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MVV ENERGIE
ENERGISING THE FUTURE

Annual Report 2013/14

ENERGY FOR OUR CUSTOMERS: DECENTRALISED AND EFFICIENT



MAJOR EVENTS IN 2013/14 FINANCIAL YEAR



In **NOVEMBER 2013**, MVV Umwelt Asset GmbH signed a cooperation agreement with InfraLeuna GmbH, the operator of the Leuna Chemicals Park location. Since mid-2014, TREA Leuna, our non-recyclable waste incineration and energy generation plant, has been supplying electricity and steam to the chemicals park, where around 130 companies are located.



The expansion in our renewable energies generation is progressing apace. Our Energieversorgung Offenbach AG (EVO) subsidiary already generates half its electricity from renewable energies, and from wind power in particular. EVO's fourth wind farm was linked up to the grid in Rhineland-Palatinate in **FEBRUARY 2014**. This means that EVO now has 38 wind turbines with a combined capacity of around 95 MW_e.



MVV Umwelt and the French Semardel Group pooled their expertise at the new company SEVE (Solutions Européennes de Valorisation Énergétique S.A.S.) in **MAY 2014**. The two companies with municipal roots are cooperating in bidding processes for operations management tenders at energy from waste plants in France.



MVV Energie and renewable energies player BayWa r.e. are jointly investing around Euro 14 million to build a third biomethane plant. Construction work in Stassfurt began in **JUNE 2014**. From mid-2015, this plant will generate biomethane and feed it into the natural gas grid.



MVV Energie is now involved in the growing market for efficient, cost-cutting lighting solutions. Since **JUNE 2014**, its MVV Enamic GmbH subsidiary has held a 26 % stake in the Luxembourg-based light specialist luminatis S.à.r.l.



The MVV Energie AG Supervisory Board gave its go-ahead for a new investment in **SEPTEMBER 2014**. As of 1 October 2014, MVV Energie took over Windwärts Energie GmbH (Lower Saxony), a company that develops, acquires, builds and operates wind power projects. With Windwärts, we are further expanding our wind power business, and thus also the share of the MVV Energie Group's energy generation attributable to renewables. We now cover the entire value chain in the renewable energies business as well – from project development via plant operation to electricity marketing. We are thus uniquely positioned in the future energy market.



KEY FIGURES

Key figures of the MVV Energie Group			
Euro million	2013/14	2012/13	% change
Sales and earnings			
Sales excluding energy taxes	3 793	4 044	- 6
Adjusted EBITDA ^{1, 2}	338	376	- 10
Adjusted EBIT ^{1, 2}	173	208	- 17
Adjusted EBT ^{1, 2}	130	143	- 9
Adjusted annual net income ^{1, 2}	92	101	- 9
Adjusted annual net income after minority interests ^{1, 2}	85	85	0
Adjusted earnings per share ^{1, 2} (Euro)	1.29	1.29	0
Cash flow			
Cash flow from operating activities ²	418	372	+ 12
Cash flow from operating activities per share ² (Euro)	6.35	5.64	+ 13
Capital structure			
Adjusted total assets (at 30 September) ³	3 986	4 037	- 1
Adjusted equity (at 30 September) ^{2, 3}	1 397	1 391	0
Adjusted equity ratio (at 30 September) ^{2, 3}	35.1 %	34.5 %	+ 2
Net financial debt	1 088	1 111	- 2
Value indicators			
ROCE ²	6.8 %	8.3 %	- 18
WACC	7.4 %	7.4 %	0
Value spread ²	- 0.6 %	0.9 %	—
Capital employed ²	2 556	2 507	+ 2
Investments			
	321	392	- 18
of which growth investments	212	301	- 30
of which investments in existing business	109	91	+ 20
Employees			
Number of employees (at 30 September)	5 444	5 459	0
Full-time equivalents (at 30 September) ⁴	4 804	4 785	0

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

2 previous year's figures adjusted. Details in ► *Business Performance on Page 65*

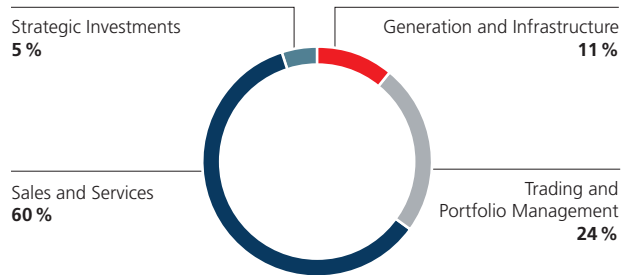
3 excluding non-operating measurement items for financial derivatives

4 proportionate inclusion of Ingolstadt subgroup

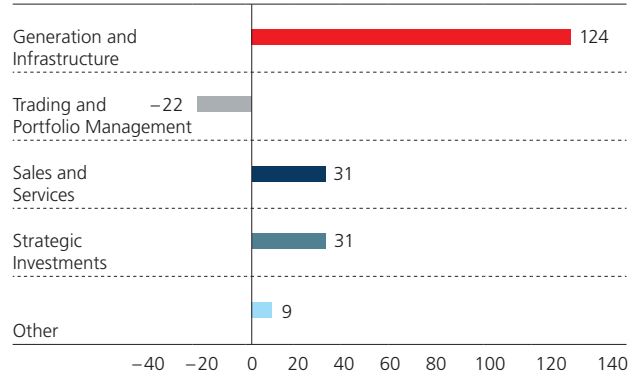


MVV ENERGIE AT A GLANCE

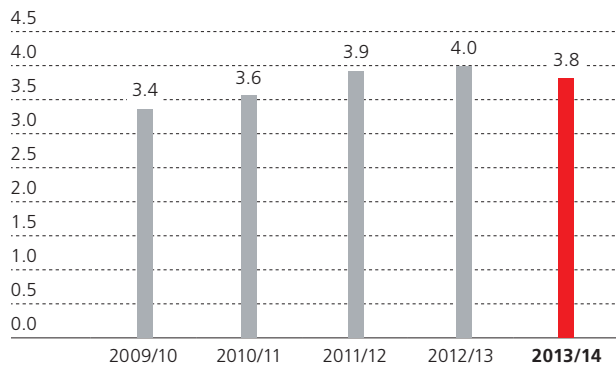
Sales excluding energy taxes of the MVV Energie Group by reporting segment: 2013/14 financial year



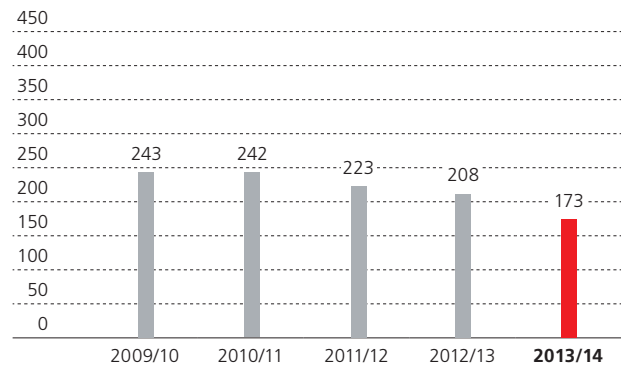
Adjusted EBIT of the MVV Energie Group by reporting segment in Euro million: 2013/14 financial year



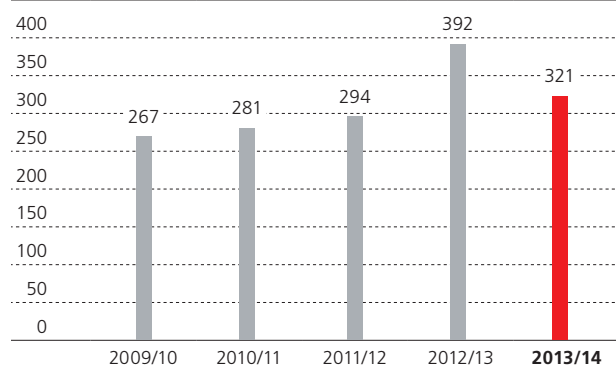
Sales excluding energy taxes in Euro billion



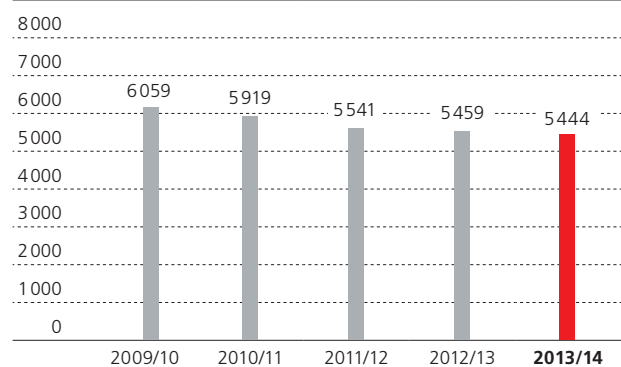
Adjusted EBIT in Euro million



Investments in Euro million



Employees (headcount)





MVV ENERGIE IN FOCUS

The MVV Energie Group is one of Germany's leading energy companies. The parent company MVV Energie AG is based in Mannheim. Our total of around 5 400 employees generated sales of Euro 3.8 billion in the 2013/14 financial year.

We cover all major value chain stages – from energy generation, energy trading, energy distribution via proprietary grids through to sales and our energy-related services business. Furthermore, our Group is one of the leading operators of energy from waste and biomass plants in Germany. In future, we will be proving our expertise in this area in the UK and France as well.

By making targeted investments to expand renewable energies, boost energy efficiency, expand combined heat and power generation, environmentally-friendly district heating and the generation of energy from waste, we are contributing to the conversion in the German energy system. The future energy supply will be more decentralised, renewable, flexible and smarter. We are preparing for this by developing innovative products and energy-related services.

As the "Energiser of the Future", we are building on regionalism, efficiency and sustainability. For us, sustainability goes far beyond protecting the environment and climate – it encompasses all aspects of our business activity. Our aim is to guarantee a reliable, economical and environmentally-friendly supply of energy to our total of around 1 million industrial, commercial and private household customers and offer our employees secure and attractive jobs in future as well.



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MVV ENERGIE
ENERGISING THE FUTURE

**ENERGY FOR
OUR CUSTOMERS:
DECENTRALISED
AND EFFICIENT**



SUPPLEMENT TO
2013/14
ANNUAL REPORT



ENERGISING THE FUTURE



»
*We changed course
early and are making targeted
investments.*
«

WE EXPAND
renewable
energies

WE ENHANCE
energy efficiency
at our plants

WE OFFER
customer-focused
products and services




ENERGIE FÜR UNSERE KUNDEN: DEZENTRAL UND EFFIZIENT

Als Zukunftsversorger wollen wir den notwendigen Umbau des Energiesystems für uns wirtschaftlich und ökologisch erfolgreich gestalten. Wir stellen uns aktiv diesen Herausforderungen und arbeiten effizient an einer zukunftsfähigen, marktgerechten und verbraucherfreundlichen Energieversorgung.

Kurz: Wir sind ein Vorreiter der neuen Energiewelt.





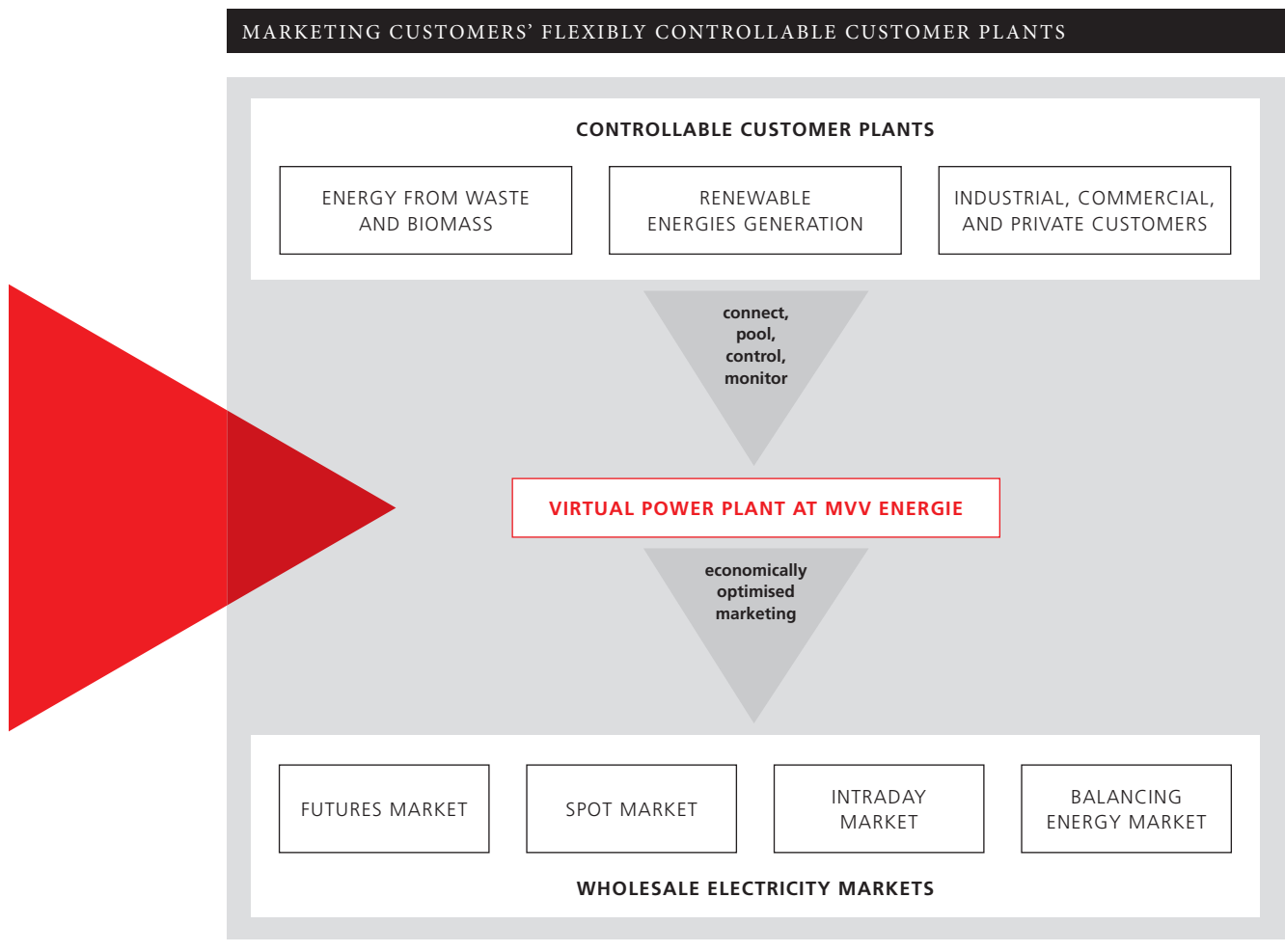
**THE NEW ENERGY WORLD
REQUIRES FLEXIBLE
AND SMART ENERGY
MANAGEMENT. THAT IS
THE KEY TO ECONOMIC
SUCCESS.**

*“WE INTEND TO BE ONE OF THE
MARKET-ORIENTED PIONEERS IN THE GERMAN
ENERGY INDUSTRY IN FUTURE AS WELL.”*



WE ARE DEVELOPING INNOVATIVE BUSINESS MODELS, DECENTRALISED SOLUTIONS AND PRODUCTS THAT SATISFY NEW REQUIREMENTS AT OUR CUSTOMERS.

MARKETING VIA OUR VIRTUAL POWER PLANT MAKES SURE INVESTMENTS IN RENEWABLE ENERGIES REMAIN ATTRACTIVE.



DECENTRALISED ENERGY MANAGEMENT REQUIRES NEW BUSINESS MODELS



The expansion in renewable energies will make the German energy supply more decentralised and fundamentally change the roles of market participants within the energy system. Energy industry customers are set to become so-called “prosumers” – able both to generate energy themselves (as producers) and to consume energy (as consumers). For the energy industry, this means that companies will have to evolve from their traditional roles as mere suppliers of energy into modern providers of energy-related services.

MVV Energie acted early to prepare for this development. Our MVV Enamic subsidiary has been offering customised process optimisation and energy efficiency solutions to industrial customers for several years already. We are now turning the traditional business model for private and commercial customers on its head. We are focusing on our customers even more closely than previously. In future, our business will largely be shaped by innovative services and products offering smart, decentralised energy management.

To this end, at the beginning of November 2014 we founded a cross-sector joint venture, to date the only one of its kind, under the brand name BEEGY GmbH (derived from Better Energy). In this joint venture, we are acting as an energy supplier and service provider together with the retail and services group BayWa, the heating and cooling system manufacturer Glen Dimplex and the software specialist GreenCom Networks. Our customers stand to benefit from the combination of energy industry know-how, software intelligence and logistics expertise. They will receive all product components they need for smart energy management from a single source. Core modules here include smartly integrated system solutions enabling the generation, consumption and storage of energy to be flexibly coordinated. Fluctuating electricity volumes from renewable energies generation can either be consumed directly or stored via heating pumps as building heating energy, for example. Not only that, energy availability and consumption forecasts are used to actively manage energy demand, for example by postponing loads. Reference is made to online electricity market forecasts and electricity only taken from the grid when available in sufficient or surplus volumes and thus less expensive.

Furthermore, in a new association project MVV Energie is also working together with strong partners such as energy & meteo GmbH and the Fraunhofer Institute for Systems and Innovation Research (ISI) to develop new business models enabling energy generated from regenerative energy sources to be put to more economically effective use. As well as ensuring the best possible marketing of renewable energies on the most lucrative energy markets in each case (► *please see the chart opposite*), it is also planned to link the electricity market with the heating energy market by combining our virtual power plant with the district heating grid. /

**CUSTOMER AS
ACTIVE MARKET
PLAYER**

**ONE-STOP
SMART ENERGY
MANAGEMENT**

**CROSS-SECTOR
PARTNERSHIPS
OPEN UP NEW
PERSPECTIVES**

**PUTTING RENEWABLE
ENERGIES TO MORE
ECONOMIC USE**

**ENERGY TRADING:
ONE COMPONENT OF NEW BUSINESS MODELS**



MAXIMUM FLEXIBILITY DUE TO 24/7 INTRADAY TRADING



ENERGY TRADING EXPERTISE

The team of experts at MVV Trading combines smart trading strategies with several years of market experience.

**TRADING:
A PARTNERSHIP
OF EQUALS**

As a partner to municipal and regional suppliers, we offer customised solutions exactly meeting their needs.



**FLEXIBLE DUE TO
INTRADAY TRADING**

We offset volatile feed-in volumes from wind turbines and photovoltaics systems by trading on the short-term market.



One key pillar in our development of new business models for decentralised, cost-efficient energy management is MVV Trading, our energy trading subsidiary. To cope with increasing fluctuations in renewable energies electricity generation volumes, this company has built up a trading section specialising in short-term markets, one which is active on the intraday market around the clock, seven days a week.

One new focus of intraday trading involves quarter-hour products. MVV Trading buys or sells electricity volumes for a specified quarter-hour period in the day. Such transactions were previously only customary for whole hours. Now, energy procurement can be adapted even more closely to actual energy requirements.

Trading in these quarter-hour products offers the MVV Energie Group advantages in terms of its procurement and marketing. On the one hand, wind turbine and photovoltaic system operators who market their electricity directly benefit from this form of short-term trading. The accuracy with which generation can be forecast significantly influences the return on direct marketing. After all, any variances to the forecast have to be covered with expensive balancing energy. Short-term trading helps sharply improve the economic viability of a generation plant, as shorter forecast intervals substantially reduce balancing energy requirements. On the other hand, our subsidiaries and shareholdings can themselves draw on intraday trading to optimise their short-term energy procurement. For its quarter-hour trading, MVV Trading uses its direct access to the energy markets. Generating benefits of scale, and thus successfully exploiting the opportunities offered by intraday trading, depends on close cooperation between trading and sales operations.

Given the ever growing importance of intraday trading, and of trading in quarter-hour products in particular, for large energy consumers, suppliers and generators, MVV Trading is also offering its trading activities outside the MVV Energie Group. Here, it is drawing on the experience gained within the Group and targeting its range of services at municipal and regional energy suppliers in particular. After all, managing a balancing group and round-the-clock management of a proprietary energy portfolio both place high requirements in personnel and IT – expenses that many smaller municipal utility companies, for example, cannot afford. With MVV Trading's support, they now have the ability to procure energy spontaneously, exploit fluctuations in electricity prices and thus use the intraday market to create genuine benefits.

THE ROLE OF ENERGY TRADING IN DECENTRALISED ENERGY MANAGEMENT

ENHANCED FORECASTING DUE TO SHORTER INTERVALS

GREAT OPPORTUNITIES FOR SMALL, LOCAL UTILITIES SUPPLIERS





**THE NEW ENERGY WORLD
GIVES US THE OPPORTUNITY
TO GENERATE PROFIT BY
OFFERING NEW PRODUCTS
AND SERVICES TO OUR
CUSTOMERS.**

*“OUR CUSTOMISED ENERGY EFFICIENCY SERVICES
HAVE PROVEN THEIR WORTH IN THE INDUSTRIAL,
COMMERCIAL AND REAL ESTATE SECTORS.”*



WE MAKE EFFICIENCY ENHANCEMENT SERVICES AND SOLUTIONS THE KEY FOCUS OF OUR ACTIVITIES.

*IN OUR ENERGY-SAVING PROJECTS
WE EXPLOIT INDIVIDUAL SAVINGS
POTENTIAL AT COMPANIES AND LOCAL
AUTHORITIES AND ACTIVATE THE
BENEFITS DIRECTLY ON LOCATION.*

SAVING ENERGY WITH NEW LIGHTING AT GERSTHOFEN INDUSTRIAL PARK



FROM MERE SUPPLIER OF ENERGY TO PROVIDER OF ENERGY SERVICES



We have established ourselves as one of the leading providers in the German market for energy-related services. Not least to meet our customers' increasing requirements in terms of energy-related services, our aim is to develop products and services that stand out on account of their reliability and economic viability. To this end, we are working with efficient, environmentally-friendly technologies and processes, as well as renewable energies. This enables us to protect limited natural resources and at the same time minimise our customers' costs.

One of our main focuses is on offering efficient lighting solutions to industrial, commercial and municipal customers to enable them to save energy and thus cut costs. Via our MVV Enamic subsidiary, we hold a 26 % stake in the Luxembourg-based light specialist luminatis. The two companies are pooling their strengths and experience to offer innovative services in the growing LED market. Working together, they have developed the "Smart-Light-Efficiency" product and already successfully implemented this within contracting solutions. At Gersthofen Industrial Park near Augsburg, for example, the two partners have converted the plant road lighting from more than 40 year-old mercury vapour lamps to modern LED lighting. This should save around 70 % of the energy consumed by the lighting.

This lighting solution is just one of many services we provide to Gersthofen Industrial Park and which make it one of the most modern and attractive locations in Bavaria. We act as an experienced partner offering a full range of utility supplies, disposal and other services both to companies on site and to external companies. This way, they can channel all of their own energies into their core businesses.

The real estate sector also has special requirements in its energy supply. Under its motto "Energy plus Service", MVV Energie offers an all-round package of services tailored to the needs of these customers. This includes smart energy procurement in line with demand and typical administrative tasks, such as individual billing, vacancy management and change-of-tenant services. Here, we benefit from our longstanding experience as an energy supplier to the housing and real estate sectors, as well as from our expertise at the interface between suppliers, grid operators and customers. At the same time, energy consumption analysis is becoming an ever more important topic in the sector. Our structured procurement on the energy exchange, for example, helps reduce uncertainties with regard to energy price developments.

**ONE OF THE LEADING
PROVIDERS OF ENERGY-
RELATED SERVICES**

**SAVES ENERGY,
CUTS COSTS**

**ALL-ROUND PACKAGE:
ENERGY PLUS SERVICE**





**THE NEW ENERGY WORLD
USES WASTE AND BIOMASS
FOR EFFICIENT ENERGY
GENERATION AND THUS
SUSTAINABLY SAVES
VALUABLE RESOURCES.**

*“WE WILL CONTINUE TO CONSISTENTLY
INVEST IN DECENTRALISED ENERGY GENERATION
FROM WASTE AND BIOMASS.”*



HEAT AND POWER FROM WASTE AND NON-RECYCLABLE TIMBER ARE USUALLY UNDERESTIMATED AS COMPONENTS IN THE ENERGY SYSTEM OF THE FUTURE.

WITH OUR EXPERTISE IN GENERATING ENERGY FROM WASTE WE ARE ACCESSING NEW MARKETS IN OTHER EUROPEAN COUNTRIES AS WELL.

OUR ENERGY FROM WASTE PLANT IN LEUNA



**RESOURCE-EFFICIENT ENERGY
FROM WASTE INCINERATION**



Energy efficiency is an ever more critical factor in determining business success in the German waste market. Consequently, efficiency is also a key aspect in the use of waste to generate energy at MVV Umwelt, the environmental energy subsidiary of MVV Energie. Looking forward, it thus made sense to invest in enhancing the performance of the combined heat and power plant in Mannheim in the OptiMa project between 2010 and 2012. This project has significantly increased the economic viability and competitiveness of the plant, which uses combined heat and power generation to simultaneously produce electricity and heating energy. Planning is currently underway for a similar project to modernise the energy from waste plant at Energieversorgung Offenbach (EVO).

One great advantage of MVV Umwelt is that it operates its plants on a decentralised basis, i.e. where the energy is consumed. At five power plants, it disposes not only of industrial waste, but also of the non-recyclable waste from a total of 22 local and regional authorities with around 5.4 million inhabitants. Of these five locations, two plants – in Mannheim and Leuna – are powered by waste and three – in Mannheim, Königs Wusterhausen and Flörsheim-Wicker – by biomass. The non-recyclable waste incineration and energy generation plant in Leuna (TREA Leuna) is one example showing how a tailored range of supply services can be used to develop new customer relationships. To date, the energy generated from the waste was marketed as electricity via the energy exchange. Now, MVV Umwelt supplies electricity and steam to InfraLeuna GmbH, and thus to the 130 companies on location at Leuna Chemicals Park.

