the Supervisory Board, as does the Chairman of the Audit Committee for meetings of the Audit Committee. Total compensation amounted to Euro 434 thousand.² The compensation for the employee representatives in the Supervisory Board (excluding Supervisory Board compensation) amounted to Euro 963 thousand in the year under report.

The composition of the Supervisory and Executive Boards has been presented in a separate overview ▶ on Page 169.

Supervisory Board compensation

Euro	Supervisory Board compensation	Meeting allowances
Dr. Peter Kurz	20 000	21 000
Johannes Böttcher	10 000	7 000
Timo Carstensen	10 000	4 000
Peter Dinges	17 500	17 000
Ralf Eisenhauer	10 000	11 000
Peter Erni	12 500	12 000
Detlef Falk	12 500	13 000
Reinhold Götz	10 000	6 000
Prof. Dr. Egon Jüttner	10 000	5 000
Heike Kamradt	10 000	11 000
Gunter Kühn	10 000	6 000
Dr. Antje Mohr	10 000	6 000
Dr. Lorenz Näger	12 500	9 000
Wolfgang Raufelder	10 000	7 000
Christian Specht	10 000	7 000
Dr. Dieter Steinkamp	10 000	5 000
Carsten Südmersen	12 500	16 000
Katja Udluft	10 000	7 000
Prof. Heinz-Werner Ufer	15 000	20 000
Jürgen Wiesner	10 000	11 000
	232 500	201 000

1 Supervisory Board members joining or retiring from the Supervisory Board during the financial year received prorated compensation consistent with the duration of their term in office.

2 amounts reported correspond to compensation for year under report calculated to nearest day.

40 Scope of consolidation of the MVV Energie Group

Scope of consolidation of the MVV Energie Group at 30.9.2013

	Share of capital ¹ in %	Equity ¹ 000s (LC)	Annual net surplus/ deficit 000s (LC) ¹	Local currency (LC)
Associates (fully consolidated companies)				
Germany				
A+S Naturenergie GmbH, Pfaffenhofen ¹³	100.00	-7 784	331	EUR
ABeG Abwasserbetriebsgesellschaft mbH, Offenbach am Main	51.00	549	71	EUR
AVA Abwasser- und Verwertungsanlagen GmbH, Mörfelden-Walldorf ⁵	100.00	81	0	EUR
BFE Institut für Energie und Umwelt GmbH, Mühlhausen ⁵	100.00	700	0	EUR
Biokraft Naturbrennstoffe GmbH, Offenbach am Main	100.00	-1 596	-424	EUR
Biomethananlage Klein Wanzleben GmbH, Mannheim	74.90	2 779	1 113	EUR
Biomethananlage Kroppenstedt GmbH, Mannheim	74.90	1 818	-661	EUR
Cerventus Naturenergie GmbH, Offenbach am Main	50.00	17 041	-27	EUR
Cerventus Naturenergie Verwaltungs GmbH, Offenbach am Main	100.00	25	7	EUR
Dabit Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG, Wiesbaden ¹⁰	94.00	-3	4	EUR
Energieversorgung Offenbach Aktiengesellschaft, Offenbach am Main ²	48.49	125 093	13 639	EUR
eternegy GmbH, Mannheim	100.00	-7 246	964	EUR
FRASSUR GmbH Umweltschutz-Dienstleistungen, Mörfelden-Walldorf	100.00	1 566	678	EUR
Gasversorgung Offenbach GmbH, Offenbach am Main	74.90	17 993	4 429	EUR
Götzfried + Pitzer Entsorgung GmbH, Ulm ¹³	100.00	1 702	15	EUR
Infrastrukturgesellschaft Hungerberg GmbH & Co. KG, Wörrstadt ⁶	70.00	0	-3	EUR
Kielspeicher 103 GmbH & Co. KG, Kiel	100.00	11 534	-9 606	EUR
Köthen Energie GmbH, Köthen	100.00	4 311	1 005	EUR
Köthen Energie Netz GmbH, Köthen ⁵	100.00	24	0	EUR
MVV decon GmbH, Mannheim ¹³	100.00	-2 525	-1 623	EUR
MVV Enamic Contracting GmbH, Mannheim (previously: MVV Energiedienstleistungen Regional GmbH, Mannheim) ⁵	100.00	46 145	0	EUR
MVV Enamic GmbH, Mannheim (previously: MVV Energiedienstleistungen GmbH, Mannheim) ⁵	100.00	77 535	0	EUR
MVV Enamic IGS Gersthofen GmbH, Gersthofen (previously: Industriepark Gersthofen Servicegesellschaft mbH, Gersthofen) ⁵	100.00	11 804	0	EUR
MVV Enamic Immobilien GmbH, Berlin (previously: MVV Energiedienstleistungen Mitte GmbH, Berlin) ⁵	100.00	23 926	0	EUR
MVV Enamic Korbach GmbH, Korbach (previously: MVV Energiedienstleistungen GmbH IK Korbach, Korbach) ⁵	100.00	2 104	0	EUR
MVV Enamic Ludwigshafen GmbH, Mannheim (previously: MVV Energiedienstleistungen IK Ludwigshafen GmbH, Mannheim)	100.00	-4 067	901	EUR
MVV Energiedienstleistungen Regional Verwaltungs GmbH, Mannheim	100.00	40 247	3 162	EUR
MVV Grünenergie GmbH, Mannheim	100.00	337	310	EUR
MVV RHE GmbH, Mannheim ⁵	100.00	11 988	0	EUR
MVV Trading GmbH, Mannheim ⁵	97.50	20 332	2 583	EUR
MVV Umwelt Asset GmbH, Mannheim ⁵	100.00	40 036	0	EUR
MVV Umwelt GmbH, Mannheim ⁵	100.00	144 990	0	EUR
MVV Umwelt O&M GmbH, Mannheim ⁵	100.00	1 226	0	EUR
MVV Umwelt Ressourcen GmbH, Mannheim ⁵	100.00	6 566	0	EUR
MVV Umwelt UK GmbH, Mannheim ⁵	100.00	39 367	0	EUR
MVV Windenergie Beteiligungs GmbH, Mannheim (previously: Iberdrola Renovables Deutschland GmbH, Berlin) ^{5, 14}	100.00	10 639	-455	EUR
MVV Windenergie GmbH, Mannheim ⁵	100.00	7 525	0	EUR
MVV Windenergie NRW GmbH, Mannheim (previously: Windpark Jülicher Land GmbH, Berlin) ^{6, 14}	100.00	593	-397	EUR
MVV Windpark Plauerhagen GmbH & Co. KG, Rerik	100.00	5 263	253	EUR