We have drawn on MVV Umwelt's competence and experience not only in Germany, but also in the Czech Republic, for years now. Just recently, we also began to operate in new markets. In the UK, we will be launching operations in 2015 at an energy from waste plant in Plymouth and a biomass power plant at the industrial port location of Ridham Dock. MVV Umwelt and the French Semardel Group founded the joint venture SEVE (Solutions Européennes de Valorisation Énergétique S.A.S.). Here, the two partners with municipal roots are pooling their expertise with the aim of bidding for operations management tenders at energy from waste plants in France. SEVE offers solutions to local and regional authorities on the French market. To operate its plants, it will use waste as an energy commodity and thus meet regional requirements in terms of a sustainable energy supply. /.

**WASTE:
A VALUABLE
RESOURCE**

**COMPETENCE
IN INCINERATING
WASTE**

**OPPORTUNITIES
IN NEW MARKETS**





**THE NEW ENERGY WORLD
RELIES ON DISTRICT HEATING
PRODUCED IN COMBINED HEAT
AND POWER GENERATION TO
GUARANTEE A SECURE AND
ENVIRONMENTALLY-FRIENDLY
SUPPLY.**

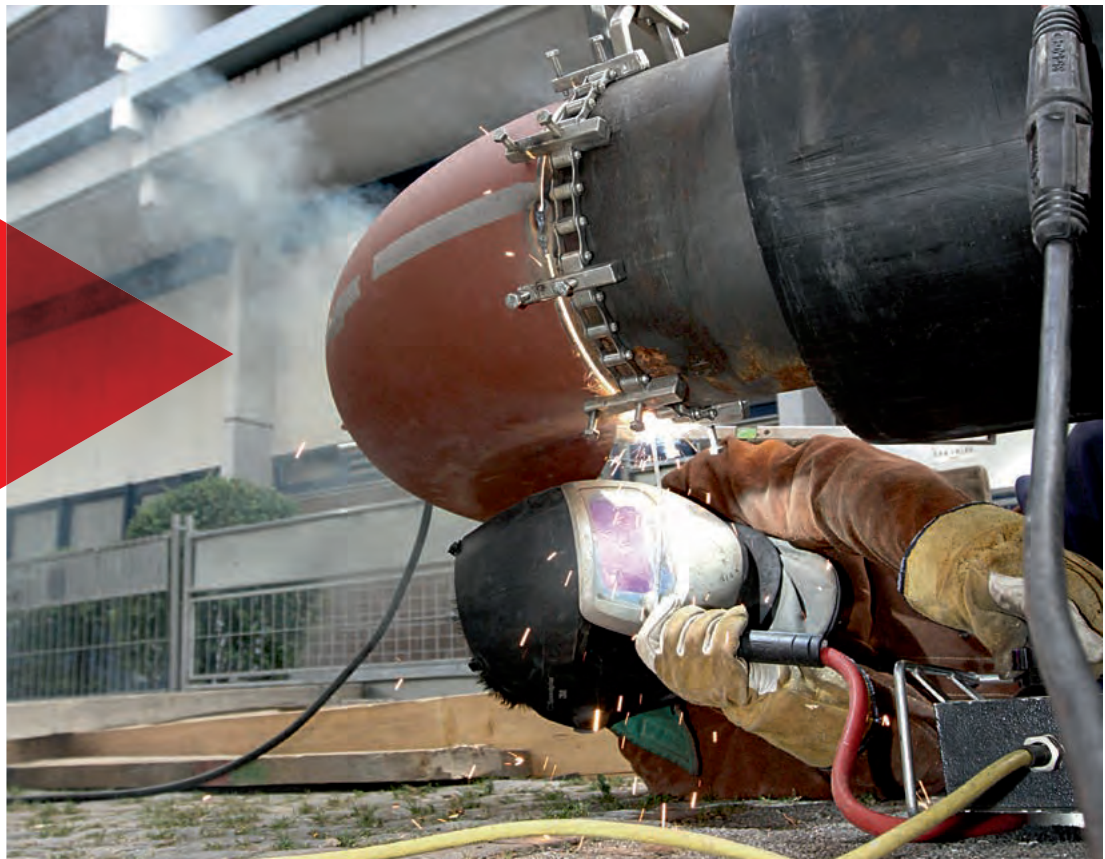
*“WE WILL CONTINUE TO EXPAND AND
INCREASE THE DENSITY
OF OUR DISTRICT HEATING SUPPLY.”*



EXPANDING THE DISTRICT HEATING GRID SAFEGUARDS AN EFFICIENT SUPPLY OF HEATING ENERGY IN THE REGION.

IN PERIODS OF VOLATILE ENERGY PRODUCTION FROM SOLAR AND WIND POWER, THE NEW DISTRICT HEATING STORAGE FACILITY IN MANNHEIM MAKES THE HEATING ENERGY SUPPLY MORE FLEXIBLE AND EVEN MORE RELIABLE.

PRECISION WORK ON THE HEATING ENERGY PIPELINE



FOCUS ON DISTRICT HEATING



As its name suggests, district heating is generated not far from where it is consumed. The heating energy is generated in the region for use in the region. One prime example here is the efficient supply of heating energy to the City of Mannheim and the Rhine/Neckar metropolitan region.

In Mannheim, district heating has both a long tradition and a bright future. Foundations for a comprehensive district heating supply were laid in the 1960s and 1970s already. That proved to be a forward-looking decision. Today, more than 60 % of households and numerous industrial and commercial operations on location are connected to the district heating grid. This efficient, inexpensive means of supplying heating energy and warm water is produced using the environmentally-friendly combined heat and power generation process at the large power plant in Mannheim (Grosskraftwerk Mannheim – GKM) and distributed via a pipe grid directly to customers' houses.

These benefits have proven their worth and are highly appreciated. The expansion in the district heating supply has gained great momentum. Since 2010, heating energy generated in Mannheim has been transported via a pipeline to Speyer on the other side of the Rhine. The district heating storage facility, where operations were launched on the site of the GKM power plant in the 2013/14 heating period, offers additional supply stability for the total of around 120 000 households connected – not least in view of increasing grid feed-in volumes of volatile energy from renewable energies sources. Supply security has also been enhanced by a district heating cross-link connecting the two main pipelines in Mannheim, which has been in operation since March 2014.

By expanding and increasing the density of its district heating grid and building the district heating storage facility, MVV Energie has invested in an efficient technology. Thanks to the resultant savings of CO₂ emissions, these measures have also helped protect the climate and environment in the Rhine/Neckar metropolitan region.

Not only that, district heating customers meet the requirements of the German Energy Saving Ordinance (EnEV) and the German Renewable Energies Heating Act (EEWärmeG). This enhances the value of buildings supplied with district heating and thus creates a substantial advantage for property owners. /

**DISTRICT HEATING
IS GENERATED
EFFICIENTLY**

**PROGRESS WITH
STORAGE FACILITY
AND CROSS-LINK**

**DISTRICT HEATING
MEETS LEGAL
REQUIREMENTS**



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26	. Executive Board of MVV Energie AG
28	. Supervisory Board Report
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38	. MVV Energie AG Share



**TO
OUR
SHAREHOLDERS**



•
DR. GEORG MÜLLER
CEO of MVV Energie AG
•

*Dear Shareholders,
Dear Ladies and Gentlemen,*

Our 2013/14 financial year was characterised by the discussions surrounding the reform of the German Renewable Energies Act (EEG). This reform was overdue. It steers the expansion in renewable energies in Germany, a process previously more or less uncontrolled, along lines that make economic and ecological sense and thus also limits the costs for consumers. The measures now anchored in the EEG Amendment will create greater competition and cost efficiency. Having said this, they can only be the prelude to more far-reaching reform of green electricity subsidies.

Renewable energies have long assumed the leading role in the electricity market. To offset fluctuating feed-in volumes of electricity from wind and solar power, however, highly efficient conventional power plants will still be needed in future as well. That too is a fact. The great expansion in renewable energies has led to a significant fall in wholesale market electricity prices. As a result, conventional power plants have become noticeably less viable in economic terms. In their further reform efforts, politicians should in the medium term therefore create a competitive market design, one not restricted to specific technologies. This should enable generation capacities kept available to be operated on an economically viable basis.

Many talk about the energy turnaround – we are making it happen. We are campaigning for a uniform market system that sensibly combines conventional and renewable energies. We acted early and assumed a pioneering role in the transformation in the German energy system and are still contributing to its successful implementation. Since 2009, we have consistently pursued our MVV 2020 corporate strategy and recently reached a further milestone. Thanks to the planned takeover of a 50.1 % stake in Juwi AG and the takeover of Windwärts Energie GmbH as of 1 October 2014, we now cover the

*Pioneering
the energy
turnaround*

entire value chain – from project development via plant operation through to electricity marketing – in the renewable energies field as well. In parallel to this, we have further boosted our Group's proprietary wind power portfolio. As of 30 September 2014, the MVV Energie Group had onshore wind turbines with total installed capacities of around 174 MW_e. Overall, electricity generated from renewable energies and in environmentally-friendly combined heat and power generation accounted for a 51 % share of our generation portfolio in the year under report. Not only that, we have also expanded the direct marketing of electricity from renewable energies within the market premium model. At the end of the 2013/14 financial year, we had renewable energies power plants with capacities of 2 600 MW under contract. Photovoltaics systems accounted for more than 1 300 MW of this total, making us the German market leader in this area.

Sailing ahead with wind power

German energy generation is becoming ever more decentralised and thus also more flexible. This exciting development presents energy suppliers with new challenges, but also offers opportunities we intend to exploit with new business models. Via our own sales department and our MVV Enamic subsidiary, we will on the one hand increasingly be offering innovative decentralised energy management and efficiency enhancement solutions. On the other hand, together with the Munich company BayWa r.e., the Irish Glen Dimplex Group and the Munich-based GreenCom Networks AG we founded BEEGY GmbH in early November 2014. The key focus here is on offering smart energy management to our customers.

Energy - decentralised and efficient

This way, we are underlining our strategy's forward-looking orientation and sustainability – even if, as expected, the difficult energy industry framework did leave its mark on MVV Energie in the year under report. Our earnings were additionally burdened by the unusually mild weather in the last heating period. Our operating earnings (adjusted EBIT) decreased year-on-year to Euro 173 million. Earnings were thus within the forecast range. We expect to post higher earnings once again for the 2014/15 financial year and thus to leave the dip in earnings behind. We expect our growth investments in particular to generate positive earnings contributions. In 2015, we will be launching operations both at our two UK plants – the waste-fired combined heat and power plant in Plymouth and the biomass power plant at Ridham Dock – and at our third biomethane plant in Saxony-Anhalt.

*Foresight + experience
↓
success*

Without the great personal commitment, all-round expertise and energy industry experience of our employees we would be unable to implement our strategy successfully. On behalf of the entire Executive Board, I would therefore like to offer my sincere thanks to all employees, managers and employee representatives for their dedication and their cooperation on a basis of trust. We owe a particular thank you to our shareholders, who have placed their trust in us even in these difficult times as we head towards the energy system of the future.

By generating profitable growth, we intend to sustainably increase the value of the MVV Energie Group and enable our shareholders to benefit from this with a solid return. For the year under report, the Executive and Supervisory Boards of MVV Energie AG will once again be proposing a dividend of Euro 0.90 per share for approval by the Annual General Meeting on 13 March 2015. Please do accompany us further on our journey into a 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

Technical Director

-



-

RALF KLÖPFER

Sales Director

-

SUPERVISORY BOARD REPORT



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

Ladies and Gentlemen,

At MVV Energie, the course of the 2013/14 financial year was significantly influenced by the ongoing transformation in energy markets across Germany and Europe. Energy policy discussions in the year under report focused above all on the reform of the German Renewable Energies Act (EEG) and its conformity with EU law. Over and above the difficult conditions in the energy industry, the company's performance in the year under report was also affected by unusually mild weather in the heating period. Despite these challenges, MVV Energie managed to generate earnings of Euro 173 million, and thus within the forecast range of Euro 170 million to Euro 175 million, in the 2013/14 financial year. These results also reflect the great – and successful – efforts made to enhance efficiency and reduce costs. The Supervisory Board is convinced by the company's long-term strategy, with its alignment towards sustainability, regionalism and efficiency.

In the 2013/14 financial year, the Supervisory Board diligently performed all of the duties incumbent on it by law and under the Articles of Incorporation. We advised the Executive Board in its management of the company and consistently monitored it in its business activities. The Executive Board informed us regularly, promptly and comprehensively about the company's performance and situation, as well as about its further strategic development. The reports 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 kept us promptly informed about all relevant matters of business policy and corporate planning. The Executive Board also provided us with detailed presentations of variances between the actual business performance and the budgets and targets previously compiled and outlined the reasons for these. We were directly involved in all decisions of fundamental significance for the company. The Executive Board

reported exceptional developments to the Supervisory Board immediately. As Supervisory Board Chairman, I also maintained close contact with the CEO outside the meeting framework and exchanged views with him on current topics and developments.

Main topics of discussion in full Supervisory Board

The Supervisory Board held six meetings in total in the year under report. We based our decisions on extensive reports and draft resolutions submitted by the Executive Board. In the 2013/14 financial year as well, we discussed the economic, legal and political framework in great detail with the Executive Board. Not only that, we were informed regularly about the development in key factors influencing 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. A further major aspect of our discussions involved status reports provided by the Executive Board on the progress made with current investment and acquisition projects. Among others, we received reports on the progress with construction work at the energy from waste plant in Plymouth, the biomass power plant at Ridham Dock and the construction of Block 9 at the large power plant in Mannheim (Grosskraftwerk Mannheim – GKM). Furthermore, the Executive Board kept us regularly informed about the latest developments in the follow-up solution for the joint power plant in Kiel (Gemeinschaftskraftwerk Kiel – GKK) and outlined the reasons for the decision not to participate in the planned construction of a new gas-fired combined heat and power plant.

At our meeting on **5 DECEMBER 2013**, the Supervisory Board approved the agenda for the Annual General Meeting on 14 March 2014 together with the necessary draft resolutions. Moreover, we dealt in detail with the audit focuses for the 2013/14 financial year and with the consolidated financial statements (IFRS) and annual financial statements for the 2012/13 financial year and approved these.

At the meeting on **13 MARCH 2014**, we held in-depth discussions with the Executive Board concerning the MVV Energie Group's strategic alignment. The growth strategy pursued for several years now, with its key investment focuses on generation from renewable energies, energy efficiency, combined heat and power generation and district heating has proven sustainable, particularly in view of the ongoing tough market climate for conventional electricity generation and the amended renewable energies expansion framework. Furthermore, the Supervisory Board approved the company's entry into the French waste market. Via its MVV Umwelt GmbH subsidiary, MVV Energie has founded a joint company with its French partner Semardel. The objective of this cooperation is to participate in current and forthcoming operations management tenders at energy from waste plants in France.

At a special meeting on **9 APRIL 2014**, we dealt in particular with the structural upheaval in the energy market and with future mobility concepts. Not only that, the Supervisory Board discussed and approved the sale of Secura Energie GmbH, as well as the construction of a biomethane plant in Stassfurt. Located in the Magdeburger Börde region, this plant is to be built by 2015 together with our partner BayWa r.e.

On the recommendation of the Personnel Committee, at its meeting on **4 JUNE 2014** the Supervisory Board appointed Dr. Hansjörg Roll as Chief Technical Officer on the Executive Board of MVV Energie AG, thus making a key personnel decision for the future. Dr. Roll, previously Technical Director at MVV Umwelt GmbH, will assume the Executive Board division of Dr. Dub, who will be retiring at the end of 2014 after 15 years on the Executive Board. The Supervisory Board thanks Dr. Dub for his longstanding involvement and his contribution to the successful development of the MVV Energie Group!

At a special meeting held on **29 JULY 2014**, the Supervisory Board dealt in detail with new business models in the field of decentralised energy management and approved the establishment of a standalone business field for decentralised energy management.

Discussions at the meeting on **25 SEPTEMBER 2014** focused on the three-year plan and the business plan for the 2014/15 financial year, which the Supervisory Board correspondingly approved. Furthermore, the Supervisory Board addressed market conditions for wind farm project development and discussed the

potential market opportunities for a regional energy supplier with the Executive Board. On this basis, the Supervisory Board approved the takeover of Windwärts Energie GmbH. Moreover, the Supervisory Board approved the conclusion of electricity, gas, heating energy and water concession agreements with the City of Mannheim. The Supervisory Board representatives of the City of Mannheim did not participate in the discussion or vote for this agenda item.

Committee meetings

The Supervisory Board has formed five committees to facilitate the efficient preparation of the topics addressed and resolutions adopted by the full Supervisory Board. The committee chairmen reported regularly and promptly to the Supervisory Board on their activities. The composition of these committees is presented in the ► *Corporate Governance Report from Page 36 onwards* and in the chapter ► *Directors and Officers on Page 172*.

The **AUDIT COMMITTEE** held a total of six meetings in the year under report. Regular topics of discussion involved the company's situation in the respective quarter, including the Group's results and financial reports, as well as its risk situation and risk management. Furthermore, the Audit Committee addressed the annual financial statements of MVV Energie AG and the Group, which it discussed in detail with the Executive Board and auditor. In this context, the committee also submitted proposals to the Supervisory Board concerning the selection of the auditor for the annual financial statements, its fee agreement and the setting of audit focuses. Moreover, it dealt with the audit findings and audit plan of the group internal audit department and acknowledged the compliance officer's report. The committee discussed the 2014/15 business plan and medium-term planning in detail with the Executive Board. It recommended the Supervisory Board to approve the business plan for the 2014/15 financial year.

Further topics addressed by the committee included MVV Energie's strategy, its financial status and long-term financing strategy and reports from select business fields.

The **PERSONNEL COMMITTEE** met on four occasions in the 2013/14 financial year. The key focus of its discussions in the year under report was the appointment of the new Chief Technical Officer on the Executive Board, which the committee prepared on the basis of a requirements profile compiled in advance. Furthermore, the committee dealt with matters of compensation and with Executive Board members' employment contracts.

The **NOMINATION COMMITTEE** and the **NEW AUTHORISED CAPITAL CREATION COMMITTEE** did not hold any meetings in the 2013/14 financial year. The **MEDIATION COMMITTEE** pursuant to § 27 (3) MitbestG did not require convening.

Corporate governance

In the 2013/14 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 25 September 2014, the Supervisory Board endorsed the Declaration of Conformity with the German Corporate Governance Code previously submitted by the Executive Board. This declaration was published on the internet on 2 October 2014. The Corporate Governance Report was adopted at the meeting on 4 December 2014. 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. Further information can be found in the ► *Corporate Governance Report from Page 32 onwards*.

Changes in composition of Supervisory Board

Gunter Kühn stood down from his position on the Supervisory Board as of 2 October 2013. He was succeeded by Daniela Kirchner, an elected substitute member. The Supervisory Board thanks Gunter Kühn for his committed and constructive contribution.

Audit of annual and consolidated financial statements

In line with the resolution adopted by the Annual General Meeting on 14 March 2014, the Supervisory Board awarded the assignment to audit the separate and consolidated financial statements of MVV Energie AG for the 2013/14 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 2013/14 financial year and the group management report of the MVV Energie Group for the 2013/14 financial year are presented and published in combined form in this annual report pursuant to § 315 (3) and § 298 (3) HGB. The annual financial statements, consolidated financial statements and combined management report for the 2013/14 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 2013/14 financial year and the annual financial statements of MVV Energie AG prepared in line with HGB requirements for the 2013/14 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 4 December 2014, the Supervisory Board subsequently 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 Executive Board.

The Executive Board compiled a report on the company's relationships with affiliated companies (dependent company report) for the 2013/14 financial year. According to the report, MVV Energie AG was not disadvantaged by the legal transactions performed with affiliated companies outlined therein. The dependent company 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 transformation in the German energy system involves numerous challenges for the energy industry. In this dynamically changing market climate, the MVV Energie Group's employees are working with verve, innovation, great endurance and notable success to seize the opportunities presented by this transformation to the benefit of the company. I would like to extend my particular thanks – both in my own name and on behalf of the entire Supervisory Board – to the Executive Board of MVV Energie AG, the executive boards and management teams at shareholdings, as well as to all employees, works council members and employee representatives!

Mannheim, December 2014



Dr. Peter Kurz
Chairman

CORPORATE GOVERNANCE REPORT

Corporate governance encompasses a company's entire system of organisation, management and supervision. It is an instrument for basing corporate management and supervision on capital market-oriented, responsible and sustainable value creation.

MVV Energie sees high-quality corporate governance as a key pillar of sustainable business success. It is indispensable as a basis for the trust placed in the company by our shareholders, customers, employees and the general public. The Executive and Supervisory Boards work closely together to the benefit of the company, its shareholders and all its stakeholders. The management of the company and its business and their supervision are based on the German Corporate Governance Code. In line with Point 3.10 of the Code, we report below on corporate governance at MVV Energie AG.

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Report of Executive and Supervisory Boards

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Nationally and internationally recognised standards of high-quality, transparent and responsible company management are laid down in the German Corporate Governance Code. The German Corporate Governance Code Government Commission published the first version of the Code in February 2002. It reviews the Code each year to account for national and international developments and makes adjustments where appropriate.

As is apparent in the ► *Declaration of Conformity with the German Corporate Governance Code on Page 33*, MVV Energie AG complies with the Code recommendations in all points. In the year under report, we also met all of the suggestions made in the Code apart from Point 2.3.3 – making it possible for shareholders to follow the Annual General Meeting using modern communication media. During the Annual General Meeting, we only broadcast the introductory words by the meeting chairman and the presentation by the CEO live on our website. After the Annual General Meeting, we also make the CEO's presentation and voting results available on our website.

Shareholders and Annual General Meeting

All shareholders included in our share register are entitled to participate in our Annual General Meeting, comment on all agenda items, submit relevant questions and proposals and exercise their voting rights. Each MVV Energie AG share entitles its holder to one vote. Registered shareholders have the option of exercising their voting rights either in person at the Annual General Meeting or via a proxy of their choice. Shareholders 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 our shareholders to cast their votes by way of a postal vote. 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 required for the resolutions, in German and English on our website at www.mvv-investor.de.

Transparency

We are convinced that transparent company management can help us permanently retain and strengthen the trust our stakeholders place in us. We therefore ensure that we inform all interest groups – retail investors, institutional investors, financial analysts, customers, employees and the general public – simultaneously, promptly and comprehensively.

The German Stock Corporation Act (AktG), German Commercial Code (HGB) and German Securities Trading Act (WpHG) in particular impose significant reporting obligations on us. We have complied with these obligations at all times in the past.

Reporting and audit of financial statements

We prepare the separate financial statements of MVV Energie AG in line with HGB. We prepare our consolidated financial statements, combined management report 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.

In the combined management report, we present 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 and audited by the auditor are also submitted to the Supervisory Board for approval. In its audit of the financial statements, the auditing company elected by the 2014 Annual General Meeting, PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, Mannheim, also audits the combined management report and the early warning risk identification system. The financial reports for the first quarter, first half and first nine months are prepared by the Executive Board and discussed with the Audit Committee prior to publication.

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Corporate Governance Declaration with Declaration of Conformity

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We published the Corporate Governance Declaration on our website at www.mvv-investor.de on 5 November 2014 and thus met the requirements of § 289a of the German Commercial Code (HGB). To ensure maximum transparency, we have also included the declaration in this Corporate Governance Report.

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 2014:

The Executive and Supervisory Boards of MVV Energie AG hereby declare that the company has complied with and continues to comply without exception with the recommendations made by the German Corporate Governance Code Government Commission in the version of the Code dated 13 May 2013 and published in the Federal Gazette on 10 June 2013.

High-quality corporate and management culture constitutes the basis for successful business activity. We attach great importance to the MVV Energie Group's employees working together effectively and on a basis of trust. We safeguard the quality of management activities with our shared Management Guidelines. Furthermore, we promote the constructive cooperation of managers and their employees by regularly asking our employees to perform anonymous bottom-up appraisals that facilitate honest feedback on management conduct.

Compliance

One key corporate governance instrument is our Compliance Management System (CMS). This enables us to ensure that we comply with legal requirements and facilitates the implementation of our in-company guidelines and those ethical standards to which we are committed.

We have integrated all our employees within the CMS system, which in turn covers all of MVV Energie's key business activities and processes. A detailed Compliance Handbook sets out the material contents and necessary organisational structures and processes, as well as the respective personnel 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 MVV Energie employees as a download on our intranet.

There were no severe infringements of laws or our internal guidelines in the year under report. To avoid infringements, our compliance system is structured such that relevant processes in sensitive areas are already checked in advance, thus enabling us to take corrective measures on a preventative basis.

As Compliance Officer, the head of our group legal, group compliance and materials division acts on behalf of the Group. His duties include liaising with affected business units to compile, implement and document implementation of the relevant compliance regulations. Furthermore, he also organises employee training, monitors compliance with CMS processes and reports to the Executive Board. The Compliance Officer advises and supports the Executive Board with regard to preventative measures to avoid and investigate any infringements of the law, corruption or deliberate acts harmful to the company.

We provide intensive corruption prevention training to our employees working in sales, sales-related areas and procurement. Correct forms of behaviour when offered gratuities and invitations are explained in detail. This way, we counter the risk of so-called "soft bribery" in the form of non-monetary gifts and invitations from business partners. In the 2013/14 financial year, more than 250 employees took part in training sessions each lasting more than two hours. Furthermore, we record and check gratuities and invitations. We systematically and continually check adherence with compliance requirements in all business fields, specialist divisions, group departments and subsidiaries. Via an anonymous "Whistleblower Hotline", employees and third parties can also reach the Compliance Officer and report any misconduct directly.

All of the MVV Energie Group's managers are regularly trained to ensure that they are familiar with general compliance requirements and the legal requirements relevant to their business units. Such training is adapted as appropriate to the needs of each area of responsibility. Furthermore, in an extensive Compliance Management Declaration (CMD) required at the end of each year under report managers are obliged to confirm compliance with legal requirements. The CMD also includes a declaration that all of the respective manager's employees have received CMS instruction and training. Not only that, within the CMD framework managers are required to fill in questionnaires containing detailed and targeted questions adapted to circumstances at the relevant business unit.