Scope of consolidation of the MVV Energie Group at 30.9.2013

	Share of capital ¹ in %	Equity ¹ 000s (LC)	Annual net surplus/ deficit 000s (LC) ¹	Local currency (LC)
Netrion Gasnetz Offenbach GmbH, Mannheim ^{5, 6, 14}	100.00	1 561	0	EUR
Netrion GmbH, Mannheim ⁵	100.00	5 999	0	EUR
SECURA Energie GmbH, Mannheim ⁵	100.00	1 000	0	EUR
Soluvia Billing GmbH, Offenbach am Main ⁵	100.00	327	0	EUR
Soluvia GmbH, Mannheim	100.00	3 442	2 945	EUR
Soluvia IT-Services GmbH, Kiel ⁵	100.00	1 093	0	EUR
Soluvia Metering GmbH, Offenbach am Main ⁵	100.00	676	0	EUR
Stadtwerke Kiel Aktiengesellschaft, Kiel	51.00	151 071	21 254	EUR
SWKiel Netz GmbH, Kiel ⁵	100.00	25	0	EUR
Umspannwerk Kirchberg GmbH & Co. KG, Offenbach am Main	100.00	32	226	EUR
Windpark Albisheim GmbH & Co. KG, Wörrstadt ⁶	100.00	-9	-12	EUR
Windpark Dirlammen GmbH & Co. KG, Offenbach am Main ⁶	100.00	2 137	55	EUR
Windpark Hungerberg I GmbH & Co. KG, Wörrstadt ⁶	100.00	-13	-15	EUR
Windpark Hungerberg II GmbH & Co. KG, Wörrstadt ⁶	100.00	-9	-12	EUR
Windpark Kappel Nord GmbH & Co. KG, Offenbach am Main	100.00	1 744	-33	EUR
Windpark Kappel Süd GmbH & Co. KG, Offenbach am Main	100.00	1 676	55	EUR
Windpark Kirchberg GmbH & Co. KG, Offenbach am Main	100.00	1 771	-14	EUR
Windpark Kludenbach GmbH & Co. KG, Offenbach am Main	100.00	1 252	83	EUR
Windpark Metzenhausen GmbH & Co. KG, Offenbach am Main	100.00	1 956	191	EUR
Windpark Reckershausen GmbH & Co. KG, Offenbach am Main	100.00	1 617	133	EUR
Windpark Reich GmbH & Co. KG, Offenbach am Main	100.00	1 861	138	EUR
Windpark Staatsforst GmbH & Co. KG, Offenbach am Main	100.00	1 661	57	EUR
ZEDER Verwaltungsgesellschaft mbH & Co. Vermietungs KG, Pullach ^{3, 9}	0.00	-8 208	313	EUR
Associates (fully consolidated subsidiaries)				
International				
Českolipská teplárenská a.s., Česká Lípa, Czech Republic	94.99	19 638	18 326	CZK
Českolipské teplo a.s., Prague, Czech Republic	100.00	120 788	26 269	CZK
CTZ s.r.o., Uherské Hradiště, Czech Republic	50.96	105 153	14 129	CZK
e.services s.r.o., Děčín, Czech Republic	100.00	528	-33	CZK
ENERGIE Holding a.s., Prague, Czech Republic	100.00	402 094	63 799	CZK
G-LINDE s.r.o., Prague, Czech Republic	100.00	10 428	3 218	CZK
G-RONN s.r.o., Prague, Czech Republic	100.00	57 313	15 850	CZK
IROMEZ s.r.o., Pelhřimov, Czech Republic	100.00	45 142	4 229	CZK
MVV Energie CZ a.s., Prague, Czech Republic	100.00	2 318 862	125 103	CZK
MVV enservis a.s., Česká Lípa, Czech Republic	100.00	-6 799	-16 573	CZK
MVV Environment Devonport Limited, Plymouth, UK ⁷	100.00	27 674	-3 845	GBP
MVV Environment Ridham Limited, Leeds, UK (previously: Renewable Energy Projects Development Limited, Leeds) ⁶	100.00	41 058	-904	GBP
OPATHERM a.s., Opava, Czech Republic	100.00	159 284	15 470	CZK
POWGEN a.s., Prague, Czech Republic	100.00	124 348	35 624	CZK
Teplárna Liberec a.s., Liberec, Czech Republic	70.00	305 013	14 228	CZK
TERMIZO a.s., Liberec, Czech Republic	100.00	523 310	50 646	CZK
TERMO Děčín a.s., Děčín, Czech Republic	96.91	188 364	43 558	CZK
Zásobování teplem Vsetín a.s., Vsetín, Czech Republic	100.00	201 550	49 982	CZK

Scope of consolidation of the MVV Energie Group at 30.9.2013

	Share of capital ¹ in %	Equity ¹ 000s (LC)	Annual net surplus/ deficit 000s (LC) ¹	Local currency (LC)
Other majority shareholdings				
Germany				
Erschließungsträgergesellschaft St. Leon-Rot mbH i.L., St. Leon-Rot ¹²	80.00	4	- 2	EUR
Erschließungsträgergesellschaft Weeze mbH, Weeze ⁹	75.00	121	2	EUR
Kielspeicher 103 Verwaltungs-GmbH, Kiel ⁹	100.00	106	12	EUR
MVV Enamic Regioplan GmbH, Mannheim (previously: MVV Energiedienstleistungen GmbH Regioplan, Mannheim) ^{5,9}	100.00	1 023	0	EUR
MVV Insurance Services GmbH, Mannheim ⁹	100.00	23	0	EUR
MVV Windpark Verwaltungs GmbH, Mannheim ⁹	100.00	28	1	EUR
Other majority shareholdings				
International				
BFE Institut für Energie und Umwelt GmbH, Romanshorn, Switzerland ⁹	100.00	28	- 3	CHF
EMB Instituut voor Energie en Milieu B.V., Oosterhout, Netherlands ⁹	100.00	- 518	- 63	EUR
MVV ENVIRONMENT LIMITED, London, UK ⁹	100.00	311	61	GBP
Jointly owned companies (proportionate consolidation)				
Germany				
Stadtwerke Ingolstadt Beteiligungen GmbH, Ingolstadt ⁴	48.40	45 357	19 277	EUR
Stadtwerke Ingolstadt Energie GmbH, Ingolstadt ^{5,15}	100.00	1 548	0	EUR
Stadtwerke Ingolstadt Netze GmbH, Ingolstadt ^{5,15}	100.00	25 834	0	EUR
Associates (at equity)				
Germany				
Biomasse Rhein-Main GmbH, Flörsheim-Wicker ⁹	33.33	11 119	140	EUR
ESN EnergieSystemeNord GmbH, Schwentimental ⁸	25.00	3 734	698	EUR
Fernwärme Rhein-Neckar GmbH, Mannheim ⁸	50.00	3 452	1 662	EUR
Gemeinschaftskraftwerk Kiel GmbH, Kiel ⁸	50.00	18 870	1 813	EUR
Grosskraftwerk Mannheim Aktiengesellschaft, Mannheim ⁸	28.00	114 142	6 647	EUR
Naunhofer Transportgesellschaft mbH, Parthenstein-Großsteinberg ⁸	50.00	1 221	260	EUR
Stadtwerke Buchen GmbH & Co. KG, Buchen-Odenwald ⁸	25.10	6 648	1 657	EUR
Stadtwerke Sinsheim Versorgungs GmbH & Co. KG, Sinsheim ⁸	30.00	12 008	500	EUR
TradeSoft RM GmbH, Cologne ⁸	50.00	1 570	3	EUR
W.T.A. Wertstoff Transport Agentur GmbH, Parthenstein-Großsteinberg ⁸	50.00	1 027	212	EUR
ZVO Energie GmbH, Timmendorfer Strand ⁸	49.90	49 361	4 744	EUR
Zweckverband Wasserversorgung Kurpfalz (ZWK), Heidelberg ⁸	51.00	7 071	0	EUR

Scope of consolidation of the MVV Energie Group at 30.9.2013

	Share of capital ¹ in %	Equity ¹ 000s (LC)	Annual net surplus/ deficit 000s (LC) ¹	Local currency (LC)
Other shareholdings				
Germany				
24sieben Nordwatt GmbH, Kiel ⁹	50.00	53	- 11	EUR
HEN HolzEnergie Nordschwarzwald GmbH i.L., Nagold ¹¹	30.00	127	- 223	EUR
iwo Pellet Rhein - Main GmbH, Offenbach am Main ⁹	24.92	- 1 880	59	EUR
Klimaschutzagentur Mannheim gemeinnützige GmbH, Mannheim ⁸	40.00	25	0	EUR
Kommunaler Windenergiepark Schleswig-Holstein GbR, Neumünster ¹⁰	20.00	676	165	EUR
Main-Kinzig-Entsorgungs- und Verwertungs GmbH, Hanau ⁸	49.00	250	- 2	EUR
Maintal-Werke Gesellschaft mit beschränkter Haftung, Maintal ⁸	24.90	16 986	2 407	EUR
Management Stadtwerke Buchen GmbH, Buchen-Odenwald ⁸	25.20	38	1	EUR
Stadtwerke Langen Gesellschaft mit beschränkter Haftung, Langen ^{5, 8}	10.00	30 472	0	EUR
Stadtwerke Schwetzingen GmbH & Co. KG, Schwetzingen ⁸	10.00	15 682	2 452	EUR
Stadtwerke Schwetzingen Verwaltungsgesellschaft mbH, Schwetzingen ⁸	10.00	32	- 1	EUR
Stadtwerke Sinsheim Verwaltungs GmbH, Sinsheim ⁸	30.00	23	1	EUR
Stadtwerke Walldorf GmbH & Co. KG, Walldorf ⁸	25.10	11 791	- 1 659	EUR
Stadtwerke Walldorf Verwaltungs GmbH, Walldorf ⁸	25.10	26	1	EUR
Wasserversorgungsverband Neckargruppe, Edingen-Neckarhausen ⁸	25.00	377	0	EUR
Windpark Riegenroth GmbH & Co. KG, Aachen ^{6, 8, 15}	41.00	5 274	- 428	EUR
WVE Wasserversorgungs- und -entsorgungsgesellschaft Schriesheim mbH, Schriesheim ⁸	24.50	5 517	0	EUR

1 share of capital on 30.9.2013 pursuant to § 16 (4) AktG; equity and annual net surplus/deficit (HGB)