New management staff from section manager upward are required to attend a seminar held over several days at which the basis for assuming management responsibility at the MVV Energie Group is outlined. At this seminar, all newly appointed managing directors and all upcoming management staff receive structured instruction in all areas of responsibility.

In Germany, we question suppliers and service providers to our key company locations about their compliance. Furthermore, for major tenders and contracts our procurement department obtains supplier self-registration and supplier information. This enables us to establish

- which compliance and anti-corruption regulations are in place at the respective supplier and whether these also apply for its 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
- which non-monetary company objectives, such as voluntary environmental protection measures or education, cultural or sports sponsorship activities, are pursued by suppliers.

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

The statutory dual management system for stock corporations in Germany requires 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 pursues the objective of generating sustainable growth. Its duties include compiling the company's strategic alignment, agreeing this with the Supervisory Board and ensuring its targeted implementation. In its decisions, the Executive Board takes due account of the interests of the company's stakeholders, i.e. shareholders, employees and other interest groups associated with the company.

The business of MVV Energie AG is managed by the Executive Board – both as a whole and by 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 has been imposed by the Supervisory Board. This 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 of MVV Energie AG must seek 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. Executive Board members otherwise enjoy equal rights and 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 accords great value to working 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. The Executive Board also reports to the Supervisory Board on the company's profitability, its business performance and situation and its risk situation and risk management.

The **SUPERVISORY BOARD** of MVV Energie AG appoints the company's Executive Board and advises and monitors it 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 representatives and ten employee representatives. Shareholder representatives are elected by the Annual General Meeting with the exception of two members who are directly delegated by the City of Mannheim, namely the Lord High Mayor and the relevant specialist head of department. This provision applies to the extent that the City of Mannheim is a shareholder and directly or indirectly holds shares corresponding to more than half of the company's share capital. Consistent with the German Codetermination Act (MitbestG), ten Supervisory Board members are elected by employees. The terms in office are identical. The Supervisory Board Chairman, Lord High Mayor of the City of Mannheim 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 tasks and activities of the Supervisory Board and its committees in the 2013/14 financial year can be found in the ► *Supervisory Board Report from Page 28 onwards*. In the chapter ► *Directors and Officers from Page 171 onwards*, we have provided information about the composition of the Supervisory Board and of the committees it has formed to operate efficiently. The compensation of Supervisory Board members is presented in the ► *Compensation Report on Page 103*.

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

The **AUDIT COMMITTEE** deals with corporate planning, strategy, individual business field performance, fundamental financial reporting issues, preparing the selection of the auditor, and advises on and discusses the annual and consolidated financial statements and the interim consolidated financial statements for the three-month, half-year and nine-month reporting periods. 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 Audit Committee includes three shareholder representatives and three employee representatives. The Chairman of this committee is Professor Heinz-Werner Ufer, while the Supervisory Board Chairman is a permanent guest in the committee.

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

The **NOMINATION COMMITTEE** proposes suitable candidates to the Supervisory Board for its own election proposals to the Annual General Meeting. In its selection, the committee takes particular account of legal requirements and of the recommendations and suggestions made by the German Corporate Governance Code. This committee has six members: the Supervisory Board Chairman, who also chairs this committee, and five further shareholder representative Supervisory Board members.

The duties of the Nomination Committee also include compiling targets for the composition of the Supervisory Board. A detailed requirements profile for Supervisory Board members specifies the requirements in terms of the specialist knowledge and ability, as well as the experience and personality of future Supervisory Board members. Alongside personal integrity, the following aspects are crucial: 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 and specialist knowledge in select areas of MVV Energie's activities. Supervisory Board members should complement each other to ensure that the entire range of targeted knowledge, abilities and experience is represented in the Supervisory Board. It is thus acknowledged that not every Supervisory Board member can satisfy the whole spectrum of specialist requirements. An upper age limit of 70 years should be complied with. Furthermore, the Supervisory Board should also include an adequate number of independent members. This objective has been met.

The recommendation made by the German Corporate Governance Code concerning the suitable level of participation by women has been discussed both in the Nomination Committee and in the full Supervisory Board. In the 2010/11 financial year, the Supervisory Board had set itself the target of achieving a 20 % share of female members in the long term. This target was already met in the 2013/14 financial year. Four of the Supervisory Board members at MVV Energie AG are women.

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

The **NEW AUTHORISED CAPITAL CREATION COMMITTEE** prepares the Supervisory Board resolutions to be adopted concerning the creation of new authorised capital. This committee comprises eight members: the Supervisory Board Chairman, who is also committee chairman, the Chairman of the Group Works Council and six further Supervisory Board members, of which one further employee representative and five shareholder representatives.

The Audit and Personnel Committees meet several times a year. The Nomination, Mediation and New Authorised Capital Creation 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. These members do not maintain any personal or business, i.e. commercial, links with the company or its management bodies.

MVV ENERGIE AG SHARE

Volatile stock markets

Global stock prices surged to new record highs in the first six months of 2014. On 5 June 2014, the DAX briefly exceeded the psychologically important 10 000 point mark for the first time in its history. Given the persistent economic lull and fears of deflation in the euro area, at the beginning of June 2014 the European Central Bank (ECB) cut the base rate from 0.25 % to 0.15 %. Low base rates in Europe, the expected stabilization in the global economy, and the knowledge that the Federal Reserve will also be phasing out its policy of cheap money only gradually – all these factors led to a positive stock market climate. Not only that, shares currently offer higher potential returns than many other forms of capital investment.

The DAX closed at 10 029 points, and thus at its highest level ever, on 3 July 2014. Subsequently, the stock market witnessed a marked consolidation, with significant share price volatility. This was triggered by geopolitical tensions in Iraq, Syria and Ukraine, as well as concerns that the intensification in the EU's sanctions against Russia could adversely affect international stock markets. These factors were accompanied by the negative reception of quarterly reports, increasing withdrawal of international investors, weak inflation figures in the euro area and solid macroeconomic data once again in the USA, which might cause the Federal Reserve to introduce a turnaround in interest rates sooner than expected. The DAX closed at 9 474 points at the end of September 2014. Accompanied by great volatility in share prices, it thus rose by 10.2 % compared with its closing balance on 30 September 2013 (8 594 points).

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- 1 XETRA trading
- 2 subject to approval by Annual General Meeting on 13 March 2015
- 3 excluding non-operating measurement items for financial derivatives, excluding structural adjustment for part-time early retirement, excluding restructuring expenses and including interest income from finance leases
- 4 previous year's figures adjusted
- 5 number of shares (weighted annual average)
- 6 excluding non-operating measurement items for financial derivatives
- 7 excluding minority interests
- 8 basis: closing price in XETRA trading on 30 September
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Key figures on share and dividend of MVV Energie AG

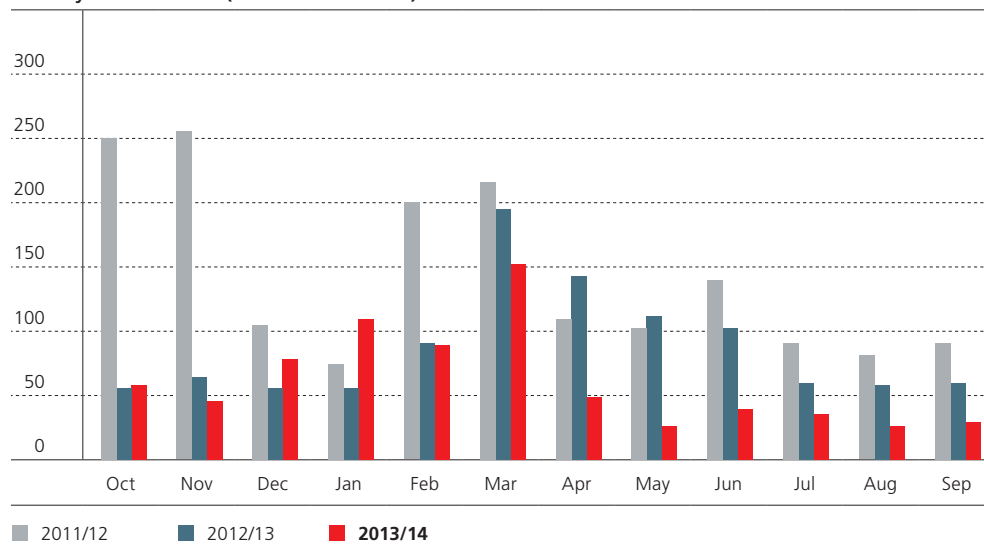
	2013/14	2012/13
Closing price ¹ on 30 September (Euro)	23.89	22.35
Annual high ¹ (Euro)	26.05	28.00
Annual low ¹ (Euro)	21.85	20.50
Market capitalisation at 30 September (Euro million)	1 575	1 473
Average daily turnover (no. of shares)	2 882	4 121
Number of shares at 30 September (000s)	65 907	65 907
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 ^{3,4,5} (Euro)	1.29	1.29
Cash flow from operating activities per share ⁴ (Euro)	6.35	5.64
Adjusted carrying amount per share ^{4,5,6,7} (Euro)	18.06	17.89
Price/earnings ratio ⁸	17.1	17.3
Price/cash flow ratio ⁸	3.8	4.0
Dividend yield ⁸ (%)	3.8 ²	4.0

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)



MVV Energie AG share price performance

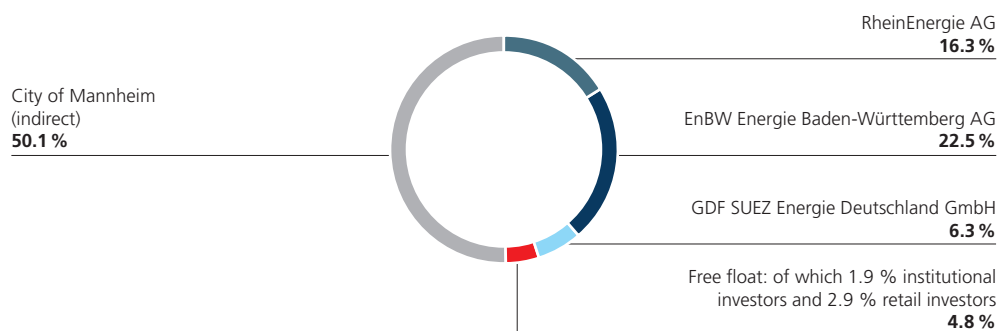
The MVV Energie AG share was listed at Euro 23.89 on 30 September 2014, 6.9 % higher than the share price of Euro 22.35 on 30 September 2013. Including the dividend of Euro 0.90 per share distributed in March 2014, our share price rose year-on-year by 11.0 %. We have accounted for the dividend payments made in 2012, 2013 and 2014 in the share price performance chart on the previous page. While our share reported growth of 11.2 % over this three-year period, the DAXsector Utilities, the sector index for the energy industry, grew by 14.2 %.

Voting right notifications under WpHG and changes in free float

It became known two years ago already that Barclays plc, London, had held MVV Energie AG shares on behalf of EnBW Energie Baden-Württemberg AG since 2007. In April 2014, EnBW notified us pursuant to § 21 (1) of the German Securities Trading Act (WpHG) that it had now also formally acquired this 7.43 % stake. EnBW thus formally executed the rights of access to these shares acquired via a swap transaction. In a further notification dated 24 April 2014, Barclays plc informed us that its share of voting rights fell short of the statutory 5 % and 3 % thresholds on 16 April 2014 and then amounted to 0.0015 %. Following this share purchase, EnBW's share of voting rights in MVV Energie AG has risen from 15.05 % to 22.48 %. For EnBW, the shareholding in MVV Energie AG is a purely financial investment. According to the company, it currently has no plans to further increase its stake. This change in share ownership has no implications for MVV Energie's business alignment or operating business.

Due to the increase in EnBW's stake, our share's free float has reduced from 12.2 % to 4.8 %. The share thus no longer meets the 10 % minimum free float requirement stipulated by the German Stock Exchange for membership of a select index. MVV Energie AG, which is listed in the Prime Standard, is therefore no longer included in the calculation of index statistics by the German Stock Exchange.

Shareholder structure of MVV Energie AG at 30 September 2014



Market capitalisation rises, trading volumes fall

Driven by the share price performance, our market capitalization grew from Euro 1 473 million at the previous year's balance sheet date to Euro 1 575 million at 30 September 2014. The 4.8 % free float share was valued at around Euro 76 million (previous year: Euro 180 million based on 12.2 % free float share). A total of around 0.7 million shares were traded on all German marketplaces in the 2013/14 financial year, 30.4 % fewer than in the previous year. Due above all to this factor, the value of trading volumes fell to around Euro 17 million (previous year: Euro 24 million).

Continuity in shareholder-friendly dividend policy

The Annual General Meeting of MVV Energie AG held on 14 March 2014 approved the distribution of a dividend of Euro 0.90 per share for the 2012/13 financial year, thus following the proposal submitted 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 13 March 2015 will be adopted at the Supervisory Board meeting on 4 December 2014. The Executive and Supervisory Boards intend to propose a dividend of Euro 0.90 per share, and thus at the previous year's level, for the year under report. In terms of the share's closing price in XETRA trading on the balance sheet date on 30 September 2014, this corresponds to a dividend yield of 3.8 %.

Investor relations – detailed communication of strategic alignment

MVV Energie is currently analyzed by four banks – Deutsche Bank, Kepler Cheuvreux, Landesbank Baden-Württemberg and M.M. Warburg & Co. Landesbank Baden-Württemberg newly launched its research in the year under report, while Metzler Equities discontinued its coverage. Our investor relations team is upholding its efforts to extend MVV Energie's research coverage. As of the balance sheet date, there were three recommendations to hold and one recommendation to sell MVV Energie's share. The share price targets issued by analysts for our share ranged between Euro 20 and Euro 25.

In the year under report, we once again acted on opportunities to present our company and 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 the latest information about our share. Further details at ► www.mvv-investor.de.

Award for our 2012/13 Annual Report

Our 2012/13 Annual Report was once again singled out for an award at the "2013 Vision Awards Annual Report Competition" hosted by the League of American Communications Professionals (LACP) in Naples, USA. Like in the previous year, in the "Utilities Companies with Annual Turnover > \$ 100 million" category, our report received the Gold Award and thus reached 2nd position.



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COMBINED MANAGEMENT REPORT

GROUP FUNDAMENTALS

BUSINESS MODEL

The publicly listed MVV Energie Group is one of Germany's leading energy companies. Our business portfolio comprises electricity, heating energy and biomethane 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. As an energy-related service provider, we offer consulting and contracting services to industrial and commercial customers. Our range of services also includes extensive infrastructure, supply and disposal services for industrial parks in Germany. Furthermore, we are one of the leading operators of energy from waste and biomass plants.

Our locations

Our group of companies has strong municipal and regional roots. With 102 consolidated companies, we operate at locations including Mannheim, Kiel, Offenbach, Ingolstadt and Köthen, as well as in the Czech Republic and the UK.

An overview of our major direct and indirect shareholdings can be found on ▶ [Page 47](#).

Organisation of the MVV Energie Group

The management and external reporting of the MVV Energie Group is based on five reporting segments:

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, wind turbines, waterworks, 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 energy and water.

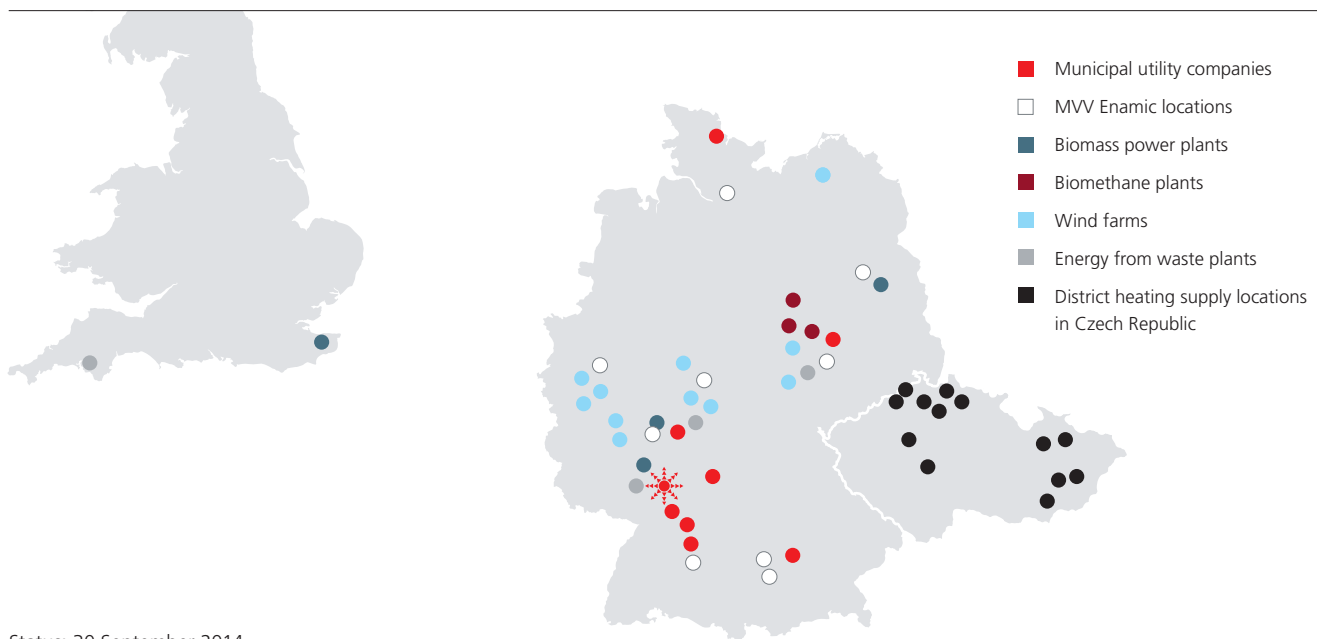
Energy procurement and portfolio management are allocated to the **TRADING AND PORTFOLIO MANAGEMENT** reporting segment, as is the energy trading business at MVV Trading GmbH.

The retail and secondary distribution businesses for electricity, heating energy, gas and water at the MVV Energie AG, Stadtwerke Kiel AG and Energieversorgung Offenbach AG subgroups are pooled at the **SALES AND SERVICES** reporting segment, as are the energy-related services businesses at the MVV Enamic GmbH and Energieversorgung Offenbach AG subgroups and our activities in the field of decentralised energy management.

The **STRATEGIC INVESTMENTS** reporting segment includes the Stadtwerke Ingolstadt GmbH, Köthen Energie GmbH and MVV Energie CZ a.s. subgroups.

The **OTHER ACTIVITIES** reporting segment includes the company Shared-Service-Center and cross-divisional functions.

Business fields structured along the energy industry value chain are allocated to the reporting segments.



Status: 30 September 2014

Reporting segments and business fields of the MVV Energie Group

REPORTING SEGMENTS	Generation and Infrastructure	Trading and Portfolio Management	Sales and Services	Strategic Investments	Other Activities
BUSINESS FIELDS	Generation	Trading and Portfolio Management	Sales	Strategic Investments	Shared Services
	Environmental Energy		Energy-Related Services		Cross-Divisional Functions
	Grids		New Ventures		

Generation portfolio comprises conventional and renewable energies

Alongside the large power plant in Mannheim (Grosskraftwerk Mannheim – GKM) and the joint power plant in Kiel (Gemeinschaftskraftwerk Kiel – GKK), we have an extensive generation portfolio of environmentally-friendly combined heat and power plants and energy from waste plants. These are supplemented by our wind power portfolio.

Overall, our renewable energies generation portfolio in Germany comprises 86 wind turbines, 11 biomass plants, 4 biogas plants and 2 biomethane plants. We also have 7 power plants in our energy from waste business.

We are continually expanding the share of our generation capacities attributable to renewable energies. Here, our strategic focus is on onshore wind turbines and using biomass to generate electricity, heating energy and biomethane.

Grids for a secure supply

High-performance grids form the basis for the reliable distribution of energy and water. In the year under report, we invested Euro 79 million in modernising and expanding our grids. Overall, our group of companies had electricity, district heating, gas and water grids with a total length of around 23 000 kilometres at the end of the 2013/14 financial year. Our Netrion GmbH subsidiary acts as a joint grid operator for MVV Energie AG and Energieversorgung Offenbach AG. For Stadtwerke Kiel AG, this task is performed by SWKiel Netz GmbH.

Procurement and trading from a single source

Our MVV Trading GmbH subsidiary manages and optimises the MVV Energie Group's energy procurement and generation portfolio. It also performs energy product trading and associated portfolio management. One of the core tasks of our trading business also involves hedging the generation and sales positions of the MVV Energie Group in order to reduce risks.

The conversion in the German energy system has changed the energy trading framework. With MVV Trading, we are exploiting the resultant opportunities. The intraday market, i.e. trading in short-term energy trading products, for example, is consistently gaining in importance. MVV Trading also helps us benefit more clearly from directly marketing electricity from renewable energies.

To operate even more effectively on the intraday market, MVV Trading has established an "Operations Desk", where our energy traders can trade around the clock on the intraday market. Looking forward, these activities are due to be supplemented by 24-hour gas trading. MVV Trading also handles the direct marketing business at MVV Energie AG. We use direct marketing both for the Group's proprietary renewable energies plants and for a growing number of external customers.

MVV Trading is continually expanding its active gas portfolio management. We can offer attractive products to the end customer market by compiling a diversified gas portfolio of various trading products with different price structures. Not only that, this enables us to exploit optimisation potential on the liquid German and Dutch gas markets.

In future, MVV Trading will also be focusing on the business activities and range of services offered to secondary distributors and municipal utility companies.

Our sales activities: innovative products for our customers

Tomorrow's energy world will be more decentralised, more flexible and smarter. To ensure we are one of the market-oriented pioneers in the German energy sector in future as well, our sales department is developing business models for decentralised energy management.

Growing electricity feed-in volumes from renewable energies are increasing requirements in terms of the flexibility of electricity availability. The transmission grid is witnessing ever greater fluctuations between electricity feed-in and withdrawal volumes. These fluctuations are offset with balancing energy. With our minute reserve pool, we are offering customers with proprietary electricity or emergency generation facilities the possibility of participating in the balancing energy market and thus generating additional revenues. Since the beginning of the 2013/14 financial year, we have been marketing minute reserve capacity nationwide across all four control areas. In the 4th quarter of 2013/14, we began marketing secondary balancing energy capacity, initially in the TransnetBW control area.

We are further expanding our business activities in directly marketing electricity generated from renewable energies within the market premium model. At the end of the 2013/14 financial year, we had renewable energies power plants with capacities of 2 600 MW under contract. Photovoltaics systems accounted for 1 330 MW of this total. This makes us the market leader in the direct marketing of electricity from photovoltaics systems.

Wind turbines and photovoltaics systems require electricity which they generally generate themselves. In periods when they generate no electricity, or insufficient volumes, plant operators have to procure electricity for their own use. Since the 2013/14 financial year, we have additionally been supplying our customers in the direct marketing business within the market premium model with the electricity volumes they require, thus supplementing our existing offering.

With its new "SOLAR Electricity" product, MVV Energie offers private customers the option of purchasing or leasing their own photovoltaics systems. Via the so-called "Quick Solar Check" on MVV Energie's website, homeowners can find out whether their roofs are suitable for a photovoltaics system and which financial benefits such a system might have for them. MVV Energie works together with greenenergetic GmbH to offer services ranging from online planning to preparing individual offers to on-site inspections by specialists. The systems are then delivered and professionally assembled by regional companies.

All-round efficiency enhancement services

By offering innovative, customised energy-related services, our MVV Enamic GmbH subsidiary focuses on projects and measures aimed at enhancing efficiency and optimising energy use at industrial, retail, commercial and real estate customers. By analogy with a module system, the energy contracting services offered to industrial, retail and commercial customers start by developing a concept and include planning and the construction or modernisation of generation plants. The services also include long-term, reliable operations management with permanent efficiency monitoring and the option of optimally procuring or marketing electricity volumes and output. In our housing and real estate contracting business, we work to enhance real estate efficiency for our customers. MVV Enamic also offers large industrial park operators a whole range of services from a single source – from energy and utilities supply via environmental protection and safety management through to additional location services. MVV Enamic's offering is rounded off with international consulting services.

In June 2014, MVV Enamic acquired a 26 % stake in the Luxembourg-based LED specialist luminatis. In future, the two companies will be working together to offer products and services in the growing LED market.

Metering, billing and IT services under one roof

Our Soluvia GmbH subsidiary pools various shared service companies – Soluvia Billing GmbH, Soluvia IT-Services GmbH and Soluvia Metering GmbH. These perform all internal services in the areas of billing and customer support, information processing and metering for MVV Energie AG, Energieversorgung Offenbach AG and Stadtwerke Kiel AG. Pooling these back office services enables us to achieve the necessary benefits of scale and high-quality processes. With their operative services, our shared service companies make an indispensable contribution – especially for the grid companies and our sales activities – to the competitiveness of our group of companies.

Legal company structure

The publicly listed company MVV Energie AG is the parent company of the MVV Energie Group, which has its legal domicile in Mannheim. The shares in MVV Energie AG are admitted for trading in the Prime Standard market segment of the Frankfurt Stock Exchange and are listed on the stock exchanges in Berlin, Düsseldorf, Frankfurt, Hamburg and Stuttgart. As a stock corporation under German law, the company has three governing bodies – the Annual General Meeting, Supervisory Board and Executive Board. The decision-making powers of the three bodies are strictly delineated. Information about the areas of responsibility and mode of operation of the Executive and Supervisory Boards of MVV Energie AG can be found in the ▶ *Corporate Governance Report from Page 32 onwards.*

OVERVIEW OF SHAREHOLDINGS

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 %)	• MVV Umwelt Asset GmbH (100 %)
Energieversorgung Offenbach Aktiengesellschaft (48.46 %) ¹	• MVV Umwelt O&M GmbH (100 %)
Stadtwerke Ingolstadt Beteiligungen GmbH (48.4 %)	• MVV Umwelt Ressourcen GmbH (100 %)
Köthen Energie GmbH (100 %)	• MVV Environment Devonport Ltd., UK (100 %)
Stadtwerke Sinsheim Versorgungsgesellschaft mbH&Co.KG (30%)	• MVV Environment Ridham Ltd., UK (100 %)
Stadtwerke Buchen GmbH & Co. KG (25.1 %)	• Biomasse Rhein-Main GmbH (33.33 %)
Stadtwerke Walldorf GmbH & Co. KG (25.1 %)	• Solutions Européennes de Valorisation Énergétique S.A.S. (SEVE), France (50 %)
Stadtwerke Schwetzingen GmbH & Co. KG (10 %)	Biomethananlage Klein Wanzleben GmbH (74.9 %)
MVV Energie CZ a.s., Czech Republic (100 %)	Biomethananlage Kroppenstedt GmbH (74.9 %)
	Biomethananlage Staßfurt GmbH (74.9 %)
	MVV Windenergie GmbH (100 %)
	Cerventus Naturenergie GmbH (50 %) ²
Energy-related services	Further jointly owned companies
MVV Enamic GmbH (100 %)	Netrion GmbH, Mannheim ³
• MVV Enamic Contracting GmbH (100%)	MVV Trading GmbH, Mannheim ⁴
• MVV Enamic Immobilien GmbH (100%)	Soluvia GmbH, Mannheim ⁵
• MVV Enamic IGS Gersthofen GmbH (100%)	• Soluvia Billing GmbH, Offenbach ⁶
• MVV Enamic Korbach GmbH (100%)	• Soluvia IT-Services GmbH, Kiel ⁶
• MVV Enamic Ludwigshafen GmbH (100%)	• Soluvia Metering GmbH, Offenbach ⁶
• MVV Enamic Regioplan GmbH (100%)	MVV Insurance Services GmbH, Mannheim ⁷
• MVV decon GmbH (100%)	
• luminatis S.à.r.l., Luxembourg (26%)	

1 majority of voting rights

2 Energieversorgung Offenbach AG (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 %)

CORPORATE STRATEGY

Energising the Future

Seizing the opportunities of the new energy system

Consistent with our “Energising the Future” claim, we intend to remain one of Germany’s leading energy companies in 2020 and beyond. To achieve this objective, we acted in 2009 already to align our corporate strategy towards the energy system of the future. We set the right course with clear strategic focuses and were early to begin expanding renewable energies and enhancing energy efficiency. This way, we are contributing to the conversion in the German energy system and can simultaneously seize the resultant opportunities to generate profitable growth and sustainably increase the value of the MVV Energie Group.

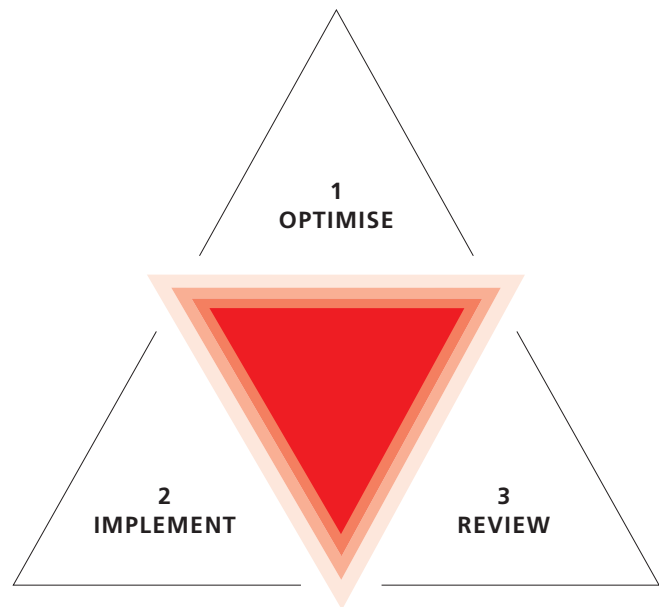
Our forward-looking corporate strategy is based on three pillars:

SUSTAINABILITY: Our aim for the future as well is to provide our customers with a reliable and economical supply of environmentally-friendly energy, to offer our employees secure and attractive jobs and to open up new perspectives for our shareholders. Our actions should be consistent with our stakeholders’ expectations. This way, we aim to achieve a sensible balance between economic, ecological and social objectives. Extensive information about our sustainability strategy and sustainability management can be found in the chapter ▶ *Sustainability from Page 74 onwards.*

REGIONALISM: We aim to maintain and promote the regional brands and partnerships of the companies within the MVV Energie Group. The individual companies draw on their respective strengths – especially their regional proximity, their customer and cooperation networks and their knowledge of their local markets. The objective we all share is to secure and enhance the competitiveness and growth capacity of the overall Group.

EFFICIENCY: One crucial factor in safeguarding our economic success is the continual improvement and further targeted enhancement of our processes. We aim to perform tasks where the best personnel and organisational resources are available and where group-wide synergies can be exploited.

One core component of our corporate strategy is our extensive investment programme. By 2020, we intend to invest around Euro 3 billion. Here, we are pursuing three main lines of attack:



OPTIMISE: By working with innovative asset and product management, we aim to profitably boost our revenues. We are countering the charges on earnings due to the difficult energy policy and industry framework with continual efficiency enhancements and cost savings. This way, we are both creating a basis for our strategic investments and tapping opportunities for future growth.

IMPLEMENT: We aim to seize opportunities for MVV Energie and are building here on our core competencies. We implement projects that serve to modernise, optimise and safeguard our plants and grids, as well as projects that further develop our promising growth fields. Furthermore, we are working to develop innovative energy efficiency solutions and energy-related services.

REVIEW: We continually review strategic opportunities to enable us to generate additional sustainable growth.

Investments in sustainable growth

In 2009, we resolved to invest Euro 3 billion by 2020, of which around Euro 1.5 billion in modernising and securing our plants and grids and a further total of around Euro 1.5 billion in our high-growth fields in particular. These include:

- Expanding renewable energies, combined heat and power generation, district heating and energy from waste
- Further developing our energy-related services and boosting our customers' energy efficiency
- Further developing our sales activities, with a greater focus on decentralised, flexibly energy supply solutions.

At the end of the 2013/14 financial year, we had already implemented or reached binding decisions for Euro 2.2 billion of the planned investment programme of around Euro 3 billion in total.

Consistent implementation of our strategy

In expanding our renewable energies generation portfolio, we are focusing above all on **ONSHORE WIND TURBINES**. We are thus relying on a proven, economically viable technology that involves fewer risks and significantly lower costs than offshore wind farms. In February 2014, the fourth wind farm operated by our Energieversorgung Offenbach AG (EVO) subsidiary, located on Hungerberg close to Kirchheimbolanden (Rhineland-Palatinate), was connected to the grid. At the balance sheet date on 30 September 2014, the MVV Energie Group had onshore wind turbines with a total installed capacity of around 174 MW. Following approval by the Supervisory Board, on 25 September 2014 we announced our takeover of Windwärts Energie GmbH (Lower Saxony) as of 1 October 2014. Windwärts develops, acquires, builds and operates wind power projects. By acquiring Windwärts, we are further expanding our wind power business and thus the share of our energy generation attributable to renewable energies. At the same time, we are boosting our proprietary project development activities in the field of renewable energies. Further information about the expansion in our wind power portfolio and data about our installed capacity and electricity generation can be found in the chapter ► *Sustainability from Page 79 onwards*.

Alongside onshore wind turbines, in our renewable energies business we are also implementing **BIOMETHANE PLANTS**. Biomethane is suitable for use both to generate electricity and heating energy and as a fuel for natural gas-powered vehicles, making it one of the most versatile forms of renewable energy. We launched operations at our second biomethane plant, located in Kroppenstedt (Saxony-Anhalt), in the 2nd quarter of 2013/14. Together with the biomethane plant in neighbouring Klein Wanzleben, around 125 million kWh of biomethane can now be generated and fed into the public natural gas grid. In June 2014, we launched construction work on a further identical biomethane plant in the same region, in this case in cooperation with the renewable energies company Baywa r.e. Operations at this plant in Stassfurt are scheduled to begin in mid-2015.

The MVV Energie Group is already one of Germany's largest plant operators in the **GENERATION OF ENERGY FROM WASTE AND BIOMASS**. Having said this, the German waste and biomass market does not offer any further growth potential. For this reason, we are investing in other European countries, provided that the projects meet our profitability requirements and generate sustainably positive earnings contributions.

In view of this, our largest current investment projects are in the UK. We are building a waste-fired combined heat and power (CHP) plant in Plymouth in south-west England and a biomass power plant with CHP capability at Ridham Dock close to London. In both projects, we are drawing on our longstanding experience with these technologies. Both plants will launch operations in 2015. Furthermore, together with the French Semardel Group our MVV Umwelt GmbH subsidiary founded the new company Solutions Européennes de Valorisation Énergétique S.A.S. (SEVE) in May 2014. SEVE will bid for operations management tenders at energy from waste plants in France.

Our group of companies is one of the largest players in the German and Czech district heating markets. At our locations in Mannheim, Kiel, Offenbach, Ingolstadt and the Czech Republic, we are working consistently on further expanding our use of **DISTRICT HEATING WITH COMBINED HEAT AND POWER GENERATION**. On the site of the large power plant in Mannheim (Grosskraftwerk Mannheim – GKM), we launched operations at what is currently Germany's highest-capacity district heating storage facility in winter 2013/14. This enables us to secure the district heating supply in Mannheim and the Rhine/Neckar metropolitan region. Not only that, the GKM plant can now react more flexibly to fluctuating solar and wind power feed-in volumes.

The key focuses of MVV Enamic GmbH, the subsidiary that manages our **ENERGY-RELATED SERVICES BUSINESS**, are: comprehensive energy efficiency services and contracting services for industrial, commercial, real estate and municipal customers, services required in the operation of industrial parks and national and international consulting services. Since June 2014, MVV Enamic has also held a stake in the Luxembourg-based LED specialist luminatis S.à.r.l. In future, the companies will be cooperating to implement projects and offer services in the growing LED market.

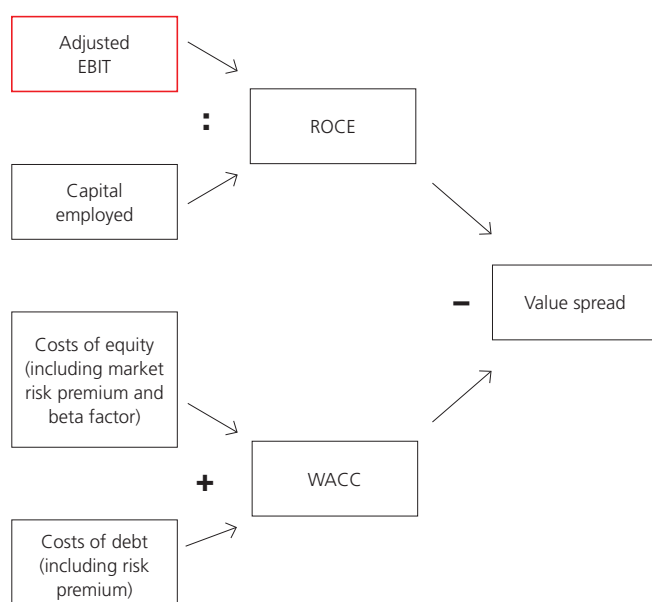
By offering high-quality customer service, innovative solutions and further developing our decentralised energy management business models, in our **SALES ACTIVITIES** we aim to acquire new customers and retain existing customers on a long-term basis. Details can be found in the ► *Supplement from Page 5 onwards* and in the chapter ► *Business Model from Page 46 onwards*.

VALUE-BASED CORPORATE MANAGEMENT

Our objective is to increase the value of the MVV Energie Group on a long-term and sustainable basis. The key management figure for our company is the value spread. A positive value spread, and thus an increase in the company's value, is achieved when the return on the average capital employed at the company (ROCE) exceeds the costs of the capital employed (weighted average cost of capital – WACC).

The following chart presents the value spread calculation in simplified form:

Calculation of value spread (simplified presentation)



The ROCE 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 these earnings. Calculated on this basis, the company generated a ROCE of 6.8 % in the year under report, as against 8.3 % in the previous year. While capital employed increased year-on-year by Euro 49 million to Euro 2 556 million, the lower volume of adjusted EBIT in the year under report led ROCE to reduce compared with the previous year.

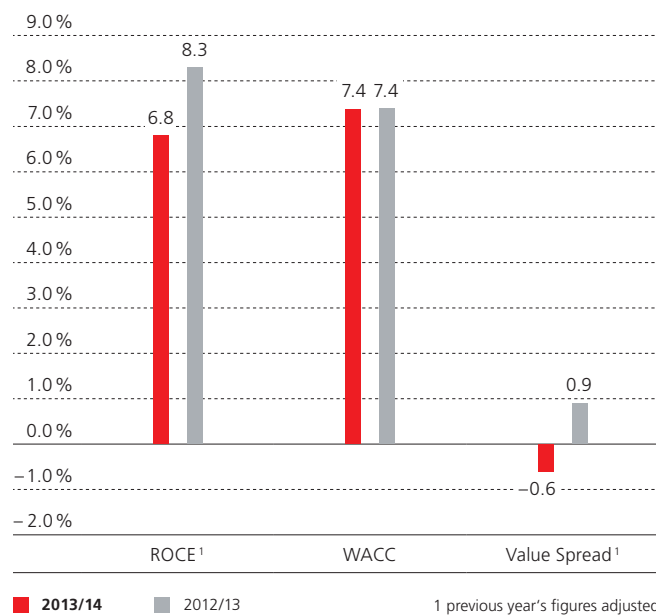
The WACC key figure represents the long-term minimum return we must generate on operations. The review of individual parameters used to calculate WACC in the 2013/14 financial year only resulted in marginal adjustments. Given the immateriality of these changes, the overall WACC parameters have not changed compared with the previous year. Accordingly, the WACC before taxes for the year under report still amounted to 7.4 %.

WACC parameters of the MVV Energie Group

	2013/14	2012/13
Risk-free base rate	2.5 %	2.5 %
Market risk premium	6.0 %	6.0 %
Beta factor	0.83	0.83
Tax rate	30 %	30 %
Risk premium	1.56 %	1.56 %
Borrowing interest (risk-free base rate + risk premium)	4.1 %	4.1 %
Equity/debt capital share at market values	50 %	50 %
WACC before taxes	7.4 %	7.4 %

As in the previous year, we have based our calculation of the risk-free base rate on the long-term yield curve at the German Bundesbank with a remaining term of up to 30 years. Alongside our own market studies, the market risk premium is based on the recommendations of the Specialist Committee for Company Valuation and Business Administration at the Institute of Public Auditors in Germany (IDW). The beta factor has been calculated by reference to a peer group of comparable European energy companies.

Key value management figures of the MVV Energie Group in %



For the 2013/14 financial year, the subtraction of the WACC before taxes of 7.4 % (previous year: 7.4 %) from the ROCE of 6.8 % (previous year: 8.3 %) produced a negative value spread of -0.6 % (previous year: 0.9 %). This negative value spread is attributable to the lower ROCE figure for the period under report. With our forward-looking investments and by developing innovative solutions, we aim to sustainably increase our adjusted EBIT. Further information about this can be found in the chapter ▶ *Corporate Strategy from Page 48 onwards* and in the ▶ *Outlook from Page 105 onwards*.

RESEARCH AND DEVELOPMENT

The conversion in the German energy system presents energy suppliers with new challenges. The energy supply of the future will be decentralised and will rely on efficient energy solutions. In view of this, companies operating in the industry have to evolve from energy suppliers into energy-related service providers. Falling margins from electricity and gas sales create a need for new business models with innovative products and services. As a forward-looking energy company with a focus on sustainability, MVV Energie is working in its research and development activities as well on enhancing energy efficiency. Here, we are on the lookout for decentralised energy management solutions suitable for mass deployment. Some of the projects we worked on in the 2013/14 financial year and their results are presented below.

MVV Energie cooperates with Intel

Smart, flexible control is one of the prerequisites for a decentralised energy supply to succeed. To investigate possibilities for this kind of control, MVV Energie took part in the "Model City Mannheim" e-energy project. Working in large-scale field trials, this project successfully tested components of a new energy system. In future, MVV Energie and the German subsidiary of the US technology company Intel will be working in a joint project to further promote the development of smart solutions. These will be able to combine various smart home functions – such as cable TV, internet, home security and energy management – in a single device.

Positive results with fuel cell heating appliances

In the "Callux – Practical Trials for House Fuel Cell" project, MVV Energie is working together with well-known energy suppliers and heating appliance manufacturers to develop fuel cell appliances powered by natural gas. This project is being promoted by the Federal Ministry of Transport and Digital Infrastructure. We are positive in our assessment of the development of this high-efficiency heating technology on its way towards market maturity. The technical reliability of the appliances has improved. As the project has progressed, it has also been possible to achieve substantial cost reductions for the appliances and associated services, as well as high levels of customer satisfaction.

Promotion of CHP heating energy

The R&D project “EnEff: Wärme – Inexpensive District Heating Transport for the Effective Expansion of Combined Heat and Power Generation” was completed on 30 June 2014. This project investigated how heating energy generated in an efficient, environmentally-friendly manner at large plants could be economically distributed via transport pipelines. The findings give grounds to expect that a reduction in district heating transport pipeline construction costs will offer supply areas located further away from generation facilities the opportunity to make greater use of heating energy from large CHP plants in future.

Initial results of Smart Grid Integration project

We can draw positive interim conclusions at the end of the first year of the three-year “Smart Grid Integration” (SGI) project. This project is being promoted by the Federal Ministry of Education and Research (BMBF) as part of the “Model Cluster Electro-Mobility South-West”. From the perspective of a grid operator, we aim to optimise the integration of electric vehicles in low-voltage grids. In a first stage, we performed detailed evaluations of future charging requirements and of grid support potential by reference to real operational profiles. In the next stage, we are now compiling concepts for the user-friendly coordination and management of charging processes supported by information and communications technology. In the longer term, the findings of the SGI project will assist us in avoiding critical situations in our distribution grids and in making even more efficient use of electricity from renewable energy sources. The project runs until the end of 2015.

“Electricity Bank” investigates local electricity storage facilities

One of the challenges involved in converting the energy supply is the need to consume electricity from decentralised renewable sources as close as possible to where the energy is generated in order to avoid long transmission routes and ease the strain on grids. The “Electricity Bank” project, which MVV Energie is promoting as consortium leader, is testing the use of a local electricity storage facility that can accept electricity from households with photovoltaic systems and then dispense this as required.

This project is being promoted by the State of Baden-Württemberg. Its aim is to develop business models able, among other factors, to achieve the highest possible rate of proprietary consumption for electricity generated on a decentralised basis.

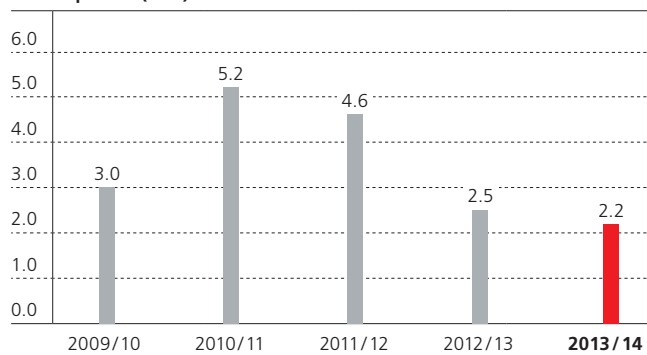
A one-year practical trial was launched in the south of Mannheim in autumn 2014. A number of households with proprietary photovoltaic electricity generation systems have been connected to a local storage facility (“Electricity Bank”). When the participants generate more electricity than they themselves need at the time, then surplus volumes are deposited at the “Electricity Bank”. When their electricity requirements exceed their own generation, however, they can re-access the electricity previously deposited. The practical trial is intended to show whether customers accept this approach and what implications it may have for the electricity grid.

The project partners are Netrion GmbH, MVV Energie’s grid company, the Nürtingen-based company ads-tec and the Institute for Photovoltaics at Stuttgart University.

Research and development expenses

R&D expenses as per IFRS amounted to around Euro 2.2 million in the year under report. Six technology and innovation managers, including engineers, process engineers and electrical engineers, worked for MVV Energie in the period under report. As in the previous year, an additional total of 50 employees from other departments also dedicated a significant portion of their time to the projects.

R&D expenses (IFRS) in Euro million



BUSINESS REPORT

BUSINESS FRAMEWORK

-

Energy Policy Changes

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Key aspects of energy policy for MVV Energie

German energy policy was characterised in the year under report by the discussions surrounding energy policy reforms. Numerous discussion points on national level were supplemented by reform efforts on the part of the EU. MVV Energie actively participates in the energy policy opinion forming process and maintains a dialogue with politicians, scientists and the authorities. The following developments in energy policy and the regulatory framework in particular are highly relevant for the business performance of the MVV Energie Group:

- The Amendment to the German Renewable Energies Act (EEG)
- The ongoing debate concerning supply reliability and capacity markets
- The forthcoming Amendment to the German Combined Heat and Power Generation Act (KWKG).

Amendment to German Renewable Energies Act (EEG) in force

The need to reform the EEG legislation had already been an object of discussion among politicians and the general public for the past two years. At core, the debate involved finding ways to effectively limit the costs associated with converting the German energy system – and thus keep the EEG levy stable and align renewable energies more closely to the market. The first specific result is the EEG Amendment, which took effect on 1 August 2014.

All in all, we expect the measures now laid down in the legislation to lead to greater competition and cost efficiency in the expansion of renewable energies generation. From our perspective, we are clearly positive in our assessment of the EEG Amendment. Many of the regulations we identified in our study “Heading for a Competitive Electricity Market Design for Renewable Energies” and supported in the subsequent debate have been taken up by politicians and can now be found in the legislation. In particular, we see the direct marketing obligation for new renewable energies plants as making sense. Furthermore, we welcome the fact that the

EEG legislation includes an authorisation to introduce an optional direct marketing model, one compatible with European law, as a successor model to the green electricity privilege. Within this kind of alternative direct marketing, subject to specific conditions sellers would have the opportunity to offer electricity products for which the actual source of the electricity is precisely documented.

Some contents of the EEG Amendment are especially significant for MVV Energie – the moderate reduction in onshore wind turbine compensation, the introduction of a so-called “flexible cap” for technologies other than photovoltaics as well, mandatory direct marketing in conjunction with the floating market premium and the medium-term move to auctions that constitute a competitive and cost-efficient subsidy mechanism. We address these points in greater detail below.

A net expansion corridor of 2.4 GW to 2.6 GW a year has been set for **ONSHORE WIND POWER**. This “flexible cap” is intended to achieve a gradual reduction in feed-in compensation while at the same time maintaining the expansion in onshore wind power. This requirement will not result in any significant changes for our locations, as feed-in compensation will mainly be reduced at especially wind locations close to the coast.

The EEG Amendment has introduced mandatory **DIRECT MARKETING** for new plants covered by the EEG. This means that fixed management premiums will no longer be paid for these plants in future. The costs of direct marketing will rather be integrated into the EEG compensation rate. Furthermore, the management premium for existing plants will gradually be reduced from 2015. We welcome this requirement, as it will bring electricity production volumes at renewable energies plants more closely in line with price signals on wholesale markets.

One milestone on the way towards a market-based design for renewable energies subsidies is that, from 2017 onwards, the level of compensation paid for electricity generated from **RENEWABLE ENERGIES** should no longer be set by law, but rather determined in competitive auctions. The specific structure has not yet been laid down. Within a pilot project, the Federal Network Agency will most likely start by tendering open-space solar power systems. The experience gained from this pilot project will then be factored into the future auction design.

Conditions for new **BIOMASS PLANTS** have deteriorated significantly. Compensation for such plants has been reduced and the addition of new capacity has been limited to 100 MW a year. New plants using renewable fuels for generation will find it more difficult to assert themselves in the market. Our existing plants are not affected by this rule.

One major disputed topic in the parliamentary process through to adoption of the EEG Amendment related to the so-called **OWN ELECTRICITY PRIVILEGE**. Previously, renewable energies plant operators were exempt from payment of the EEG levy for self-produced electricity put to own use. Now, the EEG levy has to be paid on a prorated basis for own use electricity at new renewables energies plants and new plants using combined heat and power generation: 30 % of the levy from 1 August 2014, 35 % from 1 January 2016 and 40 % from 1 January 2017. By contrast, own use at all other electricity generation plants requires payment of the full EEG levy. The following groups are exempted from this requirement and thus remain exempt from payment of the EEG levy: very small generators with capacity of up to 10 kW and maximum annual electricity production of 10 MWh and standalone plants, i.e. plants not connected to the grid or that supply themselves completely from renewable energies. Power plant own use, i.e. the electricity used to generate electricity, is also largely exempt. During the legislative process, MVV Energie campaigned against the inclusion of stricter power plant own use rules in the legislation. This would have increased the financial burden on power plants.

To prevent the Federal Government's expansion targets for generation at renewable energies plants working with combined heat and power generation being endangered, powers to enact secondary legislation have been introduced into the German Combined Heat and Power Generation Act (KWKG). These allow combined heat and power generation subsidies to be adapted, thus compensating for the impact of the EEG levy.

Financial market regulation

Directives governing markets in financial instruments came into force on European level on 3 July 2014. The European Parliament adopted the legal texts underpinning MiFID II and MiFIR in April 2014. The MiFID II directive (Markets in Financial Instruments Directive) requires implementation in national law by 3 July 2016. In Germany, this will affect the German Banking Act (KWG) and the German Securities Trading Act (WpHG). The MiFIR regulation (Markets in Financial Instruments Regulation) has already applied directly in all EU member states since 3 July 2014.