2 majority of voting rights

3 special purpose entity

4 joint management pursuant to contractual arrangement

5 profit transfer agreement

6 added in financial year

7 annual financial statements at 31.3.2013

8 annual financial statements at 31.12.2012

9 annual financial statements at 30.9.2012

10 annual financial statements at 31.12.2011

11 annual financial statements at 31.12.2010

12 annual financial statements at 30.9.2010

13 preliminary figures

14 financial statements for short financial year

15 subsidiary of proportionately consolidated companies

41 Auditor's fees

The following fees were incurred for the services performed by the auditor of the consolidated financial statements, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, in the 2012/13 financial year:

Auditor's fees		
Euro 000s	2012/13	2011/12
Audit	965	1 012
Other auditing services	488	281
Tax advisory services	97	11
Other services	492	848
	2 042	2 152

42 Utilisation of exemption under § 264 (3) HGB

The following German subsidiaries will draw on the disclosure exemption provided for under § 264 (3) of the German Commercial Code (HGB) for the 2012/13 financial year:

- BFE Institut für Energie und Umwelt GmbH, Mühlhausen
- MVV Enamic IGS Gersthofen GmbH, Gersthofen
- MVV Umwelt GmbH, Mannheim
- MVV Umwelt Ressourcen GmbH, Mannheim
- MVV Umwelt UK GmbH, Mannheim
- MVV Windenergie GmbH, Mannheim

43 Declaration of Conformity under § 161 AktG

The Executive and Supervisory Boards of MVV Energie AG have submitted their Declaration of Conformity with the recommendations of the German Corporate Governance Code pursuant to § 161 of the German Stock Corporation Act (AktG) and made it available to the company's shareholders.

The complete declaration has been published on the internet at ▶ www.mvv-investor.de.

44 Information on concessions

In addition to the concession agreement between the City of Mannheim and MVV Energie AG (please see Note 39 Related Party Disclosures), further concession agreements have also been concluded between companies of the MVV Energie Group and local and regional authorities. The remaining terms range from one to 24 years. These agreements assign responsibility for operating the respective distribution grids and providing for their maintenance. Should these agreements not be extended upon expiry, the facilities for supplying the respective utility service must be taken over by the municipalities upon payment of commensurate compensation.

45 Events after the balance sheet date

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

Mannheim, 12 November 2013

MVV Energie AG

Executive Board



Dr. Müller



Bekker



Dr. Dub



Klöpfer

Responsibility Statement

“We affirm that, to the best of our knowledge, the consolidated financial statements give a true and fair view of the net asset, financial and earnings position of the Group in accordance with applicable accounting principles and the group management report provides a fair view of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.”

Mannheim, 12 November 2013

MVV Energie AG

Executive Board



Dr. Müller



Bekker



Dr. Dub



Klöpfer

DIRECTORS AND OFFICERS

Executive Board of MVV Energie AG

•
Dr. Georg Müller

Chairman and Commercial Director

•
Udo Bekker

Personnel (since 1 January 2013)

Matthias Brückmann

Sales (until 15 March 2013)

Dr. Werner Dub

Technology

Hans-Jürgen Farrenkopf

Personnel (until 31 December 2012)

Ralf Klöpfer

Sales (since 1 October 2013)

•

Supervisory Board of MVV Energie AG

•
Dr. Peter Kurz (Chairman)

Lord High Mayor of City of Mannheim

Peter Dinges¹ (Deputy Chairman)

Chairman of MVV Group Works Council

Johannes Böttcher¹

Chairman of Works Council of Energieversorgung Offenbach AG

Timo Carstensen¹

Deputy Chairman of Works Council of Stadtwerke Kiel AG

Ralf Eisenhauer

Specialist Construction Manager for Historic Burdens at GBG Mannheimer Wohnungsbaugesellschaft mbH

Peter Erni¹

Trade Union Secretary at ver.di Rhine/Neckar

Detlef Falk¹

Chairman of Works Council of Stadtwerke Kiel AG

Reinhold Götz

1st Representative IG Metall Mannheim

Prof. Dr. Egon Jüttner

Member of Federal Parliament (MdB)

Heike Kamradt¹

Member of Works Council of MVV Energie AG

Daniela Kirchner¹

Director of Accounting and Tax Division at MVV Energie AG (since 2 October 2013)

Gunter Kühn¹

Director of Personnel, Social and Welfare Services Division at MVV Energie AG (until 2 October 2013)

Dr. Antje Mohr¹

Trade Union Secretary at ver.di Kiel

Dr. Lorenz Näger

Member of Management Board of HeidelbergCement AG

Wolfgang Raufelder

Member of Baden-Württemberg State Parliament

Christian Specht

First Mayor of City of Mannheim

Dr. Dieter Steinkamp

CEO of RheinEnergie AG, Cologne

Carsten Südmersen

Management Consultant

Katja Udluft¹

Trade Union Secretary at ver.di Rhine/Neckar

Prof. Heinz-Werner Ufer

Graduate in Economics

Jürgen Wiesner¹

Member of Works Council of MVV Energie AG

Additional positions held by members of the Executive and Supervisory Boards on supervisory boards or comparable supervisory bodies are listed in detail on the following pages.

¹ employee representative

•
Membership of Supervisory Board Committees at MVV Energie AG
 •

Committee	Name
Audit Committee	<ul style="list-style-type: none"> • Prof. Heinz-Werner Ufer (Chairman) • Peter Dinges (Deputy Chairman) • Peter Erni • Detlef Falk • Dr. Lorenz Näger • Carsten Südmersen
Personnel Committee	<ul style="list-style-type: none"> • Dr. Peter Kurz (Chairman) • Peter Dinges • Ralf Eisenhauer • Heike Kamradt • Carsten Südmersen • Jürgen Wiesner
Nomination Committee	<ul style="list-style-type: none"> • Dr. Peter Kurz (Chairman) • Ralf Eisenhauer • Wolfgang Raufelder • Dr. Dieter Steinkamp • Carsten Südmersen • Prof. Heinz-Werner Ufer
Mediation Committee	<ul style="list-style-type: none"> • Dr. Peter Kurz (Chairman) • Peter Dinges • Carsten Südmersen

•

Members of Executive Board of MVV Energie AG

•

Name	Positions held on other statutory supervisory boards of German companies	Membership of comparable German and foreign company supervisory boards
Dr. Georg Müller	<ul style="list-style-type: none"> • Energieversorgung Offenbach AG, Offenbach (Chairman) • Grosskraftwerk Mannheim AG, Mannheim • MVV Enamic GmbH, Mannheim • MVV Trading GmbH, Mannheim (since 25 March 2013 – Chairman) • MVV Umwelt GmbH, Mannheim (since 13 April 2013 – Chairman) • Saarschmiede GmbH, Völklingen • Stadtwerke Kiel AG, Kiel (Chairman) 	<ul style="list-style-type: none"> • Soluvia GmbH, Mannheim (until 9 April 2013 – Chairman)
Udo Bekker	<ul style="list-style-type: none"> • Energieversorgung Offenbach AG, Offenbach (since 27 February 2013) • MVV Enamic GmbH, Mannheim (since 13 April 2013 – Chairman) • Stadtwerke Ingolstadt Beteiligungen GmbH, Ingolstadt (since 1 May 2013) • Stadtwerke Kiel AG, Kiel (since 1 January 2013) 	<ul style="list-style-type: none"> • Soluvia GmbH, Mannheim (since 1 January 2013, since 10 April 2013 – Chairman) • MVV Energie CZ a.s., Prague, Czech Republic (since 15 July 2013)
Matthias Brückmann	<ul style="list-style-type: none"> • Energieversorgung Offenbach AG, Offenbach (until 12 April 2013) • MVV Enamic GmbH, Mannheim (until 12 April 2013 – Chairman) • MVV Trading GmbH, Mannheim (until 12 April 2013 – Chairman) • MVV Umwelt GmbH, Mannheim (until 12 April 2013 – Chairman) • SECURA Energie GmbH, Mannheim (until 12 April 2013 – Chairman) • Stadtwerke Ingolstadt Beteiligungen GmbH, Ingolstadt (until 12 April 2013) • Stadtwerke Kiel AG, Kiel (until 12 April 2013) 	<ul style="list-style-type: none"> • Soluvia GmbH, Mannheim (until 12 April 2013)