As a result of the MiFID amendment, from 3 July 2016 OTC futures for coal and oil will be classified as so-called financial instruments, as will emission rights. These involve transactions directly concluded between market players (OTC = over the counter). Market participants will have to apply the new requirements from the beginning of 2017. The only transactions not covered by MiFID II are physical transactions concluded for electricity and gas. These are covered by the EU's REMIT regulation (Regulation on Wholesale Energy Market Integrity and Transparency), which is intended to avoid market abuse in electricity and gas trading. Moreover, a further category of markets to be supervised has been introduced – so-called Organised Trading Facilities (OTFs).

Furthermore, the exemptions allowing companies to avoid obtaining banking licences have been limited or discontinued. An exemption has been newly included for municipal procurement platforms. MVV Energie may benefit from this. As implementation in national law is still outstanding, the implications of these requirements for MVV Energie cannot yet be stated.

Outstanding political decisions

With the EEG Amendment, the Federal Government has taken a first step towards integrating renewable energies into the market. Preparations have already begun for the next legislative amendments. One key focus involves the specific structure of the auction design used to determine on a competitive basis the level of compensation paid for electricity generated from renewable energies. Furthermore, by 2017 the Federal government must present a new regulation governing the EEG levy exemption for old plants whose current status is protected. This requirement has to be compatible with EU laws on state aid.

Introduction of new market design

Together with the feed-in priority for electricity from renewable energies, the strong expansion in renewable energies in recent years has led wholesale market electricity prices to drop sharply. This has led to a marked decline in the profitability of conventional power plants and the economic viability of CHP power plants in particular. In the year under report, several market players already withdrew conventional electricity generation capacities from the grid. This trend can be expected to continue. Moreover, companies are not investing in new plants, or are postponing their investments indefinitely. High-efficiency conventional power plants will nevertheless be needed to safeguard the energy supply for the foreseeable future – not least because feed-in volumes from renewable energies fluctuate widely. Not only that, the last nuclear power plants have to be decommissioned at the latest in 2022, thus reducing secure output volumes in Germany. To maintain the high level of supply reliability in Germany, we believe it will be necessary in the medium term to create a competitive market design, one not limited to specific technologies, to facilitate the economically viable operation of reserve generation capacities. The Federal Ministry of Economics has announced that it will be presenting suitable proposals in 2015 to address this problem in preparation for the respective legislative process. The Ministry has established an Electricity Market Design Working Group that, among other areas, is investigating the need for a new market design.

Having said this, the government will also have to pursue the other objectives underlying the conversion in the German energy system, such as expanding renewable energies and reducing greenhouse gases. To meet these, due account will have to be taken of suitable instruments, such as EEG legislation and CO₂ trading. From our perspective, a competitive market design not restricted to specific technologies represents the most cost-efficient solution, and one also compatible with the European single market. This design should account for all flexibility and capacity options on both supply and demand sides, such as conventional power plants, renewable energies and electricity storage facilities, as well as so-called demand-side management (DSM), within the secure output volumes available.

Amendment to German Combined Heat and Power Generation Act (KWKG)

The reform of the German Combined Heat and Power Generation Act (KWKG) already initiated by the Federal Ministry of Economics in 2014 represents a further key component in the energy policy framework. The economic situation of most CHP plants has deteriorated significantly since the KWKG Amendment in 2012. From a current perspective, the Federal Government's target of generating 25 % of electricity using CHP by 2020 cannot be met without a further amendment to the KWKG legislation. In our opinion, it is important that the legislation should retain the nature of a technology subsidy, thus rewarding the deployment of efficient technology.

Second regulatory period and incentive regulation evaluation

We have received the official assessment notices for revenue caps for the second regulatory period (gas: 2013 to 2017; electricity: 2014 to 2018). Our Netrion GmbH subsidiary will set its annual grid fees as of 1 January each year on the basis of these assessment notices. Given the efficiency values and based on the assessment notices, unless upstream grid expenses increase substantially revenue caps for both gas and electricity can be expected to reduce slightly in the course of the second regulatory period.

The Federal Network Agency is currently compiling an incentive regulation evaluation report investigating grid operators' investment behaviour, among other areas. This report has to be submitted to the Federal Ministry of Economics and Energy by the end of the 2014 calendar year. Having collected large volumes of data, the authority has already presented initial insights and theses at several workshops and discussed these with participants from various industries. The specific structure of the recommendations that the Federal Network Agency will ultimately make to the Federal Ministry of Economics is not yet apparent.

Market Climate and Competition

German economic growth slows

German economic growth slowed as the year under report progressed. According to the Economic Barometer compiled by the German Institute for Economic Research in Berlin (DIW Berlin) dated 30 September 2014, real-term gross domestic product (GDP) grew by 0.4 % in the final quarter of 2013 (October to December 2013) compared with the previous quarter. Following greater economic momentum in the 1st quarter of 2014 (January to March 2014), in which growth reached 0.7 %, GDP then contracted by 0.2 % in the 2nd quarter of 2014 (April to June 2014). DIW Berlin has forecast slight growth of 0.2 % once again for the 3rd quarter of 2014.

In their Autumn Survey dated 9 October 2014, leading economic research institutes forecast year-on-year economic growth of 1.3 % for Germany in 2014 as a whole. In spring 2014, the experts had still predicted growth of 1.9 %. However, consumer confidence has deteriorated as the year has progressed and companies are holding back investments. Not only that, foreign demand is also weak.

Mild weather influences energy consumption

Mild weather in the winter of 2013/14 led to a year-on-year reduction in gas and electricity consumption in Germany in the period from January to September 2014. Based on preliminary figures from the Association of the German Energy and Water Industries (BDEW), gas and electricity consumption fell by 18 % and 4 % respectively. Competition on the electricity and gas markets has intensified even further. According to the BDEW (status: October 2014), the national average rate of private customers switching supplier amounted to 36 % for electricity (previous year: 33 %) and 28 % for gas (previous year: 26 %).

Renewables share of German electricity generation rises to 28 %

Based on BDEW figures, the share of electricity generation attributable to renewable energies surged to a record figure of 28 % in the first nine months of 2014 (previous year: 25 %). Electricity generation volumes grew by 15.5 % in the case of wind turbines and 14.7 % for photovoltaics systems, while biomass plants reported 4.9 % growth. Wind power thus accounted for 8.5 % of electricity generation, while photovoltaics contributed 7.0 % and biomass 7.3 %.

Electricity generation volumes from conventional and nuclear plants moved in different directions. The share of electricity generation attributable to natural gas fell to 9.6 % (previous year: 10.6 %), while hard coal power plants contributed 17.2 % to total electricity generation volumes (previous year: 19.5 %).

Nuclear power's share rose to 15.5 % (previous year: 15.1 %), while at 25.7 % the share attributable to lignite power plants remained unchanged on the previous year.

Mixed developments in wholesale prices

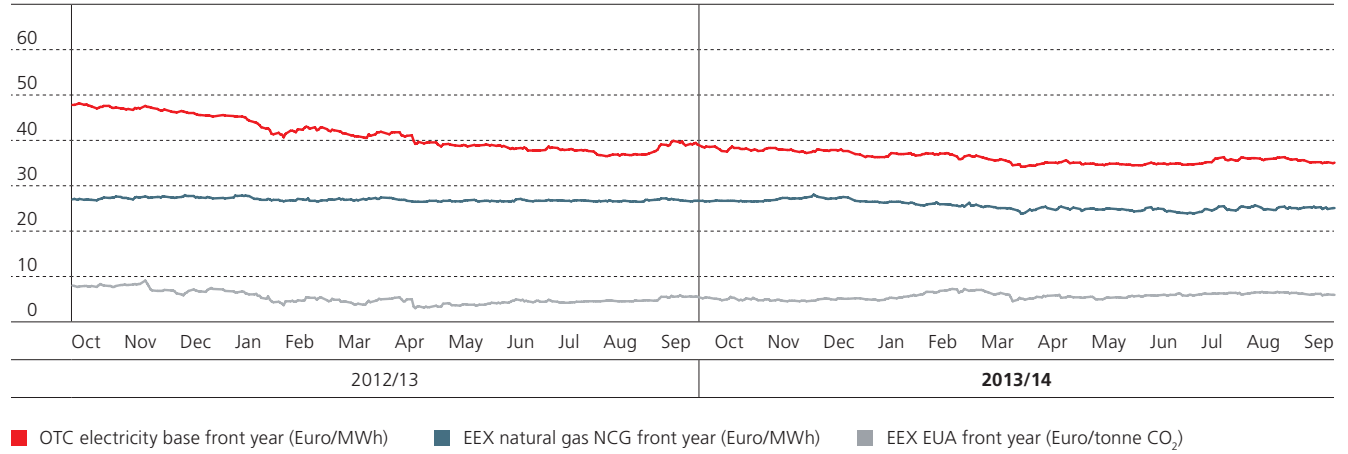
Energy prices showed mixed developments in the course of the year under report. Wholesale oil and gas prices witnessed only minimal changes compared with the previous year. Wholesale coal and electricity prices fell significantly. By contrast, emission prices increased, albeit only marginally.

Listed prices for **BRENT CRUDE OIL** for supply in the following month (front month) ranged between US\$ 94.67 and US\$ 115.06 per barrel in the 2013/14 financial year. At US\$ 107.63, the average price per barrel in the year under report was US\$ 1.26 lower than the previous year's figure of US\$ 108.89. The market witnessed relatively little movement through to mid-June. In terms of their impact, growth in demand in China and the US Federal Reserve exiting its bond purchase program (QE3) more or less cancelled each other out. The oil price fell consistently in the final quarter of our 2013/14 financial year. This was due to rising production volumes accompanied by declining demand.

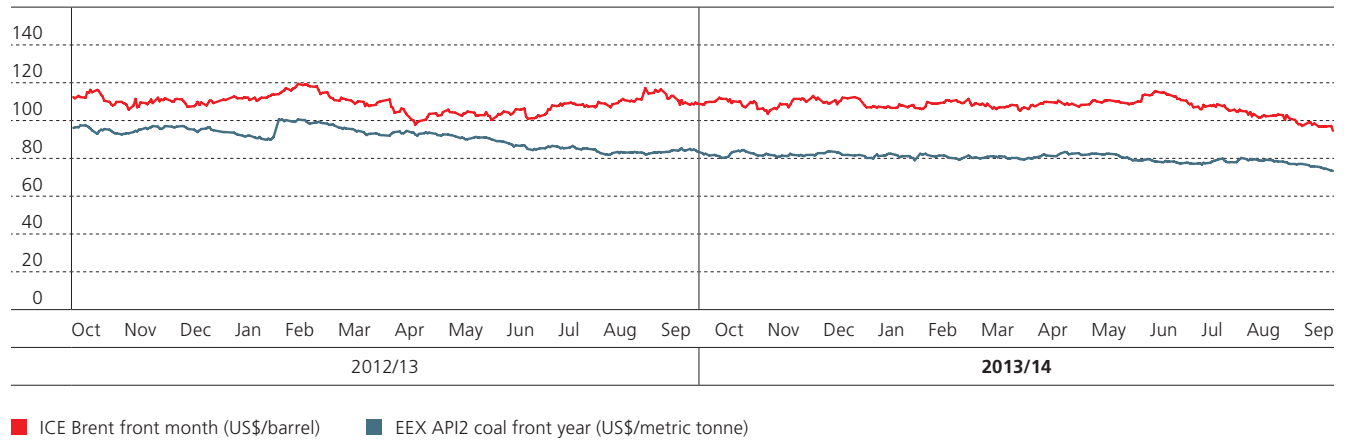
NATURAL GAS PRICES for the front year product in the Net-Connect Germany (NCG) market region were listed at an average of Euro 25.40/MWh in the year under report, and thus Euro 1.43/MWh lower than in the previous year. The gas market was influenced by the mild winter and the conflict in Ukraine. Due to low gas consumption in the winter of 2013/14, gas storage facilities were unusually full at the end of the winter. The resultant low level of demand for incoming storage volumes led to falling prices. Having said this, the negative news surrounding the situation in Ukraine repeatedly triggered brief price spikes. However, these upward surges had no lasting impact on the overall downward trend. Prices ultimately recovered slightly in the 4th quarter of the year under report.

The average front year price for **BASE LOAD ELECTRICITY** amounted to Euro 35.81/MWh in the year under report, 13.2 % lower than in the previous year. This reduction was driven by the developments both in coal prices and on the spot market for electricity, which in turn was chiefly influenced by solar and wind power feed-in volumes.

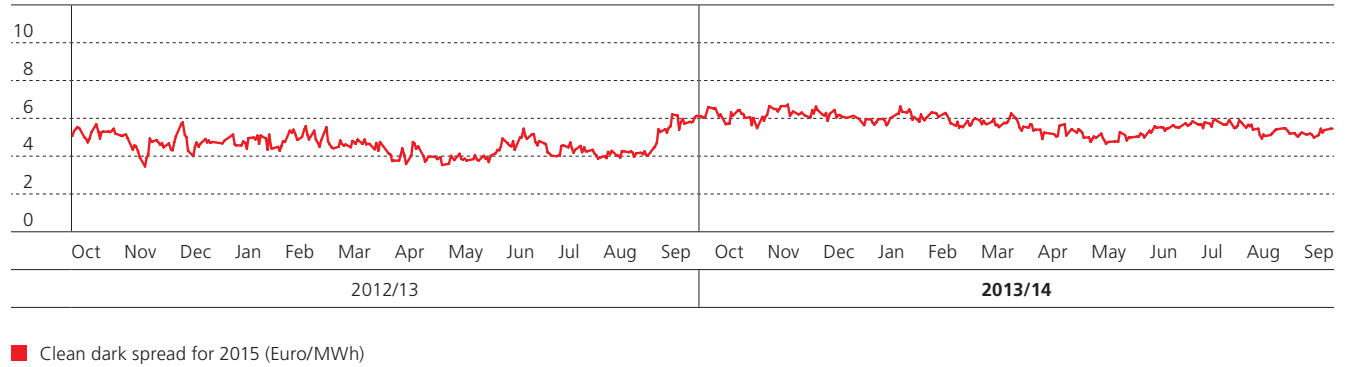
Development in wholesale market prices for electricity, gas and CO₂ rights (Euro)



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



Development in clean dark spread for 2015 (Euro)



The downward trend seen in **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\$ 10.67 to US\$ 80.84. The price weakness was driven above all by surplus coal capacity and declining demand for coal given the mild winter and greater electricity generation from renewable energies. The political efforts being made by the Chinese and Indian governments in terms of new targets for their energy sectors created further pressure on the global coal market, thus also leading to a decline in prices on the European coal market.

EMISSION RIGHT prices per tonne of CO₂ for supply in the following year averaged Euro 5.54 in the year under report, thus rising by Euro 0.36 compared with the previous year. In the year under report, the emission rights market was still mainly influenced by political factors. The consistent rise in prices since spring 2013 was driven in particular by the ongoing topic of backloading. The possibility of postponing the auction of a further 900 million rights was discussed. Backloading was then decided by the EU states at the beginning of 2014. This led to a temporary shortage in emission rights, thus supporting prices.

The **CLEAN DARK SPREAD**, i.e. the margin from generating electricity from hard coal, fluctuated only marginally and persisted at a very low level. In view of this situation, it is currently not possible to operate hard coal power plants in Germany on a profitable basis.

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 in the conversion of energy generation along ecological lines. In Germany, the MVV Energie Group generated 23 % of its total electricity using renewable energies and 28 % using the efficient CHP process in the 2013/14 financial year. Together, renewable energies and CHP accounted for a 51 % share of our generation. By comparison, the preliminary national average for 2013 amounts to 41 %.

In the **DIRECT MARKETING OF ELECTRICITY FROM RENEWABLE ENERGIES** within the market premium model, MVV Energie had generation plants based on renewable energy sources with a capacity of 2 600 MW under contract at the end of the year under report. We are the market leader in the direct marketing of photovoltaics systems. The capacity we market now amounts to 1 330 MW.

Our Group is also one of the market leaders in Germany when it comes to **GENERATING ENERGY FROM BIOMASS**. Our MVV Umwelt GmbH and MVV Enamic GmbH subsidiaries operate a total of 16 biomass and biogas plants, at which 337 million kWh of electricity and 259 million kWh of heating energy were generated in the year under report.

With **DISTRICT HEATING TURNOVER** of 5.7 billion kWh in the year under report, our group of companies is one of Germany's largest district heating providers.

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

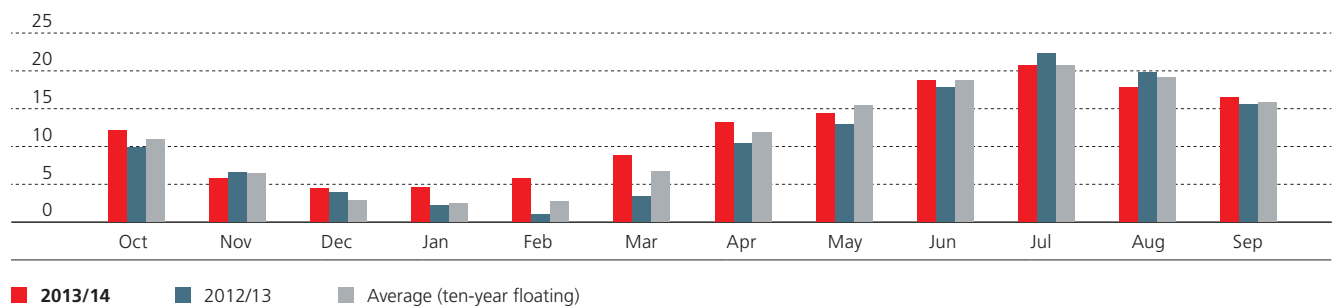
Our MVV Energie CZ a.s. subgroup operates at 13 locations in the **CZECH HEATING ENERGY MARKET** and has an incineration capacity of around 0.1 million tonnes a year.

Impact of Weather Conditions

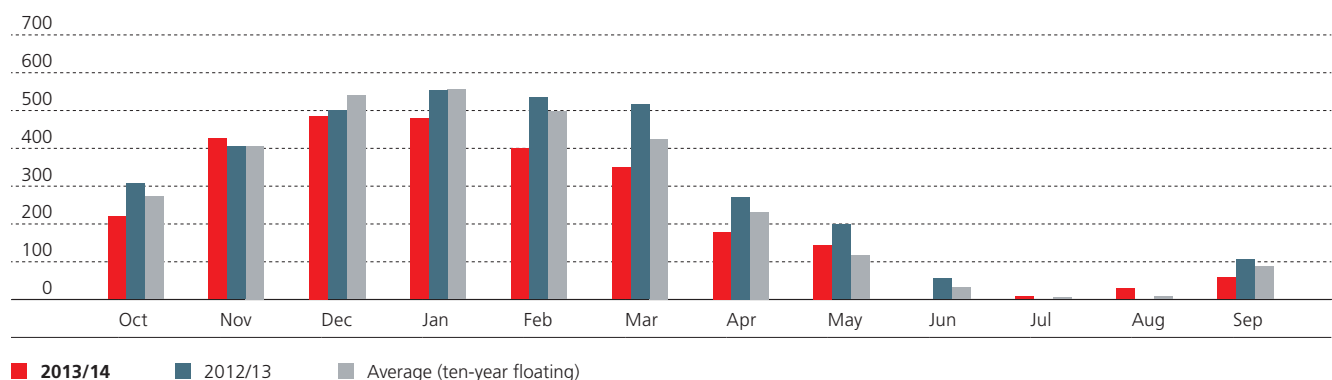
The MVV Energie Group's business performance is significantly influenced by weather conditions in the winter months. We use the degree day figure as an indicator of our customers' temperature-based heating energy consumption. Low outdoor temperatures lead to high degree day figures, with these in turn 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 189](#). High temperatures and low volumes of precipitation in the summer months benefit our water turnover. However, this factor is less significant for our group earnings than the district heating and gas businesses.

The year under report was characterised by persistently mild weather conditions, especially in the winter months. The months of December 2013 through to April in 2014 in particular witnessed high temperatures above their respective seasonal averages. This contrasted with the unusually cold weather conditions in the previous year's heating period. Overall, with a cumulative total of 18 954 the degree day figures for our group of companies in the year under report were 18% lower than the high comparative figure of 22 979 for the previous year. The charts below show the monthly degree day figures, based on mean daily outdoor temperatures, for our Mannheim location.

Average daily outdoor temperature in °Celsius



Degree day figures



BUSINESS PERFORMANCE

Comparison of Actual and Forecast Business Performance

	FORECAST 2013/14	RESULTS IN 2013/14	OUTLOOK
Electricity turnover Electricity sales and marketing	Further expansion in nationwide electricity sales to industrial and commercial customers and direct marketing; opposing items due to increasing competition and growing impact of energy efficiency measures	10% decline in electricity turnover due in particular to lower electricity trading volumes in the Trading and Portfolio Management reporting segment; positive development in direct marketing of electricity from renewable energies	Further expansion in nationwide sales activities and direct marketing; opposing items due to increasing competition and growing impact of energy efficiency measures →
Heating energy turnover Heating energy sales and marketing	Dependent on weather conditions; positive impact of expansion in district heating grids at all locations and new customer business	13% decline in heating energy turnover due above all to unusually mild weather conditions in winter 2013/14	Dependent on weather conditions; positive impact of expansion in district heating grids at all locations and from new customer business ↗
Gas turnover Gas sales and marketing	Dependent on weather conditions; ongoing active management of gas portfolio; expansion in nationwide gas sales	8% decline in gas turnover due in particular to lower gas trading volumes and weather-related volume losses in end customer business	Dependent on weather conditions; expansion in gas sales activities; opposing items due to increasing competition and growing impact of energy efficiency measures; active management of gas portfolio, taking due account of changing market liquidity and ongoing low market prices ↘
Water turnover Water sales and marketing	Dependent on weather conditions and progress in household appliance efficiency; overall ongoing downward trend in water turnover	Water turnover approximately at previous year's level	Dependent on weather conditions and household appliance efficiency enhancements; overall downward trend in water turnover ↘
Expansion in renewable energies and combined heat and power generation	Implementation of growth projects leads to further increase in share of renewable energies and combined heat and power generation in our electricity generation from 2013/14 financial year and in particular from 2014/15: <ul style="list-style-type: none"> • under construction: energy from waste plant in Plymouth, biomass power plant at Ridham Dock • in planning: further wind farms, further biomethane plants 	Renewable energies and combined heat and power generation account for 51% share of electricity generation; operations launched at EVO wind turbines on Hungerberg and biomethane plant in Kroppenstedt	Implementation of growth projects leads to further increase from 2014/15 financial year: <ul style="list-style-type: none"> • under construction: energy from waste plant in Plymouth, biomass power plant at Ridham Dock, Stassfurt biomethane plant Further expansion in renewable energies ↗

	FORECAST 2013/14	RESULTS IN 2013/14	OUTLOOK
Sales performance	Forecast adjusted after 1 st half of 2013/14: sales approximately at previous year's level	At Euro 3.8 billion, sales down on previous year (Euro 4.04 billion)	Moderate growth compared with 2013/14 financial year →
Adjusted EBIT	Forecast specified after 1 st nine months of 2013/14: adjusted EBIT between Euro 170 million and Euro 175 million	Adjusted EBIT of Euro 173 million	Adjusted EBIT between Euro 180 million and Euro 195 million; dependent on weather conditions →
Adjusted earnings per share	Reduction	At Euro 1.29, adjusted earnings per share unchanged on previous year	Increase compared with 2013/14 financial year →
Cash flow from operating activities	Further improvements in working capital	Increase to Euro 418 million (previous year: Euro 372 million) due in particular to improvement in working capital	Stable development in working capital →
Adjusted equity ratio	High share of debt-financed projects within growth programme reduces equity ratio: target ratio > 30 %	Increase in adjusted equity ratio to 35.1 % (previous year: 34.5 %)	High share of debt-financed projects within growth programme continues to impact on equity ratio: target ratio > 30 % →
Net financial debt	Higher level expected due to primarily debt-financed investments	Reduction in net financial debt to Euro 1.09 billion (previous year: Euro 1.11 billion)	Higher level expected due to primarily debt-financed investments →
ROCE	We do not yet expect to see any improvement in the 2013/14 financial year; return negatively affected by market climate and upstream costs of growth investments; improvement from 2014/15 financial year	Reduction in ROCE to 6.8 % (previous year: 8.3 %)	No improvement compared with 2013/14 financial year →
Investments	Total investments of Euro 450 million planned in 2013/14 financial year	Total investments of Euro 321 million in 2013/14 financial year	Total investments of around Euro 500 million planned in 2014/15 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	At 5 445 employees, total number of employees at 30 September 2014 at approximately previous year's level (5 459 employees)	Reduction in personnel totals due to ongoing implementation of group programmes through to 2020 Opposing item: rising staff totals in growth fields →

Earnings Performance

Sales performance

The **SALES** of the MVV Energie Group excluding energy taxes fell year-on-year by Euro 251 million to Euro 3 793 million in the year under report (1 October 2013 to 30 September 2014). This corresponds to a 6 % reduction. Of consolidated sales for the 2013/14 financial year, 98 % were generated in Germany and 2 % in the international business.

Alongside the sales performance of our reporting segments, the following table also presents the sales generated with our core products of electricity, heating energy, gas and water.

Sales of the MVV Energie Group excluding energy taxes from 1 October to 30 September

Euro million	2013/14	2012/13	% change
Generation and Infrastructure	403	390	+3
Trading and Portfolio Management	910	1 054	-14
Sales and Services	2 278	2 356	-3
Strategic Investments	198	243	-19
Other Activities	4	1	> +100
Total	3 793	4 044	-6
of which electricity sales	2 224	2 322	-4
of which heating energy sales	387	449	-14
of which gas sales	774	860	-10
of which water sales	100	97	+3

Driven largely by the expansion in our wind power portfolio, sales in the **GENERATION AND INFRASTRUCTURE** reporting segment grew year-on-year by Euro 13 million (+3 %) to Euro 403 million in the 2013/14 financial year.