Name	Positions held on other statutory supervisory boards of German companies	Membership of comparable German and foreign company supervisory boards
Dr. Werner Dub	<ul style="list-style-type: none"> • Energieversorgung Offenbach AG, Offenbach • Grosskraftwerk Mannheim AG, Mannheim • MVV Trading GmbH, Mannheim • MVV Umwelt GmbH, Mannheim (Deputy Chairman) • Netrion GmbH, Mannheim (Chairman) • Stadtwerke Kiel AG, Kiel • Stadtwerke Ingolstadt Beteiligungen GmbH, Ingolstadt (Deputy Chairman) 	<ul style="list-style-type: none"> • MVV Energie CZ a.s., Prague, Czech Republic (since 7 December 2012 – Chairman) • Soluvia GmbH, Mannheim (since 13 April 2013)
Hans-Jürgen Farrenkopf	<ul style="list-style-type: none"> • Energieversorgung Offenbach AG, Offenbach (until 27 February 2013) • SECURA Energie GmbH, Mannheim (until 31 December 2012) • Stadtwerke Ingolstadt Beteiligungen GmbH, Ingolstadt (until 31 December 2012) • Stadtwerke Kiel AG, Kiel (until 31 December 2012) 	<ul style="list-style-type: none"> • Management Stadtwerke Buchen GmbH, Buchen (until 31 December 2012 – Deputy Chairman) • Soluvia GmbH, Mannheim (until 31 December 2012)
Ralf Klöpfer (since 1 October 2013)	<ul style="list-style-type: none"> • Energieversorgung Offenbach AG, Offenbach (since 22 October 2013) • IDOS Software AG, Karlsruhe 	<ul style="list-style-type: none"> • Soluvia GmbH, Mannheim (since 24 October 2013) • VfB Stuttgart 1893 e.V., Stuttgart

Members of Supervisory Board of MVV Energie AG

Name Occupation	Positions held on other statutory supervisory boards of German companies	Membership of comparable German and foreign company supervisory boards
<p>Dr. Peter Kurz (Chairman) Lord High Mayor of City of Mannheim</p>	<ul style="list-style-type: none"> • BGV Versicherung AG, Karlsruhe • Klinikum Mannheim GmbH University Hospital, Mannheim (Chairman) • MVV GmbH, Mannheim (Chairman) 	<ul style="list-style-type: none"> • GBG Mannheimer Wohnungsbaugesellschaft mbH, Mannheim (Chairman) • m:con – Mannheimer Kongress- und Touristik GmbH, Mannheim (Chairman) • MWS Projektentwicklungsgesellschaft mbH, Mannheim (Chairman) • Popakademie Baden-Württemberg GmbH, Mannheim • Sparkasse Rhein Neckar Nord, Mannheim • Stadtmarketing Mannheim GmbH, Mannheim
<p>Peter Dinges (Deputy Chairman) Chairman of MVV Group Works Council</p>	<ul style="list-style-type: none"> • Energieversorgung Offenbach AG, Offenbach • MVV Enamic GmbH, Mannheim • MVV GmbH, Mannheim • MVV Umwelt GmbH, Mannheim • Netrion GmbH, Mannheim • SECURA Energie GmbH, Mannheim 	<ul style="list-style-type: none"> • Soluvia GmbH, Mannheim
<p>Johannes Böttcher Chairman of Works Council of Energieversorgung Offenbach AG</p>	<ul style="list-style-type: none"> • Energieversorgung Offenbach AG, Offenbach 	
<p>Timo Carstensen Deputy Chairman of Works Council of Stadtwerke Kiel AG</p>	<ul style="list-style-type: none"> • Stadtwerke Kiel AG, Kiel 	
<p>Ralf Eisenhauer Specialist Construction Manager for Historic Burdens at GBG Mannheimer Wohnungsbaugesellschaft mbH</p>	<ul style="list-style-type: none"> • MVV GmbH, Mannheim (until 14 December 2012) 	<ul style="list-style-type: none"> • m:con – Mannheimer Kongress- und Touristik GmbH, Mannheim • MWS Projektentwicklungsgesellschaft mbH, Mannheim (until 1 October 2012) • Sparkasse Rhein Neckar Nord, Mannheim • Stadtmarketing Mannheim GmbH, Mannheim
<p>Peter Erni Trade Union Secretary at ver.di Rhine/Neckar</p>		
<p>Detlef Falk Chairman of Works Council of Stadtwerke Kiel AG</p>	<ul style="list-style-type: none"> • Stadtwerke Kiel AG, Kiel 	<ul style="list-style-type: none"> • Soluvia GmbH, Mannheim
<p>Reinhold Götz 1st Representative IG Metall Mannheim</p>	<ul style="list-style-type: none"> • EVO Bus GmbH, Mannheim • Wabco Holding GmbH, Hanover 	<ul style="list-style-type: none"> • GBG Mannheimer Wohnungsbaugesellschaft mbH, Mannheim • MWM GmbH, Mannheim

Name Occupation	Positions held on other statutory supervisory boards of German companies	Membership of comparable German and foreign company supervisory boards
<p>Prof. Dr. Egon Jüttner Member of Federal Parliament (MdB)</p>		<ul style="list-style-type: none"> • Haus-, Wohnungs- und Grundeigentümergeverein Mannheim e.V., Mannheim
<p>Heike Kamradt Member of Works Council of MVV Energie AG</p>	<ul style="list-style-type: none"> • MVV Trading GmbH, Mannheim • MVV Umwelt GmbH, Mannheim • SECURA Energie GmbH, Mannheim 	<ul style="list-style-type: none"> • MVV Insurance Services GmbH, Mannheim
<p>Gunter Kühn (until 2 October 2013) Director of Personnel, Social and Welfare Services Division at MVV Energie AG</p>		
<p>Dr. Antje Mohr Trade Union Secretary at ver.di Kiel</p>	<ul style="list-style-type: none"> • E.ON Hanse AG, Quickborn (from 19 April 2013 to 9 August 2013) • Provinzial NordWest Holding AG, Münster (until 31 December 2012) • Stadtwerke Kiel AG, Kiel 	
<p>Dr. Lorenz Näger Member of Management Board of HeidelbergCement AG</p>		<ul style="list-style-type: none"> • Castle Cement Limited, Maidenhead, UK • Cimenteries CBR S.A., Brussels, Belgium • ENCI Holding N.V., 's-Hertogenbosch, Netherlands • Hanson Limited, Maidenhead, UK • Hanson Pioneer España, S.L.U, Madrid, Spain • HeidelbergCement Canada Holding Limited, Maidenhead, UK • HeidelbergCement Holding S.à.r.l., Luxembourg • HeidelbergCement India Limited, Karnataka (Tumkur District), India • HeidelbergCement International Holding GmbH, Heidelberg, Germany • HeidelbergCement Netherlands Holding B.V., 's-Hertogenbosch, Netherlands • HeidelbergCement UK Holding Limited, Maidenhead, UK • HeidelbergCement UK Holding II Limited, Maidenhead, UK • Lehigh B.V., 's-Hertogenbosch, Netherlands • Lehigh Hanson, Inc., Irving, TX, USA • Lehigh Hanson Materials Limited, Calgary, Canada • Lehigh UK Limited, Maidenhead, UK • Palatina Insurance Limited, Sliema, Malta • PT. Indocement Tungal Prakarsa Tbk., Jakarta, Indonesia • PHOENIX Pharmahandel GmbH & Co. KG, Mannheim, Germany • RECEM S.A., Luxembourg

Name Occupation	Positions held on other statutory supervisory boards of German companies	Membership of comparable German and foreign company supervisory boards
Wolfgang Raufelder Member of Baden-Württemberg State Parliament	<ul style="list-style-type: none"> • MVV GmbH, Mannheim 	<ul style="list-style-type: none"> • Mannheimer Parkhausbetriebe GmbH, Mannheim • Rhein-Neckar Flugplatz GmbH, Mannheim • Rhein-Neckar-Verkehr GmbH, Mannheim
Christian Specht First Mayor of City of Mannheim	<ul style="list-style-type: none"> • MVV GmbH, Mannheim • MVV Verkehr GmbH, Mannheim (Chairman) 	<ul style="list-style-type: none"> • GBG Mannheimer Wohnungsbaugesellschaft mbH, Mannheim • Mannheimer Stadtreklame GmbH, Mannheim • Rhein-Neckar Flugplatz GmbH, Mannheim • Rhein-Neckar-Verkehr GmbH, Mannheim
Dr. Dieter Steinkamp CEO of RheinEnergie AG, Cologne	<ul style="list-style-type: none"> • NetCologne Gesellschaft für Telekommunikation mbH, Cologne • rhenag Rheinische Energie Aktiengesellschaft, Cologne 	<ul style="list-style-type: none"> • AggerEnergie GmbH, Gummersbach (until 30 June 2013 – Deputy Supervisory Board Chairman, since 1 July 2013 – Supervisory Board Chairman) • AVG Abfallentsorgungs- und Verwertungsgesellschaft mbH, Cologne • AWB Abfallwirtschaftsbetriebe Köln GmbH & Co. KG, Cologne • Bergische Licht-, Kraft- u. Wasser-Werke (BELKAW) GmbH, Bergisch Gladbach (Deputy Supervisory Board Chairman) • BRUNATA Wärmemesser-Gesellschaft Schultheiss GmbH & Co., Hürth • Energieversorgung Leverkusen GmbH & Co. KG (EVL), Leverkusen • Gasversorgungsgesellschaft mbH Rhein-Erft, Hürth (Supervisory Board Chairman) • METRONA Wärmemesser Gesellschaft Schultheiß GmbH & Co., Hürth • modernes Köln, Gesellschaft für Stadtentwicklung mbH, Cologne • moderne stadt, Gesellschaft zur Förderung des Städtebaues und der Gemeindeentwicklung mbH (Supervisory Board Chairman) • Stadtwerke Leichlingen GmbH, Leichlingen (until 16 March 2013) • Stadtwerke Lohmar GmbH & Co. KG, Lohmar (Deputy Supervisory Board Chairman) • Stadtwerke Troisdorf GmbH, Troisdorf • Unternehmensverwaltungsgesellschaft Metrona mbH, Hürth • Verwaltungsgesellschaft Schultheiss mit beschränkter Haftung, Hürth

Name Occupation	Positions held on other statutory supervisory boards of German companies	Membership of comparable German and foreign company supervisory boards
<p>Carsten Südmeren Management Consultant</p>	<ul style="list-style-type: none"> • MVV GmbH, Mannheim 	<ul style="list-style-type: none"> • m:con – Mannheimer Kongress- und Touristik GmbH, Mannheim • MWS Projektentwicklungsgesellschaft mbH, Mannheim • Rhein-Neckar Flugplatz GmbH, Mannheim • Sparkasse Rhein Neckar Nord, Mannheim • Stadt Mannheim Beteiligungsgesellschaft mbH, Mannheim • Stadtmarketing Mannheim GmbH, Mannheim
<p>Katja Udluft Trade Union Secretary at ver.di Rhine/Neckar</p>		
<p>Prof. Heinz-Werner Ufer Graduate in Economics</p>	<ul style="list-style-type: none"> • Amprion GmbH, Dortmund (Chairman) 	
<p>Jürgen Wiesner Member of Works Council of MVV Energie AG</p>	<ul style="list-style-type: none"> • MVV Enamic GmbH, Mannheim • MVV Trading GmbH, Mannheim 	

Audit Opinion

We have audited the consolidated financial statements prepared by MVV Energie AG, Mannheim, comprising the balance sheet, income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and notes to the consolidated financial statements, together with the group management report which is combined with the management report of the company for the business year from 1 October 2012 to 30 September 2013. The preparation of the consolidated financial statements and the combined management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) are the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and the combined management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and in the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of the companies included in consolidation, the determination of the companies to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company's Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit the consolidated financial statements comply with the IFRSs adopted by the EU and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these provisions. The combined management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Mannheim, 12 November 2013

PricewaterhouseCoopers
Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft



Folker Trepte
German Public Auditor



Rolf Küpfer
German Public Auditor

Translation of the auditor's report issued in German language on the consolidated financial statements and the combined management report prepared in German language by the management of MVV Energie AG, Mannheim.



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OTHER DISCLOSURES

TEN-YEAR OVERVIEW

Ten-year overview of the MVV Energie Group					
	2012/13¹	2011/12 ¹	2010/11 ¹	2009/10 ¹	2008/09 ¹
Income statement (Euro million)					
Sales excluding energy taxes	4 044	3 895	3 600	3 359	3 161
Adjusted EBITDA	377	399	404	406	385
Adjusted EBIT	210	223	242	243	239
Adjusted EBT	144	151	179	165	165
Adjusted annual net surplus	102	98	125	105	112
Adjusted annual net surplus after minority interests	85	80	108	95	98
Sales excluding energy taxes (Euro million)					
Generation and Infrastructure	390	354	327	329	—
Trading and Portfolio Management	1 054	976	800	684	—
Sales and Services	2 356	2 162	2 096	1 984	—
Strategic Investments	243	398	373	356	—
Other Activities/Consolidation	1	5	4	6	—
Total	4 044	3 895	3 600	3 359	3 161
Adjusted EBIT (Euro million)					
Generation and Infrastructure	149	141	138	122	—
Trading and Portfolio Management	– 16	3	24	40	—
Sales and Services	40	21	39	39	—
Strategic Investments	32	38	35	37	—
Other Activities/Consolidation	5	20	6	5	—
Total	210	223	242	243	239
Investments (Euro million)					
Generation and Infrastructure	337	224	148	151	—
Trading and Portfolio Management	9	4	4	—	—
Sales and Services	14	33	21	60	—
Strategic Investments	17	17	84	34	—
Other Activities	15	16	24	22	—
Total	392	294	281	267	255
of which growth investments	301	191	177	156	—
of which investments in existing business	91	103	104	111	—

2007/08 ¹	2006/07	2005/06	2004/05	2003/04
2 636	2 259	2 170	1 864	1 568
398	344	370	287	209
249	199	201	158	41
181	123	128	80	-23
123	126	64	41	-38
110	109	50	28	-44
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
2 636	2 259	2 170	1 864	1 568
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
249	199	201	158	41
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
241	255	219	214	307
—	—	—	—	—
—	—	—	—	—

¹ since 2006/07 financial year: excluding non-operating IAS 39 derivative measurement items; since 2008/09 financial year: excluding restructuring expenses; since 2010/11 financial year: including interest income from finance leases (previous year's figures adjusted)

Ten-year overview of the MVV Energie Group					
	2012/13¹	2011/12 ¹	2010/11 ¹	2009/10 ¹	2008/09 ¹
Balance sheet figures (Euro million)					
Non-current assets	3 020	2 868	2 965	2 684	2 795
Current assets	1 219	1 211	910	953	1 159
Share capital	169	169	169	169	169
Capital reserve	455	455	455	455	455
Accumulated net income	540	517	512	452	371
Accumulated other comprehensive income	-74	-48	-3	16	15
Non-controlling interests	205	207	213	95	103
Equity	1 295	1 300	1 346	1 187	1 113
Non-current debt	1 759	1 882	1 555	1 500	1 698
Current debt	1 185	897	974	950	1 143
Total assets	4 239	4 079	3 875	3 637	3 954
Net financial debt ²	1 111	1 028	1 011	1 202	1 192
Key balance sheet figures and ratios					
Cash flow from operating activities (Euro million)	371	285	376	356	258
Adjusted equity ratio ³ in %	34.3	36.1	37.7	35.7	33.9
ROCE ⁴ in %	8.4	9.0	9.7	9.1	9.0
WACC ⁵ in %	7.4	8.6	8.5	8.5	8.5
Value spread ⁶ in %	1.0	0.4	1.2	0.6	0.5
Capital employed ⁷	2 506	2 486	2 489	2 688	2 649
Share and dividend					
Closing price ⁸ on 30.9. (Euro)	22.35	21.39	23.86	29.00	30.83
Annual high ⁸ (Euro)	28.00	27.96	29.90	33.00	34.04
Annual low ⁸ (Euro)	20.50	19.50	18.85	29.00	26.55
Market capitalisation at 30.9. (Euro million)	1 473	1 410	1 573	1 911	2 032
Average daily trading volume (no. of shares)	4 121	6 707	8 431	6 108	19 162
No. of individual shares at 30.9. (000s)	65 907	65 907	65 907	65 907	65 907
No. of shares with dividend entitlement (000s)	65 907	65 907	65 907	65 907	65 907
Dividend per share (Euro)	0.90 ⁹	0.90	0.90	0.90	0.90
Total dividend (Euro million)	59.3 ⁹	59.3	59.3	59.3	59.3
Adjusted earnings per share ¹⁰ (Euro)	1.29	1.21	1.63	1.44	1.48
Cash flow from operating activities per share ¹⁰ (Euro)	5.63	4.33	5.70	5.40	3.91
Adjusted book value per share ^{10,11} (Euro)	17.78 ¹²	17.80 ¹²	17.61 ¹²	16.94 ¹²	16.52 ¹²
Price/earnings ratio ^{10,13}	17.3	17.7	14.6	20.1	20.8
Price/cash flow ratio ^{10,13}	4.0	4.9	4.2	5.4	7.9
Dividend yield ¹³ (%)	4.0 ⁹	4.2	3.8	3.1	2.9