Sales in the **TRADING AND PORTFOLIO MANAGEMENT** reporting segment fell by Euro 144 million (-14 %) to Euro 910 million in the year under report. This reduction was chiefly due to lower electricity trading volumes. While gas trading volumes were ahead of the previous year's figures through to the end of the 3rd quarter of 2013/14, the 4th quarter witnessed a significant reduction in the scope of gas portfolio management. As a result, gas trading volumes for the year under report as a whole showed a year-on-year decline.

At Euro 2 278 million, sales in the **SALES AND SERVICES** reporting segment fell Euro 78 million (-3 %) short of the previous year's figure in the 2013/14 financial year. In this reporting segment, we managed to limit the impact of weather-related volume losses in the district heating and gas business with end customers and of ongoing tough competition – on the one hand with sales-effective price adjustments and on the other with higher sales from directly marketing renewable energies electricity for third parties within the market premium model.

The reduction in sales in the **STRATEGIC INVESTMENTS** reporting segment by Euro 45 million (-19 %) to Euro 198 million in the year under report was attributable in part to the sale of a Czech company at the end of the 2012/13 financial year. Not only that, mild weather conditions in the heating period and volume losses at Stadtwerke Ingolstadt also contributed to the downturn in sales.

Development in turnover

We report on the development in our turnover by reference to individual products. We allocate the electricity, heating energy, gas and water volumes to reporting segments in line with their respective value chain stage.

Electricity turnover of the MVV Energie Group from 1 October to 30 September

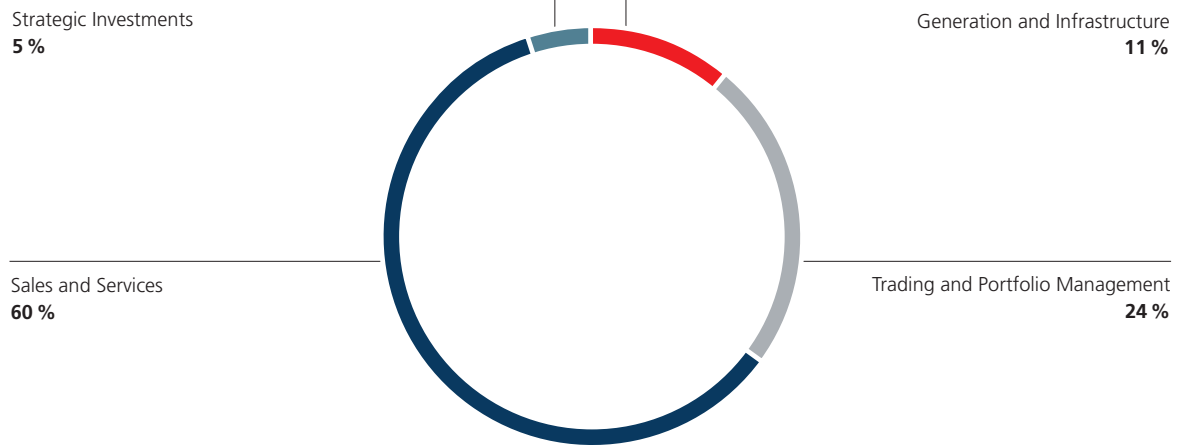
kWh million	2013/14	2012/13	% change
Generation and Infrastructure	142	61	> +100
Trading and Portfolio Management	11 950	14 489	-18
Sales and Services	10 678	10 733	-1
Strategic Investments	418	534	-22
Total	23 188	25 817	-10

Overall, electricity turnover fell year-on-year by 10 % in the year under report. This reduction was mainly attributable to lower electricity trading volumes at MVV Trading GmbH.

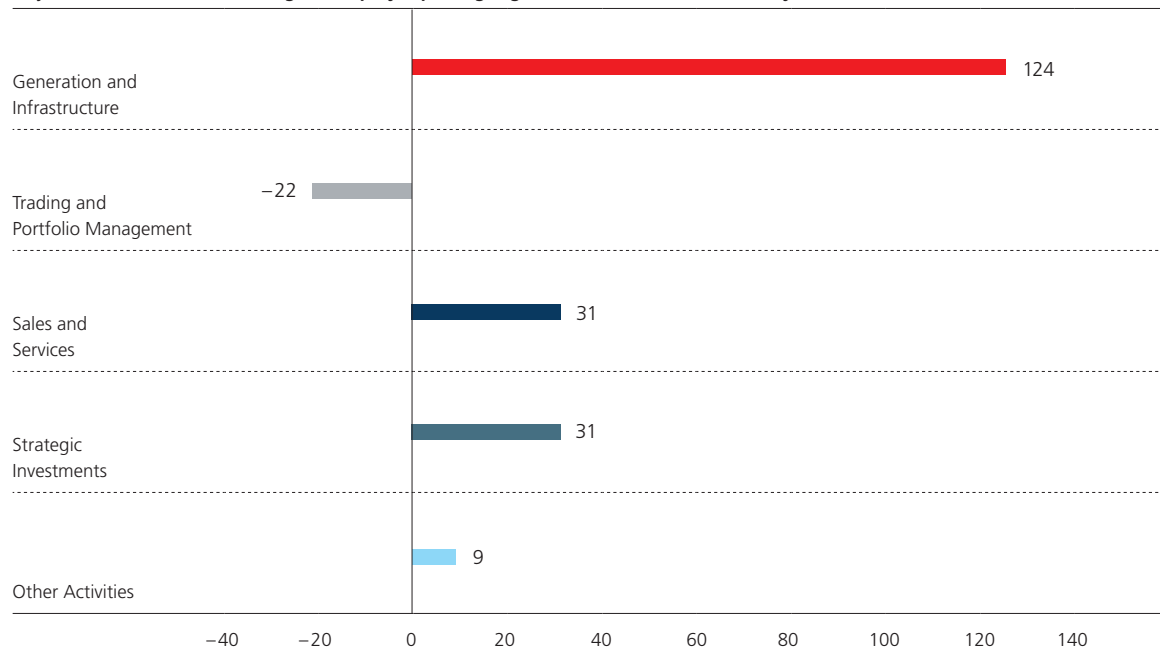
Alongside conventional electricity generation, the Generation and Infrastructure reporting segment also includes the share of electricity generated by our wind turbines that is marketed to third parties (external turnover), as well as the electricity generated at MVV Umwelt GmbH. The increase in electricity turnover by more than 100 % in the Generation and Infrastructure reporting segment in the 2013/14 financial year particularly reflects the higher electricity generation volumes in our expanded wind power portfolio.

Our wind turbine electricity generation volumes are not only marketed to third parties, but are increasingly also directly marketed via group-internal contract partners, such as the sales departments at MVV Energie AG and Energieversorgung Offenbach AG. The sales department at MVV Energie AG handles its direct marketing business for both group-internal and third-party renewable energies plants via MVV Trading GmbH. While the direct marketing business at MVV Trading developed positively compared with the previous year, electricity trading volumes decreased. Overall, this led to an 18 % reduction in electricity turnover at the Trading and Portfolio Management reporting segment compared with the previous year.

Sales of the MVV Energie Group excluding energy taxes by reporting segment in the 2013/14 financial year



Adjusted EBIT of the MVV Energie Group by reporting segment in the 2013/14 financial year (Euro million)



Electricity turnover in the Sales and Services reporting segment, which showed only a slight year-on-year decline of 1 %, was influenced by opposing developments. The increase in electricity turnover with industrial and commercial customers/secondary distributors was insufficient to offset the reductions with private and business customers and in the industrial park business. The downturn in turnover with private and business customers mainly resulted from the sale of our SECURA Energie subsidiary to LichtBlick SE in the 4th quarter of 2013/14, as well as from increasingly tough competition.

Due in particular to turnover losses at Stadtwerke Ingolstadt, electricity turnover in the Strategic Investments reporting segment fell by 22 % in the year under report.

Heating energy turnover of the MVV Energie Group from 1 October to 30 September

kWh million	2013/14	2012/13	% change
Generation and Infrastructure	496	402	+ 23
Trading and Portfolio Management	—	—	—
Sales and Services	5 076	5 901	– 14
Strategic Investments	925	1 207	– 23
Total	6 497	7 510	– 14

Heating energy turnover fell year-on-year by 14 %. The weather-related downturn in district heating volumes is reflected above all in the Sales and Services and Strategic Investments reporting segments. The 23 % increase in the Generation and Infrastructure reporting segment was due in particular to our non-recyclable waste incineration and energy generation plant in Leuna (TREA). Since mid-2014, this plant has produced not only electricity, but also process steam. This is supplied to the InfraLeuna chemicals industry park operator for distribution to on-site customers.

Gas turnover of the MVV Energie Group from 1 October to 30 September

kWh million	2013/14	2012/13	% change
Generation and Infrastructure	103	60	+ 72
Trading and Portfolio Management	15 640	16 313	– 4
Sales and Services	6 393	7 482	– 15
Strategic Investments	939	1 223	– 23
Total	23 075	25 078	– 8

At 23 075 million kWh, gas turnover fell 8 % short of the previous year's figure in the 2013/14 financial year. This reduction was principally due to lower gas trading volumes at MVV Trading GmbH and weather-related volume losses in the end customer business.

While gas trading volumes were ahead of the previous year's figures through to the 3rd quarter of 2013/14, the 4th quarter witnessed a significant reduction in portfolio management. As a result, gas turnover in the Trading and Portfolio Management reporting segment declined by 4 % in the year under report as a whole.

The figure for the Generation and Infrastructure reporting segment represents gas turnover at our two biomethane plants in Saxony-Anhalt. The 72 % year-on-year growth here is due to the fact that our second biomethane plant has only fed biomethane into the public natural gas grid since the 2nd quarter of 2013/14.

Mild weather conditions and competition-related volume losses led gas turnover in the Sales and Services and Strategic Investments reporting segments to reduce by 15 % and 23 % respectively compared with the previous year.

Water turnover of the MVV Energie Group from 1 October to 30 September

m ³ million	2013/14	2012/13	% change
Generation and Infrastructure	—	—	—
Trading and Portfolio Management	—	—	—
Sales and Services	46.2	46.2	0
Strategic Investments	0.9	1.2	– 25
Total	47.1	47.4	– 1

At 47.1 million m³, water turnover virtually matched the previous year's figure in the 2013/14 financial year.

Combustible waste delivered at the MVV Energie Group from 1 October to 30 September

tonnes 000s	2013/14	2012/13	% change
Generation and Infrastructure	1 587	1 594	0
Trading and Portfolio Management	—	—	—
Sales and Services	155	154	+ 1
Strategic Investments	123	140	– 12
Total	1 865	1 888	– 1

In the year under report, the volume of waste and timber delivered almost matched the previous year's figure.

The volume of combustible waste delivered in the Generation and Infrastructure reporting segment hardly changed compared with the previous year. Capacity utilisation rates at the energy from waste plants at our Mannheim and Leuna locations and at our biomass power plants fired by waste timber in Mannheim and Königs Wusterhausen are managed by MVV Umwelt Ressourcen GmbH, which deploys a materials flow management system to this end.

The volume of waste and timber delivered in the Strategic Investments reporting segment fell by 12 %. This was mainly due to a weather-related decline in district heating requirements, which led to a year-on-year reduction in timber deliveries at our Czech subsidiary IROMEZ.

Development in further key items in the income statement

The International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRS IC) have amended some existing and adopted some new standards and interpretations requiring first-time mandatory application in the 2013/14 financial year. Among others, from 1 October 2013 MVV Energie AG made first-time application of the standard IAS 19 "Employee Benefits" as revised by the IASB in June 2011. This revised standard required retrospective application, as a result of which the comparative figures were adjusted accordingly. As MVV Energie AG already recognised all of its actuarial gains and losses under other comprehensive income (OCI) within equity since the previous year, the discontinuation of the option in the revised standard did not have any implications for the consolidated financial statements. Further information about the amendments can be found in the ▶ *Notes to Consolidated Financial Statements from Page 117 onwards*.

COST OF MATERIALS reduced by 6 % to Euro 3 064 million in the year under report and thus developed in line with sales.

At Euro 334 million, **ADJUSTED EMPLOYEE BENEFIT EXPENSES** were more or less at the previous year's level in the 2013/14 financial year. The increase in employee compensation – mainly resulting from collectively agreed pay rises – was offset by lower allocations to provisions for early retirement. Further information about the development in personnel totals can be found in the chapter ▶ *Sustainability on Pages 89 and 91*.

Excluding IAS 39 measurement items, **OTHER OPERATING INCOME** reduced year-on-year by Euro 12 million to Euro 85 million. This was largely due to lower reversals of provisions.

OTHER OPERATING EXPENSES, also excluding IAS 39 items, fell year-on-year by Euro 11 million to Euro 188 million in the 2013/14 financial year. This in turn was mainly due to structural changes in the recognition of individual expense items.

In the income statement, IAS 39 measurement items are included under other operating income and other operating expenses. Their net balance resulted in a positive net measurement item of Euro 24 million in the year under report, thus contrasting with a negative measurement item of Euro –3 million in the previous year. IAS 39 items reflect the development in market prices on the commodities and energy markets. As of 30 September 2014, market prices were higher than when the respective hedging transactions were concluded. IAS 39 measurement has no impact on payments, neither does it affect the key figures relevant to corporate management or the dividend.

At Euro 165 million, **DEPRECIATION** was Euro 3 million lower than the previous year's figure in the 2013/14 financial year. This was due on the one hand to asset retirements in the period under report and on the other to the fact that a large share of the investments made relates to assets still under construction and therefore not yet eligible for depreciation.

Reconciliation with adjusted EBIT

In our value-based internal management we refer to adjusted EBIT. This key operating earnings figure before interest and taxes on income is calculated by eliminating the positive and negative earnings items resulting from fair value measurement of financial derivatives as of the reporting date pursuant to IAS 39. These amounted to a net total of Euro 24 million (earnings addition) as of 30 September 2014 and to Euro –3 million (earnings deduction) as of 30 September 2013. Furthermore, we eliminate the item of Euro –2 million resulting both in the year under report and in the previous year from the adjusted accounting treatment of the provision for part-time early retirement (on account of the amendment in IAS 19 "Employee Benefits").

Due to the amendment to IAS 19 "Employee Benefits", the restructuring expenses reported in the income statement in the previous year also changed from Euro –7 million to Euro –11 million. We have also eliminated this item. 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 for the 2013/14 financial year with the more meaningful adjusted EBIT figure.

Reconciliation of EBIT (income statement) with adjusted EBIT from 1 October to 30 September

Euro million	2013/14	2012/13	+/- change
EBIT as reported in income statement ¹	191	210	– 19
Financial derivatives measurement item	– 24	+ 3	– 27
Structural adjustment for part-time early retirement ¹	+ 2	+ 2	0
Restructuring expenses ¹	—	– 11	+ 11
Interest income from finance leases	+ 4	+ 4	0
Adjusted EBIT	173	208	– 35

¹ previous year's figures adjusted

Earnings performance

At Euro 173 million, **ADJUSTED EBIT** for the 2013/14 financial year fell Euro 35 million short of the previous year's figure. This 17 % reduction in earnings was due to the difficult energy industry framework and unusually mild weather in the year under report, especially in the winter months.

Adjusted EBIT of the MVV Energie Group by reporting segment from 1 October to 30 September

Euro million	2013/14	2012/13	+/- change
Generation and Infrastructure	124	149	-25
Trading and Portfolio Management	-22	-16	-6
Sales and Services	31	40	-9
Strategic Investments	31	32	-1
Other Activities ¹	9	3	+6
Total	173	208	-35

¹ previous year's figure adjusted

Adjusted EBIT in the Generation and Infrastructure reporting segment fell year-on-year by 17 %. The positive earnings contributions from our new wind turbines and our new biomethane plant were insufficient to offset charges on earnings resulting from lower electricity and waste prices. Earnings in the Trading and Portfolio Management reporting segment fell 38 % short of the previous year's figure. This was chiefly due to the persistently low margin achieved from generating electricity from hard coal (clean dark spread). Earnings were also adversely affected by the fact that CO₂ emission rights, previously allocated free of charge, have had to be acquired in full since January 2013. The 23 % and 3 % reductions in earnings in the Sales and Services and Strategic Investments reporting segments respectively were mainly due to weather conditions.

The **ADJUSTED FINANCIAL RESULT**, i.e. the net balance of financing expenses and financing income, improved year-on-year from Euro -65 million to Euro -44 million. This development was chiefly due to higher financing income in the period under report. This resulted in particular from currency translation in connection with the financing of our two UK construction projects.

Net of the adjusted financial result, **ADJUSTED EBT** for the 2013/14 financial year amounted to Euro 130 million (previous year: Euro 143 million). The tax rate based on adjusted EBT for the 2013/14 financial year amounted to 28.9 % (previous year: 29.2 %).

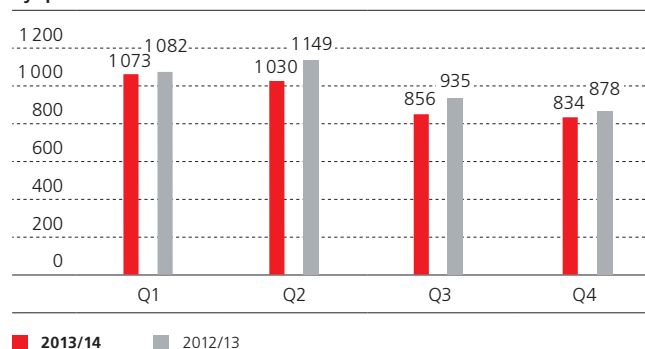
Adjusted taxes on income amounted to Euro 38 million in the year under report (previous year: Euro 42 million). Net of these taxes, the **ADJUSTED ANNUAL NET INCOME** for the 2013/14 financial year amounted to Euro 92 million (previous year: Euro 101 million).

Due to the downturn in earnings at Energieversorgung Offenbach and Stadtwerke Kiel, the adjusted share of earnings attributable to minority interests fell year-on-year from Euro 16 million to Euro 7 million. Net of this item, the MVV Energie Group reported **ADJUSTED ANNUAL NET INCOME AFTER MINORITY INTERESTS** of Euro 85 million for the 2013/14 financial year (previous year: Euro 85 million). Calculated on this basis, and given an unchanged total of 65.9 million shares, **ADJUSTED EARNINGS PER SHARE** amounted to Euro 1.29 and thus matched the previous year's figure. An overview of the adjusted key earnings figures can be found under ▶ *Key Figures in the cover of this Annual Report.*

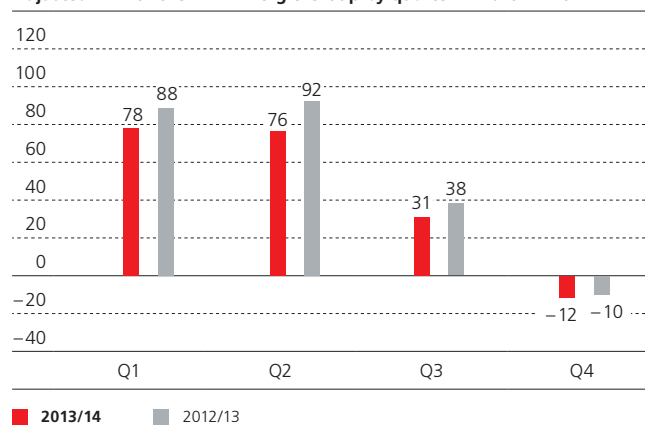
Quarterly sales and earnings performance

The following charts show the quarterly performance in the sales excluding energy taxes and adjusted EBIT of the MVV Energie Group. Our consolidated sales and operating earnings are usually 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 tend to group maintenance and inspection measures in the 4th quarter.

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

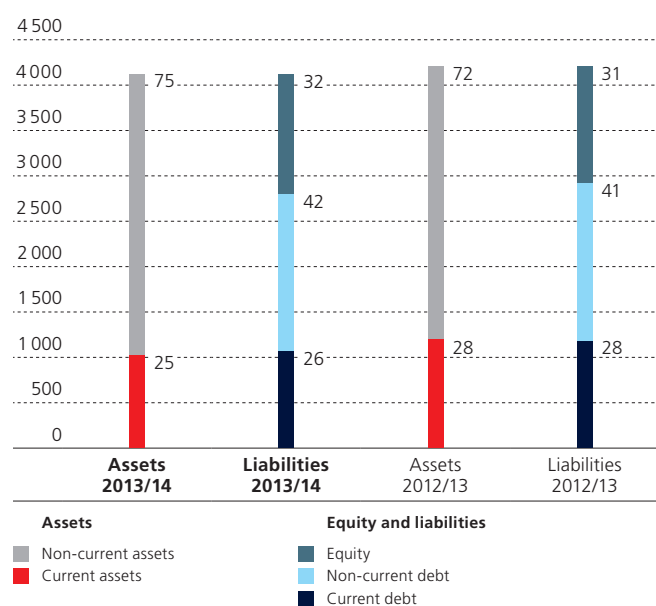


Adjusted EBIT of the MVV Energie Group by quarter in Euro million



Net Asset Position

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



Balance sheet development

The International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRS IC) have amended some existing and introduced some new standards and interpretations. Detailed information about the amended standards can be found in the ▶ *Notes to Consolidated Financial Statements from Page 117 onwards.*

The **TOTAL ASSETS** of the MVV Energie Group amounted to Euro 4.14 billion as of 30 September 2014 and thus decreased by Euro 98 million compared with the previous year's balance sheet date.

On the asset side, **NON-CURRENT ASSETS** rose to Euro 3.11 billion, up Euro 79 million compared with 30 September 2013. Property, plant and equipment grew by Euro 111 million to Euro 2.59 billion, equivalent to around 63 % of total assets (30 September 2013: 58 %).

Non-current other receivables and assets decreased by Euro 43 million to Euro 74 million. This was mainly due to the reduction in market prices and associated decline in the fair values of energy trading transactions recognised under IAS 39. Non-current other financial assets fell by Euro 18 million to Euro 69 million, a development chiefly due to the expiry of contracting agreements and resultant sale of leasing assets.

CURRENT ASSETS fell to Euro 1.03 billion, down Euro 177 million compared with 30 September 2013. As of 30 September 2014, they thus accounted for a 25 % share of total assets (30 September 2013: 28 %).

Trade receivables totalled Euro 386 million as of 30 September 2014. This reduction by Euro 75 million compared with the previous year was attributable to improved working capital management. Current other receivables and assets fell to Euro 190 million, down Euro 61 million compared with 30 September 2013. This was due on the one hand to lower fair values of energy trading transactions recognised under IAS 39 and on the other to the reduction in our gas portfolio management. Receivables from security deposits to reduce counterparty risk were reported at Euro 55 million as of 30 September 2014 (30 September 2013: Euro 70 million). Cash and cash equivalents decreased to Euro 371 million as of 30 September 2014, down Euro 48 million compared with 30 September 2013. This reduction was chiefly due to the repayment of a promissory note loan.

On the liabilities side of the balance sheet, the **EQUITY** of the MVV Energie Group including non-controlling interests changed only slightly. As of 30 September 2014, this item amounted to Euro 1.34 billion, as against Euro 1.30 billion as of 30 September 2013.

For Group management purposes, we 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 2014, these amounted to Euro 154 million (30 September 2013: Euro 202 million). On the equity and liabilities side, we eliminate negative fair values and allocable deferred taxes from liabilities. As of 30 September 2014, these amounted to Euro 216 million (30 September 2013: Euro 290 million). We eliminate the resultant net balance of Euro – 62 million as of 30 September 2014 under equity (30 September 2013: Euro –88 million). Calculated on this adjusted basis, adjusted equity amounted to Euro 1.40 billion as of 30 September 2014, compared with Euro 1.39 billion as of 30 September 2013. As a percentage of the adjusted total assets of Euro 3.99 billion (30 September 2013: Euro 4.04 billion), the adjusted equity ratio amounted to 35.1 % as of 30 September 2014, as against 34.5 % as of 30 September 2013.

At Euro 1.75 billion, **NON-CURRENT DEBT** was at the same level as at 30 September 2013. Non-current other liabilities reduced by Euro 78 million, a development due above to the lower level of market prices and resultant reduction in fair values of energy trading transactions recognised under IAS 39.

CURRENT DEBT decreased to Euro 1.05 billion, down Euro 130 million compared with 30 September 2013. Largely as a result of the repayment of a promissory note loan, current financial debt dropped by Euro 121 million. The reduction in current other liabilities by Euro 27 million was due to two factors – lower market prices and the resultant decrease in the fair values of energy trading transactions recognised under IAS 39 and lower liabilities on account of reduced gas portfolio management. Like at 30 September 2013, the current other liabilities reported as of 30 September 2014 included security deposits of Euro 1 million to reduce counterparty risk (margins).

Investments

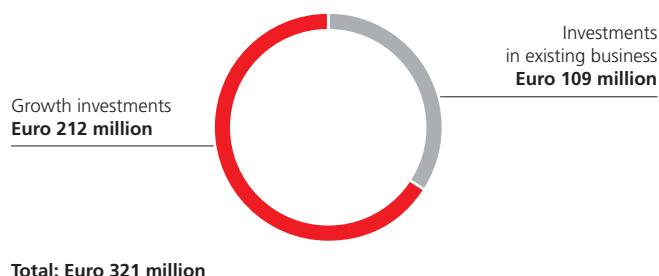
The MVV Energie Group invested a total of Euro 321 million in the 2013/14 financial year. Of total investments, Euro 212 million (previous year: Euro 301 million) was channelled into growth investments, while Euro 109 million (previous year: Euro 91 million) was invested in our existing business, i.e. to modernise our plants and grids.

Our largest investment projects in the 2013/14 financial year included:

- The construction of the energy from waste plant in Plymouth and the biomass power plant at Ridham Dock, both in the UK
- The construction by our Energieversorgung Offenbach AG subsidiary of ten wind turbines at Hungerberg; these were connected to the grid in the 2nd quarter of 2013/14
- The construction of the biomethane plant in Kroppenstedt, which has been feeding biomethane into the natural gas grid since the 2nd quarter of 2013/14, and the construction of the new biomethane plant in Stassfurt
- The measures to expand and increase the density of our district heating grids, especially at our locations in Mannheim, Kiel and the Czech Republic
- The takeover of electricity grids in Ilvesheim and Ketsch.