2007/08 ¹	2006/07	2005/06	2004/05	2003/04
2 725	2 479	2 361	2 339	2 331
1 062	799	792	579	546
169	143	143	130	130
455	255	255	178	178
506	383	324	315	301
24	17	10	9	—
116	116	105	105	240
1 270	914	837	737	849
1 445	1 377	1 366	1 397	1 147
1 072	987	950	784	881
3 787	3 278	3 153	2 918	2 877
1 139	1 314	1 312	1 279	1 254
262	353	138	216	148
35.5	27.9	26.5	25.3	29.5
10.2	8.4	9.7	6.9	2.7
8.5	7.5	7.5	7.5	8.0
1.7	0.9	2.2	-0.6	-5.3
2 444	2 390	2 293	2 263	2 055
33.20	29.49	23.23	19.29	14.40
33.75	34.24	25.40	19.50	17.16
28.00	22.00	17.40	13.90	11.67
2 188	1 645	1 295	978	730
29 575	32 396	27 289	18 149	10 993
65 907	55 767	55 767	50 704	50 702
65 907	55 767	55 767	55 704	50 702
0.90	0.80	0.80	0.75	0.75
59.3	52.7	44.6	41.8	38.0
1.69	1.96	0.91	0.55	-0.86
4.01	6.33	2.50	4.25	2.92
16.53 ¹²	14.32	13.29	12.46	12.02
19.6	15.0	25.5	35.1	—
8.3	4.7	9.3	4.5	4.9
2.7	2.7	3.4	3.9	5.2

- 1 since 2006/07 financial year: excluding non-operating IAS 39 derivative measurement items; since 2008/09 financial year: excluding restructuring expenses; since 2010/11 financial year: including interest income from finance leases (previous year's figures adjusted)
- 2 non-current and current financial debt less cash and cash equivalents
- 3 since 2007/08 financial year: adjusted equity as percentage of adjusted total assets
- 4 return on capital employed: until 2008/09 financial year adjusted EBITA as percentage of capital employed; since 2010/11 financial year adjusted EBIT as percentage of capital employed (previous year's figure adjusted)
- 5 weighted average cost of capital
- 6 value spread (ROCE less WACC)
- 7 until 2009/10 financial year: adjusted equity plus financial debt plus provisions for pensions and similar obligations plus accumulated goodwill amortisation (calculated as annual average); since 2011/12 financial year: adjusted equity plus financial debt plus provisions for pensions and similar obligations less cash and cash equivalents (calculated as annual average, previous year's figure adjusted)
- 8 XETRA trading
- 9 pending approval by Annual General Meeting on 14 March 2014
- 10 since 2008/09 financial year: weighted number of individual shares: 65 906 796; 2007/08 and 2006/07 financial years: 55 767 290; 2005/06 financial year: 55 088 082; until 2004/05 financial year: 50 702 167
- 11 excluding non-controlling interests, weighted annual average number of shares
- 12 excluding non-operating IAS 39 derivative measurement items
- 13 basis: closing price in XETRA trading on 30 September

Ten-year overview of the MVV Energie Group					
	2012/13	2011/12	2010/11	2009/10	2008/09
Sales volumes					
Electricity turnover (kWh million)	25 817	28 283	26 093	23 891	19 582
of which Generation and Infrastructure (kWh million)	61	93	155	334	—
of which Trading and Portfolio Management (kWh million)	14 489	15 750	12 855	10 771	—
of which Sales and Services (kWh million)	10 733	11 071	11 678	11 510	—
of which Strategic Investments (kWh million)	534	1 369	1 405	1 276	—
Heating energy turnover (kWh million)	7 510	6 888	7 289	7 586	7 217
of which Generation and Infrastructure (kWh million)	402	274	141	305	—
of which Trading and Portfolio Management (kWh million)	—	673	669	721	—
of which Sales and Services (kWh million)	5 901	4 772	5 226	5 239	—
of which Strategic Investments (kWh million)	1 207	1 169	1 253	1 321	—
Gas turnover (kWh million)	25 078	17 418	10 888	11 775	10 851
of which Generation and Infrastructure (kWh million)	60	4	—	—	—
of which Trading and Portfolio Management (kWh million)	16 313	7 762	1 700	2 313	—
of which Sales and Services (kWh million)	7 482	7 567	7 759	7 356	—
of which Strategic Investments (kWh million)	1 223	2 085	1 429	2 106	—
Water turnover (m ³ million)	47	53	54	54	53
Combustible waste delivered (tonnes 000s)	1 888	1 897	1 835	1 762	1 599
Employees (headcount)					
Number of employees (at 30.9.)					
MVV Energie AG	1 460	1 476	1 455	1 495	1 523
Fully consolidated shareholdings	3 694	3 775	3 785	3 882	3 833
MVV Energie AG with fully consolidated shareholdings	5 154	5 251	5 240	5 377	5 356
Proportionately consolidated shareholdings	305	290	679	682	681
MVV Energie Group	5 459	5 541	5 919	6 059	6 037
External personnel at Mannheim CHP plant	—	—	4	9	16
	5 459	5 541	5 932	6 068	6 053
Full-time equivalents (at 30.9.)	4 785	4 898	5 085	5 181	5 171

2007/08	2006/07	2005/06	2004/05	2003/04
18 188	14 302	14 343	13 022	14 539
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
7 006	6 299	7 343	7 446	7 504
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
9 166	9 456	11 513	11 096	8 906
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
55	55	58	58	48
1 550	1 409	1 229	872	518
—	—	—	—	—
—	—	—	—	—
1 527	1 559	1 569	1 728	1 769
3 661	3 765	3 156	3 114	3 492
5 188	5 324	4 725	4 842	5 261
685	1 031	1 562	1 550	1 632
5 873	6 355	6 287	6 392	6 893
28	39	51	57	64
5 901	6 394	6 338	6 449	6 957
—	—	—	—	—
4 936	5 168	4 961	5 173	5 660

GLOSSARY

A

Adjusted earnings per share

Adjusted earnings per share represent the adjusted annual net surplus after minority interests divided by the number of shares. This key net earnings figure is stated net of the earnings and tax impact resulting from IAS 39 derivative measurement items as of the balance sheet date and from restructuring expenses. The number of shares corresponds to the weighted average number of shares in circulation in the year under report.

Adjusted EBIT

The abbreviation EBIT stands for Earnings Before Interest and Taxes. For internal management purposes, we use adjusted EBIT. We calculate this key figure by excluding the impact on earnings of the IAS 39 measurement of derivatives at fair value as of the balance sheet date, excluding restructuring expenses and including income from finance leases. ► *Please also see Page 58.*

Adjusted equity ratio

For internal management purposes, we adjust both sides of our balance sheet to eliminate the cumulative measurement items for derivatives recognised under IAS 39. We adjust equity to exclude the relevant net balance of positive fair values on the asset side and negative fair values on the liabilities side, as well as the relevant implications for deferred taxes. ► *Please also see Page 61.*

At equity recognition

Method used to account for shareholdings not included in the consolidated financial statements by way of full consolidation of all assets and liabilities.

Avoidance factor

Term used to designate the quotient of emissions avoided and electricity provided using renewable energies. This corresponds to the average avoidance of greenhouse gases and air pollutants. Overall, there are slight variations in the specific greenhouse gas avoidance factors for different forms of renewable energy. Particularly high climate protection effects result from generation using hydropower, solid biomass (timber) and solid and gaseous biogenic waste. When generating electricity from biogas, by contrast, the emissions resulting from cultivation of the energy plants have a noticeable effect.

B

Barrel

Global trading unit for crude oil. 1 US barrel = 158.987 litres.

Base load

Level of output permanently required in an energy supply system. Term mainly used for the electricity energy sector. In Germany, the daily base load amounts to around 45 GW.

Beta factor

The beta factor (β) is a measurement of the relative risk harboured by an individual share compared with an index. A beta factor higher than one means that the share involves greater risk than its comparative market. The reverse is the case for a beta factor lower than one. MVV Energie uses the beta factor to calculate the weighted average cost of capital (WACC).

► *Please also see Page 45.*

Biogas

The German Renewable Energies Act (EEG 2012) defines biogas as gas obtained from biomass by way of fermentation in the absence of oxygen (i.e. anaerobic fermentation). The raw materials used for this purpose are fermentable residues (e.g. organic waste or sewage sludge), farm fertilisers (e.g. slurry) and plant remains, as well as deliberately cultivated energy plants – so-called regenerative fuels. Biogas is used in the decentralised generation of electricity and heating energy or is refined into biomethane.

Biomass

The renewable fuel of biomass is used in solid, liquid and gaseous state to generate electricity and heating energy. The biomass power plants, biomass heating energy plants and biomass combined heat and power plants at MVV Energie are mostly fuelled by waste timber, wood chips and wood pellets.