The shares newly acquired in companies are listed in the ▶ *Notes to Consolidated Financial Statements from Page 121 onwards.*

Investments of the MVV Energie Group in the 2013/14 financial year



Investments of the MVV Energie Group

Euro million	2013/14	2012/13	% change
Generation and Infrastructure	271	337	-20
Trading and Portfolio Management	9	9	0
Sales and Services	15	14	+7
Strategic Investments	13	17	-24
Other Activities	13	15	-13
Total	321	392	-18
of which growth investments	212	301	-30
of which investments in existing business	109	91	+20

Definition of investments in ▶ *Glossary on Page 191*

Financial Position

Cash flow statement

Due to lower drawdowns of loans to finance investments, current and non-current financial debt reduced to Euro 1.46 billion, down Euro 70 million compared with 30 September 2013. Net financial debt (current and non-current financial debt less cash and cash equivalents) decreased to Euro 1.09 billion as of 30 September 2014, down Euro 23 million on 30 September 2013.

Compared with the previous year, the **CASH FLOW BEFORE WORKING CAPITAL AND TAXES** fell by Euro 60 million to Euro 357 million. This development was chiefly driven by annual earnings before taxes on income. After the elimination of IAS 39 measurement items within other non-cash income and expenses, this item fell short of the figure for the 2012/13 financial year.

The **CASH FLOW FROM OPERATING ACTIVITIES** grew year-on-year by Euro 46 million to Euro 418 million. This increase was driven in particular by the improvement in working capital.

The **CASH FLOW FROM INVESTING ACTIVITIES** improved by Euro 44 million to Euro –262 million in the 2013/14 financial year.

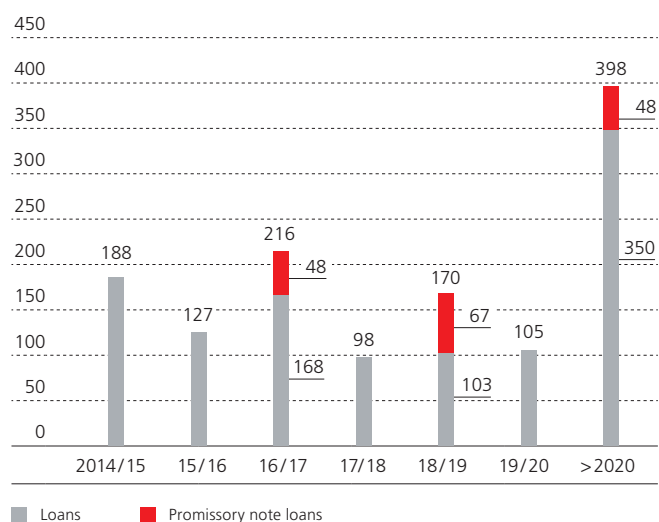
By contrast, largely as a result of increased loan repayments the **CASH FLOW FROM FINANCING ACTIVITIES** fell year-on-year by Euro 178 million to Euro –205 million.

The MVV Energie Group reported cash and cash equivalents of Euro 371 million as of 30 September 2014, equivalent to a reduction of Euro 48 million compared with the previous year's figure.

Joint financial management

Given its good access to financial markets, the MVV Energie Group has no difficulty in covering its liquidity requirements. 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. In line with the contract, we fully repaid a promissory note loan of Euro 203 million. Our future repayment profile no longer shows any significant peaks and our investment financing has been secured on a long-term basis and with favourable interest terms. Furthermore, MVV Energie AG and the other companies within our Group have bilateral credit lines.

Repayment profile of the MVV Energie Group in Euro million



The parent company MVV Energie AG manages a cash pool for itself and 28 other companies within our Group. In this capacity, it procures and safeguards both its own liquidity and the financial funds of the companies included in the cash pool. The capital required for investments is made available via shareholder loans. We have secured the financing for our two largest investment projects – the energy from waste plant with combined heat and power generation in Plymouth and the biomass power plant at Ridham Dock. Given the high volume of investments in the UK, the development in the euro/sterling exchange rate is an increasingly significant factor for our group earnings. Information about this can also be found in the ▶ *Opportunity and Risk Report on Page 96.*

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 2013/14 Business Performance and Economic Position

The MVV Energie Group achieved its earnings target for the 2013/14 financial year. As expected, the difficult energy industry framework, and in particular the continuous decline in wholesale market electricity prices, the low generation margin (clean dark spread), the expenses incurred for CO₂ emission certificates, which have had to be fully acquired at auctions since 1 January 2013, and low waste prices, led to charges on our earnings. Not only that, earnings were also adversely affected by persistently mild weather conditions during the heating period. Our operating earnings (adjusted EBIT) fell year-on-year by 17 % to Euro 173 million. Earnings were thus within our forecast range. Since the beginning of the 2013/14 financial year, we forecast full-year adjusted EBIT of between Euro 170 million and Euro 185 million. Given mild weather conditions, in our financial reporting for the 1st half of 2013/14 we already communicated that our earnings would be in the lower third of this range. After the first nine months of 2013/14 we were able to specify our earnings forecast in greater detail and narrowed down the target corridor to between Euro 170 million and Euro 175 million.

Our sales (excluding energy taxes) reduced to Euro 3.8 billion, down 6 % on the previous year, in which we first exceeded the record Euro 4 billion mark. We were thus unable to reach our target of generating sales at around the previous year's level. The downturn in sales was due in particular to falling electricity and waste prices, as well as to competition-related volume losses. Sales were also affected by lower electricity trading volumes. While gas trading volumes were ahead of the previous year through to the end of the 3rd quarter of 2013/14, the 4th quarter witnessed a significant reduction in the scope of our gas portfolio management. This also led to a year-on-year decline in gas trading volumes for the year under report as a whole. These factors were countered by the expansion in our wind power portfolio and the direct marketing of renewable energies for third parties within the market premium model. However, sales growth in these areas was insufficient to offset the negative factors.

Earnings before taxes (adjusted EBT) amounted to Euro 130 million, corresponding to a year-on-year reduction of 13 %. Net of adjusted minority interests, which fell significantly due to the downturn in earnings at the Energieversorgung Offenbach and Stadtwerke Kiel subgroups, the adjusted net income after minority interests of Euro 85 million was at the same level as in the previous year. As a result, the adjusted earnings per share of Euro 1.29 were also unchanged on the previous year.

Adjusted equity rose to Euro 1.19 billion, up Euro 11 million compared with the previous year's balance sheet date. The adjusted equity ratio thus rose from 34.5 % to 35.1 %. Driven in particular by our working capital optimisation, the cash flow from operating activities improved by Euro 46 million to Euro 418 million. Cash and cash equivalents totalled Euro 371 million as of 30 September 2014.

The Executive Board is satisfied with the Group's performance in the 2013/14 financial year. We managed to limit the negative impact of the difficult market climate on our earnings on the one hand with ongoing efficiency enhancements and cost savings and on the other hand by generating growth, especially in the field of renewable energies. Furthermore, given our strong capital resources and robust financing structure we remain able to achieve a well-balanced range of financing for our forward-looking investments.

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). The consolidated financial statements of MVV Energie AG are prepared in line with International Financial Reporting Standards (IFRS) in the form requiring application in the European Union. Unlike in the HGB separate financial statements, in the consolidated financial statements income and expenses at consolidated subsidiaries are 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 annual financial statements of MVV Energie AG, the consolidated financial statements of the MVV Energie Group and the combined management report for the 2013/14 financial year are published in the Federal Gazette. The complete 2013/14 annual financial statements of MVV Energie AG can be downloaded from our website at www.mvv-investor.de.

Earnings performance of MVV Energie AG

Excluding energy taxes, sales at the MVV Energie AG parent company decreased to Euro 1 918 million in the 2013/14 financial year (previous year: Euro 2 016 million). These sales were generated exclusively in Germany. The 5 % reduction in sales was due above all to weather-related losses of district heating and gas turnover with end customers and low electricity and waste prices. Higher sales from directly marketing renewable energies within the market premium model were insufficient to offset these negative factors. With a 76 % 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 October 2013 to 30 September 2014

Euro 000s	2013/14	2012/13
Sales	2 040 990	2 143 649
less electricity and natural gas taxes	- 123 444	- 127 234
Sales after electricity and natural gas taxes	1 917 546	2 016 415
Increase or reduction in finished products and work in progress	1 386	2 468
Own work capitalised	5 801	5 903
Other operating income	161 224	175 411
Cost of materials	1 802 966	1 892 488
Employee benefit expenses	109 747	116 609
Depreciation and amortisation	23 703	23 873
Other operating expenses	91 774	100 233
Financial result	30 835	28 826
Result from ordinary business operations	88 602	95 820
Taxes on income	9 690	15 650
Annual net income	78 912	80 170
Profit carried forward from previous year	40 000	40 000
Allocation to other revenue reserves	39 456	20 854
Unappropriated net profit	79 456	99 316

Cost of materials fell by 5 % to Euro 1 803 million and thus developed in line with sales.

At 110 million, employee benefit expenses were Euro 7 million lower than in the previous year. This reduction was mainly due to the recognition of personnel provisions in the previous year. As an annual average, the workforce of MVV Energie AG fell to 1 426 employees in the 2013/14 financial year, down by 23 employees compared with the previous year. As of 30 September 2014, MVV Energie AG had a total workforce of 1 411 employees, 49 fewer than at 30 September 2013.

At Euro 24 million, depreciation and amortisation hardly changed compared with the previous year. No impairment losses were recognised on property, plant and equipment at MVV Energie AG in the year under report or the previous year.

At Euro 31 million, the financial result was Euro 2 million higher than the previous year's figure and was influenced by disparate developments: the negative factors included lower income from profit transfer agreements and higher expenses for the assumption of losses while the positive factors involved higher income from shareholdings and loans of financial assets, as well as lower interest and similar expenses.

At Euro 89 million, the **RESULT FROM ORDINARY BUSINESS OPERATIONS** was Euro 7 million lower than the previous year's figure.

Net of taxes, MVV Energie AG generated **ANNUAL NET INCOME** of Euro 79 million in the year under report, compared with Euro 80 million in the previous year. Based on the profit utilisation resolution adopted by the Annual General Meeting on 14 March 2014, we distributed Euro 59 million to shareholders and carried forward the unappropriated net profit of Euro 40 million for 2012/13. In line with § 58 (2) of the German Stock Corporation Act (AktG), an amount of Euro 39 million was allocated from the annual net income for the year under report to other revenue reserves (previous year: Euro 21 million).

MVV Energie AG reported **UNAPPROPRIATED NET PROFIT** of Euro 79 million for the 2013/14 financial year (previous year: Euro 99 million).

The Annual General Meeting will be held on 13 March 2015 and will pass resolution on the dividend proposal adopted by the Executive and Supervisory Boards on 4 December 2014. The dividend for the 2012/13 financial year amounted to Euro 0.90 per share.

Net asset and financial position of MVV Energie AG

The balance sheet presentation has not changed compared with the previous year. Total assets reduced year-on-year by Euro 182 million to Euro 2 194 million. The asset side of the balance sheet was largely shaped by financial assets. As of 30 September 2014, these amounted to Euro 1 360 million (previous year: Euro 1 377 million) and thus accounted for a 62 % share of total assets (previous year: 58 %). The reduction in financial assets was chiefly due to lower loans to associates and lower investments in associates.

Property, plant and equipment rose year-on-year by Euro 12 million to Euro 349 million. This increase was due in particular to investments of Euro 42 million, which thus exceeded the volume of investment-related depreciation.

Current assets fell to Euro 480 million, down Euro 177 million compared with the previous year's balance sheet date. This development was driven above all by lower trade receivables and a reduction in cash and cash equivalents.

Balance sheet of MVV Energie AG at 30 September 2014

Euro 000s	30 Sep 2014	30 Sep 2013
Assets		
Non-current assets		
Intangible assets	3 496	1 012
Property, plant and equipment	349 418	337 757
Financial assets	1 360 006	1 377 059
	1 712 920	1 715 828
Current assets		
Inventories	14 589	9 872
Receivables and other assets	281 887	393 969
Cash and cash equivalents	183 749	253 102
	480 225	656 943
Deferred expenses and accrued income	1 106	3 194
	2 194 251	2 375 965
Equity and liabilities		
Equity		
Share capital	168 721	168 721
Capital reserve	458 946	458 946
Revenue reserves	290 962	251 507
Unappropriated net profit	79 456	99 316
	998 085	978 490
Income grants received	38 816	38 232
Provisions	82 897	83 165
Liabilities	1 073 851	1 273 749
Deferred income and accrued expenses	602	2 329
	2 194 251	2 375 965

The increase in equity reflects the higher volume of revenue reserves and the annual net income generated, less the dividend distributed for the previous year. The slight reduction in provisions was due to a lower volume of other provisions. Liabilities fell by Euro 200 million to Euro 1.1 billion. This was due to a reduction in liabilities to banks resulting in particular from the repayment of a promissory note loan. Furthermore, liabilities to associates also reduced. The high equity ratio of 45 % as of the balance sheet date (previous year: 41 %) reflects the solid equity resources available 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 and Netrion GmbH. Liquidity is safeguarded by an adequate volume of committed and unutilised credit lines.

Activity statements for 2013/14

The amendment to the Germany Energy Industry Act (EnWG) adopted in 2012 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 activity statements for 2013/14, 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 sectors and for other activities outside the electricity and gas sectors. Furthermore, we also prepare balance sheets and income statements for our electricity and gas distribution activities.

Electricity distribution

The electricity distribution activity field reported sales of Euro 1.5 million in the year under report, thus falling short of the previous year's figure of Euro 1.6 million. Measured in terms of total electricity sector sales of Euro 1.5 billion (previous year: Euro 1.5 billion), sales in the electricity distribution activity field are of subordinate significance. 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. This grid company manages, operates and maintains the distribution facilities and grids at MVV Energie AG. Other operating income resulting from the charging on of the concession duty to Netrion GmbH through to 30 September 2014 was opposed by corresponding other operating expenses. Electricity distribution generated an annual net deficit of Euro –2.1 million in the year under report (previous year: Euro –1.4 million).

Total assets in the electricity distribution activity field amounted to Euro 115 million at the balance sheet date on 30 September 2014 (previous year: Euro 125 million), thus accounting for 25 % of total assets in the electricity sector at MVV Energie AG (previous year: 30 %). Property, plant and equipment in the electricity distribution activity field increased to Euro 106 million, up Euro 5 million compared with the previous year's balance sheet date. On the equity and liabilities side, electricity distribution liabilities decreased by Euro 13 million to Euro 47 million, thus accounting for around 41 % of the electricity distribution balance sheet total.

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 251 million (previous year: Euro 293 million). 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 2014 to Netrion GmbH. Other operating income resulting from the charging on through to 30 September 2014 of the concession duty to Netrion GmbH was opposed by corresponding other operating expenses. The gas distribution activity field generated annual net income of Euro 5.0 million in the year under report (previous year: Euro 5.8 million). This reduction was primarily due to higher expenses for the assumption of losses.

With total assets of Euro 89 million at the balance sheet date on 30 September 2014 (previous year: Euro 106 million), the gas distribution activity field accounted for 62 % of total assets in the gas sector at MVV Energie AG (previous year: 59 %). Property, plant and equipment in the gas distribution activity field increased to Euro 83 million, up Euro 5 million compared with the previous year's balance sheet date, and accounted for 93 % of total assets (previous year: 73 %). On the equity and liabilities side, gas distribution liabilities fell from Euro 43 million to Euro 21 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 2014. This Declaration has also been published on ► Pages 33 to 37 of this Annual Report.

Declaration pursuant to § 312 AktG

The Executive Board has compiled a report on relationships with associate companies for the 2013/14 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)

Sustainability has become the key topic of the 21st century and the core challenge now facing humanity. Our behaviour and business activities have to be structured so that future generations can also satisfy their needs from the resources available to them. Alongside purely financial key figures, companies are also increasingly judged on the extent to which they manage to account for the needs of society as a whole in their business activities.

We believe that the shift towards sustainable business activity will fundamentally change the competitive landscape in the energy industry. The tensions to be expected between economic, ecological and social factors require companies to manage these actively and to implement strategies with a long-term focus.

In this chapter, we on the one hand explain how we identify and evaluate the implications for our company at an early stage. On the other hand, we present the ways in which we are addressing the economic, ecological and social challenges of material relevance to our business. We show what measures the MVV Energie Group has already taken to benefit climate and environmental protection, its employees and society as a whole.

We thus report on the sustainability-related financial and non-financial performance indicators requiring inclusion in the report pursuant to § 289 (3) of the German Commercial Code (HGB). In our presentation, we have focused on those implications of our business activities that are relevant for the sustainable development of our company.

Sustainability: a key future factor at MVV Energie

Alongside regionalism and efficiency, sustainability has been a core component of our MVV 2020 corporate strategy since 2009 already. We are convinced that the alignment of our activities with sustainability considerations is a decisive factor in fostering our innovative strength and our long-term business success.

Our sustainable, strategic alignment aims to

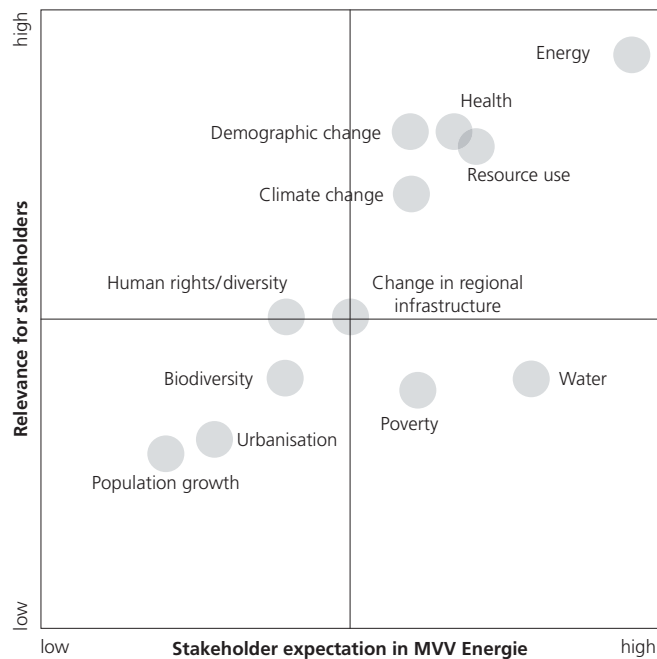
- Maintain a balance between profitable growth and social responsibility
- Consistently enhance our business model and thus secure our long-term economic success
- Be aware of the ecological and social implications of our own business activities and reduce our impact on the natural world
- Create and 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.

We take our stakeholder's interests seriously and factor these into our decisions. We are basically open and willing to talk to all stakeholders – whether employees, customers, shareholders, politicians, analysts, non-government organisations (NGOs), associations or environmental protection organisations – and also use social networks to this end. Our homepage is one key medium for our external communications. We make extensive information available on our websites and name personal contact partners for all topics at our group of companies. Furthermore, we are present at all major events, fairs and capital market forums. We also attach great importance to the dialogue between our managers and employees and our stakeholders.

Regular analysis of sustainability factors

Workshops, surveys and expert talks with stakeholder representatives provide us with suggestions and impetus to act with regard to sustainability-related topics and the concerns of our direct environment. These are factored into our materiality process, which we use to analyse the materiality of sustainability factors. We take global challenges as our starting point.

We follow public discussions on sustainability-related topics and observe changes in our stakeholders' needs. This process is supplemented by internal discussions with colleagues from MVV Energie's specialist departments and companies. The results of this evaluation are reviewed once a year. The latest status is presented in the form of the materiality matrix below. Overall, this approach enables us to ascertain whether the respective challenges to sustainable development have changed in terms of their relevance, both from the perspective of our stakeholders and from MVV Energie's own perspective.



Material sustainability factors for MVV Energie

MVV Energie prioritises its internal sustainability projects and measures based on the results of the materiality process. We assess a sustainability factor as material when both its relevance for stakeholders and the expectation stakeholders have in MVV Energie with regard to the factor are high.

Our most important topic, **ENERGY**, includes: expanding renewable energies, enhancing energy efficiency at power plants and grids, energy savings at consumers and supply reliability. A reliable, stable energy supply – also during the energy system conversion – is a key prerequisite for Germany as an industrial player.

CLIMATE CHANGE is one of the global challenges of our times. As an energy generation company, we are among the emitters of greenhouse gases. Our stakeholders expect us to contribute towards reducing CO₂ emissions and thus towards protecting the climate.

The **RESOURCE USE** action area at our Group is dominated by the use of fuel, including the waste incinerated at our power plants. Compared with fuel use, other aspects of resource use at our Group – such as the resources used at our properties or by our vehicle pool – are less relevant. In this chapter, we therefore focus on the resource-related indicators relevant to our electricity and heating energy generation. The company's internal share of waste is negligible compared with the volumes of waste we dispose of by incineration.

The challenges resulting from **DEMOGRAPHIC CHANGE**, such as an ageing population and consequently an ever older workforce, have to be mastered with forward-looking personnel policies that also focus on topics such as health and preventative healthcare measures. We support our employees in remaining fit and active to an advanced age.

We embrace those sustainability factors we view as material and account for these in our action areas. For each of these, we have set an internal target that is backed up with specific projects and measures. Not all sustainability-related action areas have the same relevance for each of our business fields. Measures are therefore specified and operationalized on a decentralised basis.

Group-wide sustainability activities

We are permanently enhancing our “sustainability” management approach. This is implemented within a programme structure that promotes both group-wide and location-specific projects. Our sustainability programme is centrally coordinated from within the strategy department. Group-wide sustainability activities are strategically managed by the Executive Boards of MVV Energie AG, Stadtwerke Kiel AG and Energieversorgung Offenbach AG.

MVV Energie takes part in discussions about economic, ecological and social topics in numerous bodies, associations and research institutes. We actively contribute to the topics of sustainability and a renewable energy supply. We draw on our expertise in order to help shape a sustainable market design and make a success of the conversion in the German energy system. At their locations and in their regions, our group companies support climate protection programmes and energy concepts. One example here is our involvement in the Baden-Württemberg Sustainability Business Initiative (WIN). In the year under report, we were one of the first companies to sign the so-called “WIN-Charta”. We also participate in the Rhine/Neckar Regional Association (VRRN) and are involved in the comprehensive energy concept for the Rhine/Neckar metropolitan region.

Involving our supply chain

We are also aware of our ecological and social responsibilities in respect of our suppliers. Sustainability is a key criterion when it comes to selecting suppliers and products. It also forms part of our procurement terms. Our central procurement department, which is responsible for our major shareholdings in Germany, ensures that suppliers and service providers comply with

- the laws, ordinances and compliance requirements in force in Germany and the EU
- the codes of conduct and working practices that are important to us.

Within our electronic supplier management system applicable for all products except commodities, all new suppliers are required to make disclosures about environmental protection aspects and their social responsibility. When selecting suppliers, we prefer regional providers where they offer the right value for money. One component of the contractual terms with all suppliers involves compliance 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.

In company-internal projects, we are increasingly promoting sustainability considerations when selecting consumer items, for example by giving preferential treatment to green products for specified product groups. We currently do not conduct any proprietary audits of our suppliers' production locations. Further details can be found in the Corporate Governance Declaration in the ▶ *Corporate Governance Report from Page 33 onwards*.

We are gradually improving transparency within the company concerning fuel supply chains, and coal procurement in particular, and are continually enhancing our internal minimum standards and exclusion criteria for our proprietary procurement. Given our market position and our coal procurement volumes, we do not have any direct contractual relationships with coal mines or thus any possibility of exerting influence on players along the supply chain. We are nevertheless in dialogue with industry representatives and stakeholders concerning ecological and social sustainability topics. We continually analyse and evaluate the information at our disposal and refer to this in our decisions.

Based on our shareholdings in coal-fired power plants, an arithmetic total of 1.2 million tonnes of hard coal were used as fuel in the 2013/14 financial year. Only a small portion of this coal was physically procured by MVV Energie itself. These volumes chiefly came from Germany and Columbia.

Our Economic Basis

The key financial figures for the 2013/14 financial year show that our Group has a sufficiently solid financial basis and adequate earnings power to uphold its position as one of Germany's leading energy suppliers in future as well. With some 5 400 employees, we generated sales of Euro 3.8 billion and adjusted EBIT of Euro 173 million. At the same time, we continued implementing our investment programme at a high tempo. In the 2013/14 financial year we invested a total of Euro 321 million. As a percentage of our adjusted total assets of Euro 4.0 billion, the equity ratio amounted to 35.1%. The most important key figures of the MVV Energie Group can be found in the ▶ *Cover of this Annual Report*.

The year under report did not witness any material changes in the size, structure and ownership structure of the MVV Energie Group. The analytical perspective is thus the same as in the previous year.

Our Value Creation

Together with our corporate strategy, with its focus on sustainable profitable growth, our earnings and financial strength enables us to meet our social and ecological responsibilities.

At our locations in Mannheim, Kiel, Offenbach, Ingolstadt and Köthen in particular, but also in the Czech Republic, the companies in our Group play a major economic and social role in their respective regions – as clients for industry, tradesmen and service providers, as employers, as partners to local authorities, payers of taxes and duties and sponsors of cultural, social, sports and ecological projects. We have presented a selection of the projects we support in the chapter ▶ *Our Commitment to Society on Page 93*. Donations and payments to political organisations are not permitted at the MVV Energie Group.

The following value added statement presents the contribution made by the MVV Energie Group to the aggregate economy, i.e. to society. Moreover, we also show which players benefit from the value added thereby generated. To calculate value added, we deduct input costs, such as costs of materials, other expenses and other taxes, as well as depreciation from the company's performance.

The adjusted value added of the MVV Energie Group rose from Euro 825 million in the previous year to Euro 850 million in the 2013/14 financial year. This 3 % increase was mainly due to the fact that input costs fell more sharply than the company's performance. The company's performance is chiefly attributable to sales.