Biomethane

Biogas has to be purified before it can be put to use in ways largely similar to regular natural gas. This process involves rinsing out a majority of the incombustible and corrosive components of biogas. The end product is referred to as biomethane, which satisfies quality standards similar to those for natural gas. Biomethane may be fed into the natural gas grid, for example, and thus transported over long distances. It is mostly used to produce electricity and heating energy at combined heat and power (CHP) units or as vehicle fuel.

B2B

The term business-to-business generally refers to business relationships between at least two companies. In our sales business, the term B2B refers to our energy supplies to industrial and commercial customers.

C

Capacity market

Increasing volumes of electricity generated from renewable energies are reducing electricity price levels in general, and at peak times in particular. Peak times are periods with high levels of demand for electricity (peak load), for which electricity used to be traded at especially high prices. The reduction in prices is adversely affecting the economic viability of conventional power plants, as a result of which ever larger numbers of power plant operators will discontinue operations at their plants, or have already announced plans to do so. As conventional power plants will nevertheless still be required to secure the electricity supply in future as well by acting as a backup for the substantial fluctuations in renewable energies, industry players and politicians are currently discussing the introduction of so-called capacity mechanisms to supplement the wholesale electricity market. The capacity mechanism is intended to ensure that an adequate number of conventional power plants remain in operation and that additional such plants are built. The provision of reliable electricity generation capacities would be explicitly compensated. At present, the government is still relying on a regulatory approach. Power plants classified by transmission grid operators as system-relevant may not be decommissioned.

Capital employed (CE)

This is the capital used by the company on which external providers of capital are entitled to a return. MVV Energie reports CE on a net basis, i.e. excluding cash and cash equivalents.

Cash flow

The cash flow presents all inflows and outflows of cash and cash equivalents (e.g. bank deposits, money market funds or fixed-term deposits) in a given period.

Clean dark spread

The clean dark spread, corresponding to the margin achieved from generating electricity from hard coal, portrays the difference between the electricity price on the one hand and prices for fuel (coal, including transport), the price of CO₂ emission rights and the Euro/USD exchange rate on the other.

CO₂ emission rights

An environmental policy instrument aimed at cutting CO₂ emissions harmful to the climate at the lowest possible cost to the economy. To achieve this goal, a market was created for CO₂ emission rights. The price signal emitted by this market provides participating companies with an incentive to reduce their CO₂ emissions. When implementing this market, the European Union set a cap, initially on a political level, for specified emissions within a specified area (regional, national, international) in a specified period (e.g. calendar year) and for a specified group of participants (e.g. energy industry, heavy industry). Based on this cap, so-called CO₂ certificates entitling their holders to emit specific volumes of CO₂ were issued. There are penalties for emissions not covered by emission rights. By lowering the cap step by step, the incentive to achieve CO₂ savings is gradually being increased.

Combined heat and power generation

Combined heat and power (CHP) generation denotes the simultaneous generation at one plant of electricity energy and heating energy useable for heating purposes (district heating) or production processes (process heat). CHP generation reduces the primary energy sources required, and thus also the volume of CO₂ emissions, compared with the separate generation of electricity (in condensation power plants) and heating energy (at heating power plants). As an efficient generation technology, combined heat

and power generation thus has an indispensable role to play in the conversion of the energy supply. The Federal Government aims to ensure that 25 % of electricity is produced by way of CHP by 2020.

Commodity

Designation for a standardised tradable good, such as electricity, gas, coal or CO₂ rights.

Compliance

Adherence to all legislative and legal requirements, guidelines and ethical standards relevant to the company. ► *Please also see Page 105.*

Contracting

Contracting is taken to mean the assignment of the supply and conversion of utilities (electricity, heating energy, cooling energy, compressed air) to a third party – the contractor. A distinction is made between energy supply contracting (e.g. supply of heating energy by constructing and operating a heating energy plant tailored to the customers' needs and continuing to be owned by the contractor), operations contracting (the contractor operates the customer's plant and ensures optimal operations) and savings contracting (the contractor guarantees energy savings and may possibly take over the investments in the plant or application technology thereby required). The objective of contracting is to achieve economic and ecological benefits by optimising processes.

D**Degree day figures**

Degree day figures are a weather indicator used to assess temperature-dependent heating energy requirements. According to VDI Guideline 4710, the calculation of degree day figures is based on the difference between an indoor room temperature of 20 degrees Celsius and the average daily outdoor temperature below the so-called heating threshold of 15 degrees Celsius. This is the temperature below which heating is required according to the degree day method. ► *Please also see Page 51.*

Direct marketing

In direct marketing, the respective products or services are sold by the company directly to the end customer without the involvement of any intermediaries. It thus contrasts with retail sales, where the products or services are sold via a retail chain. Producers of electricity from renewable energy sources have three ways to sell their electricity: on the exchange, to large-volume consumers or via the market premium model. ► *Please also see Page 189.*

Dividend yield

Key figure portraying the dividend distribution made by a stock corporation as a percentage of its share price.

E**EEG allocation**

Enables the costs of promoting renewable energy forms to be largely distributed to all end customers nationwide. These costs mainly consist of the difference between the revenues from the sale of EEG electricity on the exchange and the expenses incurred to pay EEG compensation to plant operators within the framework of the settlement mechanism ordinance.

The transmission grid operators responsible for managing the EEG settlement mechanism set the EEG allocation at a uniform cent per kWh price on 15 October of each year for the following calendar year. As the EEG allocation is always based on forecasts concerning both the volumes generated at renewable energies plants and the revenues expected from the sale of EEG electricity, any incorrect amounts have to be charged or credited retrospectively in subsequent years. Due to a marked expansion in renewable energies, the EEG allocation is set to rise from 5.277 cents per kWh to 6.240 cents per kWh as of 1 January 2014.

EEX

The European Energy Exchange (EEX) operates a marketplace for a wide range of energy and energy-related products: electricity, natural gas, CO₂ emission rights and coal. Admission to the exchange enables companies to trade in all products on the spot and future market of the EEX.

Efficiency

The efficiency of an energy generation plant represents the volume of energy made available for use over a specified time period as a percentage of the energy input.

Energy trading derivatives

Energy trading derivatives are futures transactions (structured as fixed or options transactions) whose price directly or indirectly depends on the exchange or market price of a reference value. Such instruments are characterised by the future date of performance and the dependence of the derivative price on an exchange or market price. We mainly trade in derivatives in the primary fuels of gas and coal and the energy product of electricity.

ETS-plant

ETS = Emission Trading System. Power and heating energy plants that are subject to emission trading requirements are referred to as ETS plants. These include plants generating electricity, steam, warm water, process heating energy or heated flue gases by using fuel in an incineration facility (such as a power plant, combined heat and power plant, heating energy plant, gas turbine plant, combustion plant, other firing facility) which in terms of emission trading in all cases require approval to emit greenhouse gases.

F

Fuel cell

In a fuel cell, the energy produced by chemical reactions is directly converted into electrical energy and heating energy. This technology is characterised by a high efficiency level and is suitable for the decentralised generation of energy in buildings or at industrial locations. It is also used to supply electricity to appliances and cars.

Futures market

Products tradable on the EEX which are physically or financially fulfilled at future dates (e.g. months, quarters, years) are traded on the futures market. This type of transaction serves to hedge prices.

G

Global Reporting Initiative (GRI)

Working in an international dialogue, the Global Reporting Initiative (GRI) is developing guidelines for sustainability reporting. The G4 Guidelines, which superseded the previous version in May 2013, represent an established reporting framework setting out globally applicable standards for sustainability reporting content. Companies are called on above all to report on the most important implications of their business activities that are key to the sustainable development of the respective companies. According to the G4 Guidelines, companies should primarily supply information that is relevant to the context in which they operate and which is highly significant. Transparency is the basis for GRI-based reporting. GRI's objective is to ensure standardisation and comparability.

Grid fees

In the liberalised energy market, grid fees, also known as grid utilisation fees, are the fees levied by electricity and gas grid operators from the respective users as consideration for grid use.

H

Hedging

Denotes strategies used to secure prices. These can involve the conclusion of suitable futures transactions in which the electricity generation position, for example, is sold several years in advance.

I

IFRS

International Financial Reporting Standards (IFRS) are international accounting regulations issued by the International Accounting Standards Board (IASB). Based on a Regulation adopted by the European Union (EU), parent companies with a capital market orientation in the EU are obliged to apply IFRS when preparing their consolidated financial statements. These regulations aim to achieve international harmonisation of accounting requirements, and thus to enhance the comparability of consolidated financial statements.

Impairment test

International accounting standards require the ongoing value of assets to be tested periodically for impairment (impairment test). Where the company's carrying amount exceeds its recoverable amount (fair value), then asset impairments, i.e. extraordinary depreciation and amortisation, must be recognised on the assets and charged to earnings in the income statement.

Incentive regulation

Incentive regulation is intended to ensure that grid operators keep their grid fees low. To limit energy prices for consumers, since 2009 the Federal Network Agency has set so-called revenue caps for electricity and gas. Based on a nationwide efficiency comparison, all grid operators should be able to bear up to comparison with the most efficient grid operator ten years after the launch of incentive regulation. Permissible revenues for all other grid operators are set on this basis. Where a grid operator's actual costs deviate from these revenues caps, the grid operator must itself pay for the higher costs. On the other hand, grid operators can keep any potential profits resulting from lower costs.

Investment grade

In the world of finance, the term investment grade is used when a debtor is assessed as being of very good to average creditworthiness. The term speculative grade is used for debtors with below-average creditworthiness. Debtor quality may be classified using internal bank criteria (internal rating) or is set by international rating agencies (external rating), such as Moody's, Standard & Poor's, Fitch and DBRS.

Investments

Investments as referred to in this Annual Report in the overview of key figures, combined management report and segment report are taken to involve investments in intangible assets, property, plant and equipment and investment property, and the acquisition of fully and proportionately companies and other financial assets. Both cash-effective and non-cash-effective investments are included. In the cash flow statement, only the outgoing payments for investments are recorded. Within investments, we make a distinction between growth investments and investments in our existing business.

L**Local heating grid**

Local heating grids supply several customers with heating energy. The heating energy is centrally supplied from a heating station (pure heating energy) or from a combined heat and power (CHP) plant for the cogeneration of electricity and heating energy. What distinguishes local heating grids from district heating grids is their lower output of around 50 kW to 300 kW, a lower temperature profile of generally below 95 degrees Celsius and lower conduction losses.

M**Market design in the energy market**

The term market design is used to describe the detailed definitions of rules in the energy market governing the interaction between the regulated value chain stage of grid operation and the competitive value chain stages of generation, trading and sales.

Market premium model

The market premium is an instrument used since 1 January 2012 to promote the market integration of renewable energies in Germany. The market premium is paid to plant operators who opt to market the electricity they generate from renewable energy sources directly on the electricity exchange ("market premium model") rather than via the existing EEG compensation model. On the electricity exchange, such operators receive the regular market price, which falls short of the price paid for green electricity in the EEG compensation model. The difference between existing compensation and the market price generated on the electricity exchange is fully offset by the market premium. Where an electricity producer manages to sell its electricity at a price higher than the market reference value, the market premium is not reduced in line with this, which means that the plant operator is able to generate income in excess of the existing EEG compensation.

Market risk premium

Represents the additional return which the market as a whole or a specific share must offer over and above the risk-free interest rate to reward the additional risk assumed by the investor.

Market Transparency Agency

The newly established Market Transparency Agency for Electricity and Gas at the Federal Network Agency collects data on, among other areas, market and off-market trading with electricity and gas. Its objective is to detect and prevent potential cases of market abuse and market manipulation. ► *Please also see Page 47.*

Materials flow management

Systematic process in which input and output waste flows are continually optimised. The aim is to achieve maximum efficiency in terms of satisfying specific plant capacities with the best materials composition (e. g. calorific value, waste properties). The term also denotes cross-regional concepts guaranteeing the supply of waste to the appropriate respective disposal plants in line with individual customers' requirements and the different types of waste involved.

O**OTC market**

The OTC (over the counter) market is an off-market trading emporium where trades are agreed directly between trading participants.

P**Price/cash flow (P/CF) ratio**

The price/cash flow ratio is calculated by dividing the share price by the cash flow per share. This ratio thus presents the multiple at which the cash flow of a share is valued on the stock market.

Price/earnings (P/E) ratio

Also known as the P/E ratio. This key figure places the earnings of a company in relation to its current stock market valuation. The P/E ratio facilitates comparison of a company's earnings strength with that of one or several other companies.

R

Rating

In the world of finance, a rating, or credit rating, represents an assessment of a debtor's creditworthiness. Ratings are often issued by specialist rating agencies in the form of rating codes ranging from A to D.

RDF

Abbreviation for refuse-derived fuels produced from household, industrial and commercial waste of high calorific value. RDF is partly substituted for coal, natural gas and heating oil at conventional power plants and cement factories.

Renewable Energies Act (EEG)

Key item of legislation for expanding the share of renewable energies in electricity generation. The EEG dated 29 March 2000 was most recently amended as of 1 January 2012 (EEG 2012). Renewable energies include biomass, including biomethane and biogas, hydroelectricity, wind power, photovoltaics, geothermal energy and the biogenic share of waste.

Restrictions on transferability

Term used in company law to describe the approval requirement set out in the articles of a corporation or partnership for any legal transfer or encumbrance of company shares.

Risk-free interest rate

The return which an investor can expect on a risk-free investment.

ROCE

Abbreviation for Return on Capital Employed. This key figure shows how effectively and profitably a company uses the capital it employs. The ROCE presents operating earnings before interest and taxes (adjusted EBIT) as a proportion of capital employed (excluding cash and cash equivalents).

S

Smart grids

By working with the latest technologies and new developments, smart grids offer extended possibilities of actively and flexibly adjusting generation, grid control, storage and consumption to the constantly changing needs of the energy markets.

Spot market

On the spot market at the European Energy Exchange (EEX), electricity is traded for short-term needs (generally for the next day). This market is mainly used by energy companies and large companies to optimise their electricity portfolios in the short term, e.g. to adjust products to weather conditions or to compensate for power plant outages.

Sustainability

Sustainability means using natural resources in such a way that future generations will also be able to meet their needs. From a company perspective, sustainable business activity involves taking due account of economic, ecological and social aspects.

Swaps

A (commodity) swap is an agreement governing the exchange of a series of fixed commodity price payments (fixed amount) for variable commodity price payments (market price). This only involves an exchange of cash (settlement amount).

T

Tax rate

The tax rate corresponds to actual tax expenses as a proportion of earnings before taxes.

V

Value spread

Principal key figure used in our value-based company management. It is calculated by subtracting the weighted average cost of capital (WACC) from the return on capital employed (ROCE). ► Please also see Page 44.

W

WACC

Abbreviation for Weighted Average Cost of Capital. This key figure represents the long-term minimum economic return generated on operations based on the ratio of debt capital and equity. Equity costs are calculated at the risk-free interest rate, a risk premium for market risk and the beta factor. Debt capital costs are calculated using the risk-free interest rate plus a premium for default risk. ► Please also see Page 44.

Working capital

Corresponds to current assets less current liabilities. This key figure portrays the extent to which current debt is covered by current assets and thus corresponds to the share of current assets with long-term financing. This differential amount serves as a key liquidity figure for a company, as does the respective quotient (current assets divided by current liabilities), and is thus particularly important in assessing the company's creditworthiness.

X

XETRA

Abbreviation for Exchange Electronic Trading. This is the electronic stock market trading system for shares and options at Deutsche Börse AG. It is characterised by automatic order handling, an open order book, i.e. transparent to all market participants, and equal access for all market participants irrespective of their location.

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Most mobile phones and smart phones have cameras and, with the appropriate software, can also decode QR codes. In our Annual Report we have presented some links as QR codes. These lead to web content optimised for mobile internet browsers (e.g. BlackBerry, iPhone, Samsung). Should your mobile telephone not have a QR reader installed, then you can download the right software for your phone from the following internet site: www.mobile-barcodes.com.

This is how it works:

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- 2 / press the photograph button
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- 4 / the website will then appear in your browser

In producing this Annual Report, MVV Energie has promoted sustainable environmental protection. We have used Circlesilk Premium White, a 100 % recycled paper with FSC (Forest Stewardship Council) certification for responsible forestry. The report was printed using the climate-neutral natureOffice method. All CO₂ emissions directly or indirectly caused by printing this report have been calculated and offset by investments in renowned climate protection projects.



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12.12.2013

Annual Financial Report 2012/13
(Annual Report)

12.12.2013

Annual Results Press Conference and
Analysts' Conference: 2012/13 Financial Year

14.2.2014

Financial Report for 1st Quarter of 2013/14

14.3.2014

Annual General Meeting

17.3.2014

Dividend Payment

15.5.2014

Half-Year Financial Report 2013/14

15.5.2014

Press Conference and Analysts' Conference
1st Half of 2013/14

15.8.2014

Financial Report for 3rd Quarter of 2013/14

11.12.2014

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