Of value added, 39 % benefited our employees in the year under report (previous year: 41 %). A 35 % share went to local, regional and national authorities (previous year: 39 %). Of the total of Euro 297 million in this item (previous year: Euro 321 million), an amount of Euro 207 million related to taxes paid to the state (previous year: Euro 229 million). This in turn corresponds to a 24 % share of value added (previous year: 28 %). The remaining Euro 90 million flowed to local authorities in the form of taxes and concession duties (previous year: Euro 92 million). At 8 %, the share attributable to lenders remained unchanged on the previous year. A 7 % share went to our shareholders (previous year: 7 %). The remaining 11 % share (previous year: 5 %) remained at the MVV Energie Group to finance the company's further growth.

Value added statement of the MVV Energie Group

Euro million	2013/14	2012/13	% change
Company performance ¹	4 209	4 398	–4
Input costs ²	–3 195	–3 405	–6
Depreciation	–165	–168	–2
Value added¹	850	825	+3
to employees ³	334	335	0
to shareholders ⁴	59	59	0
to lenders	64	64	0
to state authorities	297	321	–8
to the MVV Energie Group ¹	96	46	> +100

1 correction in previous year's figures

2 cost of materials, other expenses, other taxes

3 previous year's figure adjusted

4 dividend paid in financial year

Our Ecological Responsibility

Society expects energy suppliers in particular to find solutions when it comes to protecting the environment. We actively accept the responsibility the MVV Energie Group bears for the environment. We aim to contribute towards reducing CO₂ emissions and to supply our customers with energy from efficient, environmentally-friendly generation. Furthermore, it is incumbent on us to help protect natural resources. Our ecological responsibility also includes supplying customers with clean drinking water. By consistently implementing our strategy, with its focus on sustainability, we have taken the right course. We are making the energy supply more ecological and more efficient.

Groundbreaking political targets

The Federal Government aims to make Germany one of the most energy-efficient and environmentally-friendly economies in the world and has set ambitious climate protection targets. By 2025, renewable energies should account for a 40 % to 45 % share of the electricity supply in Germany. By 2035, 55 % to 60 % of electricity should be generated from renewable energy sources and 80 % by 2050. At the same time, the energy supply should remain reliable and affordable for consumers.

At the beginning of 2014, the EU agreed a climate package providing for a reduction in CO₂ emissions. By 2030, these should fall 40 % short of the 1990 figure. In 2010 already, the Federal Government set the ambitious target of reducing CO₂ emissions in Germany by 40 % by 2020 and by 80 % to 95 % by 2050, in both cases compared with 1990.

To meet these climate protection targets, energy and climate protection will have to occupy a permanently high position on the political agenda. Not only that, the energy industry, industrial and commercial customers and private consumers will have to align their behaviour more closely to climate protection considerations.

MVV Energie aims to actively help shape the conversion

Together with our subsidiaries and shareholdings, we intend to make our contribution towards the energy system conversion and climate protection and to reduce our CO₂ emissions in the long term. To this end, we have set specific targets and backed these up with measures:

- In the period from 2010 to 2020, the MVV Energie Group is investing around Euro 1.5 billion in expanding renewable energies, environmentally-friendly district heating and combined heat and power (CHP) generation, boosting energy efficiency and generating energy from waste.
- We will continually raise the share of total electricity generation at the MVV Energie Group attributable to renewable energies and CHP.
- MVV Energie AG will further increase the density of and expand its district heating grid. The share of households in Mannheim supplied with environmentally-friendly district heating is thus to be raised from 59 % in 2010 to 70 % by 2020.
- By 2015, Energieversorgung Offenbach AG intends to build a generation capacity of 120 MW from onshore wind turbines.
- Stadtwerke Kiel AG aims to cover at least 50 % of the heating energy market in the state capital of Kiel with district and local heating by 2030. Today, it covers around 35 % to 40 % of room heating requirements with CHP-generated district heating. The core foundation for this heating energy concept is the heating energy and electricity generated at the joint power plant in Kiel (Gemeinschaftskraftwerk Kiel – GKK). This plant is due to reach the end of its technical life in the coming years. The construction of a gas-powered CHP plant is planned as the follow-up solution.
- Stadtwerke Ingolstadt aims to continually expand its district heating grid. By 2030, at least 50 % of Ingolstadt's heating energy requirements are to be covered with district heating from CHP generation or waste industrial heat.

The extent to which these targets can be met is highly dependent on energy policy decisions and regulations. Due above all to economic considerations, these could oblige us to adjust part of our targets.

Our Czech subgroup MVV Energie CZ has already met its target of producing around 45 % of its heating energy with CHP and renewable energies, such as biomass, geothermal energy and the incineration of the biogenic share of waste, by 2022.

Targets focus on overall energy system

For sustainability management purposes, we are working on long-term strategic sustainability targets for the MVV Energie Group. What counts for us is consideration of the energy system as whole. It is not the isolated change in absolute greenhouse gas emissions at our group of companies that offers the most valuable information about the relevant contribution towards climate protection, but rather the actual change in emissions in the overall system. For us, it is therefore less relevant whether the respective CO₂ emissions are recognised at MVV Energie, at customers or at competitors. Against this backdrop, our strategic measures led to net reductions of around 243 000 tonnes of CO_{2e} in the energy system in the 2013/14 financial year.

In further developing our sustainability targets, it is particularly important for us that ecological targets should largely be independent of external factors, such as prices or generation margins (spreads). We rather aim to present the actual impact of our strategic measures and activities in the field of sustainability and the actual scale of MVV Energie's contribution.

When it comes to ecological responsibility, energy suppliers with proprietary electricity and heating energy generation in particular are measured in terms of their contribution towards cutting CO₂ emissions and thus towards protecting the climate. We are making our contribution to reducing CO₂ in all business fields. In terms of our generation activities, this relates above all to our expansion of renewable energies and high-efficiency CHP generation. However, we are also making a contribution in our other business fields, such as in our sales activities or with our energy-related services. By offering innovative solutions and services, we are supporting customers in reducing their CO₂ emissions.

Focus on quality of data basis

We comment on the main aspects of our contribution to climate and environmental protection by reference to power plant, generation and emission data collected across the Group as of 30 September 2014. In the coming financial years too, we intend to further standardise, improve and extend the data basis and data quality across all locations. In the medium to long term, we aim to align our reporting towards the guidelines issued by the Global Reporting Initiative (GRI).

51 % share of electricity from renewable energies and CHP

The **TOTAL VOLUME OF ELECTRICITY GENERATED AT THE MVV ENERGIE GROUP** rose year-on-year from 3 897 million kWh to 4 021 million kWh – equivalent to a 3 % increase. Of this total, 3 850 million kWh were attributable to Germany (previous year: 3 716 million kWh) and 171 million kWh (previous year: 181 million kWh) to our Czech subgroup, which thus accounted for a 4.3 % share of total electricity generation at the MVV Energie Group (previous year: 4.6 %). The expansion in renewable energies was the main factor driving the increase in electricity generation volumes.

To facilitate comparison of our electricity generation figures with German averages, the tables, charts and explanatory texts below do not include electricity generation data for the Czech subgroup.

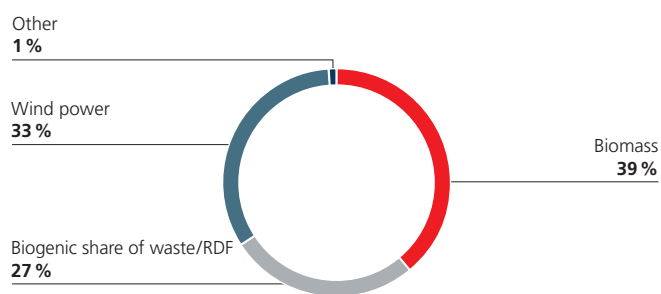
Electricity generated at the MVV Energie Group in Germany

kWh million	2013/14	2012/13	% change
Electricity from renewable energies, including biomass CHP and biogenic share of waste	872	750	+ 16
Electricity from CHP	1 070	1 199	- 4
Other electricity generation	1 908	1 767	+ 8
Total	3 850	3 716	+ 4

Our **ELECTRICITY GENERATION VOLUMES FROM RENEWABLE ENERGIES** (including the biogenic share of waste and refuse-derived fuels) grew by 16 % from 750 million kWh in the previous year to 872 million kWh. This growth was mainly due to the further expansion in our wind power portfolio, which led to a 45 % increase in the volume of electricity fed-in by our wind turbines. Their capacity rose from 201 million kWh in the previous year to 292 million kWh in the year under report. Alongside the seven wind farms taken over from Iberdrola Deutschland GmbH as of 1 January 2013, this growth was driven in particular by new wind turbines at our Energieversorgung Offenbach AG (EVO) subsidiary. Three wind turbines at the Dirlammen location generated electricity for the first full year in the 2013/14 financial year. Moreover, ten wind turbines at Hungerberg were connected to the grid in the 2nd quarter of 2013/14. Our biomass plants generated 6 % more electricity in the year under report than in the previous year. In the 2012/13 financial year, downtime due to inspection and repair work had encroached on electricity generation at our biomass power plants in Mannheim and Königs Wusterhausen. The volume of electricity generated by incinerating waste and refuse-derived fuels grew by 5 %. Here too, the increase was due to downtime in the previous year, in which our energy from waste plant in Leuna was affected by turbine damage.

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

kWh million	2013/14	2012/13	% change
Biomass plants	321	300	+ 7
Biogas plants	16	17	- 6
Subtotal for biomass	337	317	+ 6
Biogenic share of waste/RDF	238	227	+ 5
Wind power	292	201	+ 45
Hydroelectricity	4	4	0
Photovoltaics	1	1	0
Total	872	750	+ 16

Electricity generation from renewable energies at the MVV Energie Group in Germany in 2013/14: 872 million kWh


The share of electricity generated from biomass at our biomass power plants, biomass CHP plants and biogas plants fell year-on-year to 39 % (previous year: 42 %). By contrast, the share of electricity generated by wind turbines rose to 33 % in the year under report (previous year: 27 %). The biogenic share of waste and refuse-derived fuels accounted for 27 % of our electricity generation from renewable energies (previous year: 30 %). Due to the low volumes involved, the generation of electricity from photovoltaics and hydroelectricity plays a subordinate role at the MVV Energie Group.

The **ELECTRICITY VOLUME GENERATED USING CHP** declined by 4 % from 1 199 million kWh to 1 070 million kWh. This reduction was due in particular to heating energy turnover in the period under report falling short of the previous year's figure due to mild weather conditions. As a result, the associated volume of electricity generated using CHP also declined. The CHP share of total electricity volumes thus decreased to 28 % (previous year: 32 %).

Overall, renewable energies and CHP accounted for a 51 % share of our Group's electricity generation volumes in the year under report (previous year: 52 %). We thus once again generated more than half of our electricity in environmentally-friendly, efficient production. By contrast, the preliminary national average for gross electricity volumes generated from renewable energies and CHP amounted to 41 % in the 2013 calendar year, as against 39 % in the 2012 calendar year. An overview can be found in the charts on ▶ Page 81.

The share of total electricity generation attributable to **OTHER ELECTRICITY GENERATION** rose year-on-year from 48 % to 49 %. 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 the joint power plant in Kiel (Gemeinschaftskraftwerk Kiel – GKK). We include these volumes in line with our shareholdings in the power plants, amounting to 28 % in the case of GKM and to 50 % at GKK.

Our plants' **ELECTRICITY GENERATION CAPACITY** (installed capacity) from renewable energies and waste/refuse-derived fuels grew year-on-year from 314 MW to 344 MW. This 9 % increase was driven above all by the expansion in our wind power portfolio.

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

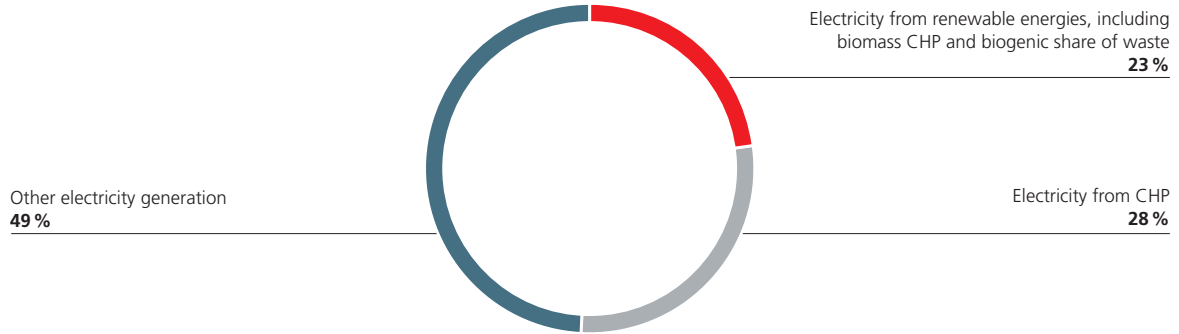
MW _e	2013/14	2012/13	% change
Biomass plants	48	48	0
Biogas plants	3	3	0
Subtotal for biomass	51	51	0
Biogenic share of waste/RDF	117	117	0
Wind power	174	144	+ 21
Hydroelectricity	2	2	0
Photovoltaics	1	1	0
Total	344	315	+ 9

Wind power portfolio continues to grow

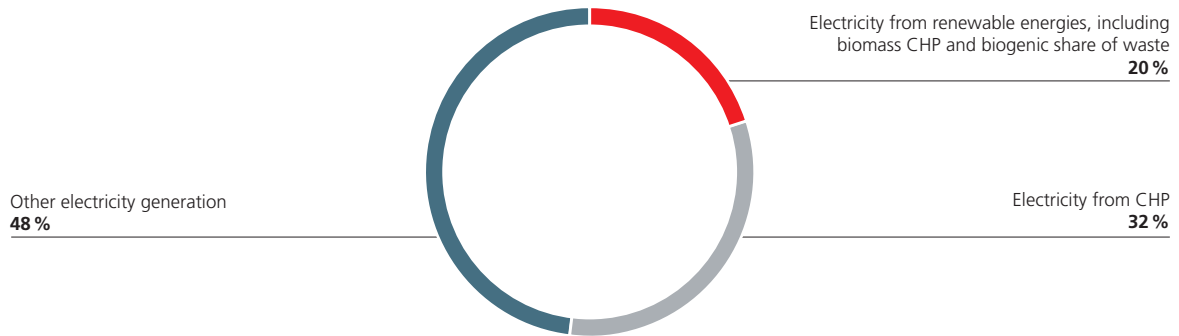
Our Energieversorgung Offenbach AG (EVO) subsidiary already generates half of its electricity from renewable energies. EVO is relying above all on wind power. It connected its fourth wind farm, located at Hungerberg close to Kirchheimbolanden (Rhineland-Palatinate), to the grid in February 2014. As of 30 September 2014, our group of companies thus had onshore wind turbines with a total installed capacity of 174 MW. The annual production volume based on this capacity amounts to around 378 million kWh, corresponding to the electricity needs of around 106 000 three-person households. Compared with electricity generated from conventional fuels, this enables CO₂ emissions of around 284 000 tonnes to be avoided. According to studies published by the Federal Environment Agency (UBA), the specific savings achieved with onshore wind power amount to around 780 g of CO₂ per kWh (source: UBA: Emissions Balance of Renewable Energy Sources – Calculation of Emissions Avoided in 2012, Status: December 2013).

In Germany, we operated a total of 86 wind turbines at twelve locations as of 30 September 2014. Following approval by the Supervisory Board, at the end of September we announced that we would be taking over the business operations of Windwärts Energie GmbH, a company in insolvency, as of 1 October 2014. Windwärts develops, acquires, builds and operates wind power projects. With this takeover, we are not only expanding our wind power business, and thus

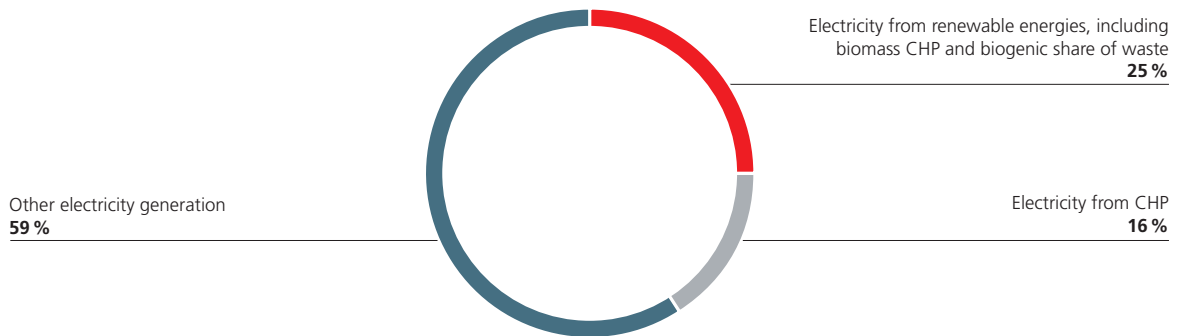
Electricity generated at the MVV Energie Group in Germany in 2013/14: 3.9 billion kWh



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



Net electricity generation in Germany in 2013: 596 billion kWh¹



¹ Source: Association of the German Energy and Water Industries (BDEW), AG Energiebilanzen and own calculations (preliminary)

also the share of renewable energies in our generation portfolio, but are also boosting our proprietary project development in the field of renewable energies. In expanding our use of renewable energies, we will continue to focus in future as well on onshore wind turbines in particular.

Protecting fossil energy resources

Non-recyclable waste components can be used as fuel. This is a key pillar of a modern, resource-efficient closed-cycle economy. With its MVV Umwelt GmbH subsidiary, the MVV Energie Group is one of the German market leaders in generating energy from waste and biomass. Since launching operations at its first power plant in 1965, MVV Umwelt has incinerated a total of 20 million tonnes of waste and waste timber to generate utility energy.

Fuels used at power plants at the MVV Energie Group

	2013/14	2012/13	% change
Biomass (tonnes 000s)	541	521	+4
Biogenic share of waste/RDF (tonnes 000s)	1 555	1 565	-1
Natural gas (kWh million)	1 638	1 897	-14
Heating oil extra light (HEL) ¹ (kWh million)	18	27	-33
Hard coal ¹ (tonnes 000s)	1 220	1 303	-6

¹ correction in previous year's figure

Energy from waste

Generating energy from waste avoids the use of fossil fuels. As around 50 % of waste consists of biogenic materials, most of the energy generated from waste counts as renewable energy. Incinerating biogenic materials is largely CO₂ neutral, as the incineration process releases the same amount of carbon dioxide previously absorbed by the organic share of waste during its growth. Further information about the use of waste to generate heating energy and electricity can be found in the ▶ *Supplement from Page 15 onwards*.

Our Group operates three energy from waste plants in Germany. In Mannheim, Offenbach and Leuna we incinerate around 1.3 million tonnes of waste from municipalities and industry a year and thus generate round 600 million kWh of electricity. All in all, we dispose of the non-recyclable waste for 22 local authorities with a total population of around 5.4 million in their catchment areas. Our largest plant alone, located in Mannheim, can incinerate up to 700 000 tonnes of waste a year.

We will be drawing on our expertise in generating energy from waste in the UK as well in future. In Plymouth, we are currently building a waste-fired CHP plant. Operations at this plant, which will generate electricity and heating energy from around 245 000 tonnes of household, commercial and industrial waste a year, will be launched in 2015. Using environmentally-friendly CHP, the power plant will have a net electricity capacity of 22 MW_e and steam capacity of 23 MW_t.

In May 2014, MVV Umwelt founded the joint venture Solutions Européennes de Valorisation Énergétique S.A.S. (SEVE) together with the French public-private company Semardel. SEVE will bid for operations management tenders at energy from waste plants in France.

Alongside electricity, since mid-2014 our non-recyclable waste treatment and energy generation plant TREA Leuna has also been producing process steam, which it supplies to the chemicals park operator InfraLeuna. Extracting the steam substantially raises the level of fuel utilisation and thus the power plant's energy efficiency.

Our Energieversorgung Offenbach AG (EVO) subsidiary plans to modernise its waste-fired CHP plant. Energy efficiency here is due to be optimised in the 2015/16 financial year with the installation of a new steam turbine and a higher-capacity flue gas cleaning plant. This will equip the plant not only for growing volumes of commercial waste, but also to use the same volume of waste to feed up to 50 % more environmentally-friendly electricity into the grid.

In the Czech Republic, MVV Energie CZ has been operating a waste-fired CHP plant via its TERMIZO a.s. subsidiary since 2011. As well as electricity, this plant also generates heating energy. Like in Germany, we are relying here as well on environmentally-friendly generation using CHP in order to boost plant efficiency and thus also energy efficiency. Located in the city of Liberec in Northern Bohemia, this plant incinerates around 95 000 tonnes of municipal waste a year.

Generating energy from biomass

MVV Umwelt operates three biomass power plants in Germany – in Mannheim (20 MW), in Königs Wusterhausen (20 MW) and in Flörsheim-Wicker (15 MW), where we are co-owners and operations manager. The waste and non-recyclable timber required for our biomass plants is prepared for incineration at proprietary plants. We feed the electricity generated into the local electricity grids. In the year under report, the three power plants used a total of around 400 000 tonnes (previous year: 387 000 tonnes) of solid biomass (waste timber) to generate a total of 312 million kWh of CO₂-neutral electricity, and thus 7% more than in the previous year.

Our first international biomass power plant is currently being built at the British industrial port location of Ridham Dock. Operations at this plant, which also has CHP capability, will be launched in 2015. The plant will have a net electricity capacity of around 23 MW and will use around 172 000 tonnes of waste timber from the surrounding region to generate approximately 188 million kWh of electricity a year. Not only that, the power plant will also supply neighbouring industrial companies with heating energy.

Using timber as a fuel

Since December 2010, EVO has been operating what is currently the only wood pellet plant in the Rhine/Main region. Production here is being expanded from 35 000 tonnes to up to 90 000 tonnes of pellets a year. Expansion work began in October 2013 and production volumes have gradually been increased since March 2014. The plant produces so-called DINplus pellets and industrial pellets. Production is based on waste timber from sawmills, landscape conservation material and other non-recyclable timber, all of which comes from the region. The heating energy in a total of 34 local heating grids in the Rhine/Main region is generated using pellets produced at the plant. This enables more than 5 500 households to benefit from a CO₂-neutral heating energy supply. After all, the wood only emits that amount of CO₂ that it previously absorbed during its growth.

MVV Enamic power plants help protect the environment

Via subsidiaries, MVV Enamic GmbH operates 15 biomass and biomass CHP plants subject to regulatory approval, as well as a large number of smaller such plants, and two industrial power plants fired by refuse-derived fuel (RDF).

MVV Enamic's two largest power plants are the RDF power plant at Gersthofen Industrial Park and that at the Korbach location. Both power plants use the efficient CHP process to generate steam and electricity and exploit the energy potential contained in commercial and domestic waste. The RDF power plants in Gersthofen and Korbach have the capacity to incinerate around 90 000 tonnes and up to 75 500 tonnes respectively of refuse-derived fuels a year.

Both RDF power plants meet the emissions limits set out in the 17th Federal Immissions Protection Regulation. The environmental statistics for both power plants are published on the internet each year.

Biogas and biomethane: the "multi-talents" in the energy system

MVV Enamic operates four biogas plants with an installed capacity totalling 2.6 MW. Our plants are mainly operated with maize and grass silage. In the year under report, our biogas plants generated 16 million kWh of electricity (previous year: 17 million kWh) and fed this into the public grid.

Biogas is one of the most versatile renewable fuels – it can be used both to supply electricity and heating energy and, when refined into biomethane, also as a fuel for natural gas-powered vehicles. Refined biomethane fed into the grid is used to supply heating energy in cases where biomass CHP plants have no possibility of generating heating energy turnover on location. Biomethane is an important component in the energy system conversion, particularly in view of the growing need for flexibility given the dominant role played by renewable energies in electricity generation. It is a renewable fuel capable of flexible use which can be generated around the clock regardless of wind conditions and solar radiation levels.

Our first biomethane plant in Klein Wanzleben (Saxony-Anhalt) began operating in 2012 and was followed by a second plant in neighbouring Kroppenstedt in the 2nd quarter of 2013/14. In June 2014, we began construction work on a third biomethane plant in the same region in cooperation with the renewable energies company BayWa r.e. From mid-2015, this new plant in Stassfurt should feed biomethane into the public natural gas grid. Each of the three plants 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 plants on the basis of long-term contracts. We make no use of foodstuffs or genetically modified food. Each plant can generate around 63 million kWh of biomethane a year and feed this into the natural gas grid.

Ongoing expansion in district heating

As one of the largest providers in Germany and the Czech Republic, we are consistently investing in the further expansion of district heating with combined heat and power generation. Overall, the MVV Energie Group currently has a district heating grid with a length of more than 1 400 kilometres. In Mannheim alone, around 60 % of all households are already connected to this climate-friendly energy form, and the expansion is continuing on all fronts. We launched operations at what is currently Germany's highest-capacity district heating storage facility on the site of the large power plant in Mannheim (Grosskraftwerk Mannheim – GKM) in the winter of 2013/14. With this, we are additionally contributing to the already high level of district heating supply reliability in Mannheim and the Rhine/Neckar metropolitan region.

Since 2009, our EVO subsidiary has been building up a district heating grid in Heusenstamm since 2009. The third section commenced operations in the 1st quarter of 2013/14 and further expansion is underway. Stadtwerke Kiel currently operates two different district heating grids. Since 2002, the company has been converting its supply from steam to heating water, a more viable technology in both economic and ecological terms. Based on current planning, the conversion to heating water should have been completed throughout the Kiel steam grid area by the end of 2018. Köthen Energie GmbH is also boosting its district heating grid by building a gas boiler system in the district heating station, including a CHP unit, and the necessary pipeline extension for a 150 metre section of the district heating grid. The new gas boiler system began operations at the end of September 2014, while the CHP unit is also expected to be connected to the grid in autumn 2014. Further information about our district heating supply can be found in the ▶ *Supplement from Page 19 onwards*.

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

kWh million	2013/14	2012/13	% change
Biomass plants	254	225	+ 13
Biogas plants	5	7	- 29
Subtotal for biomass	259	232	+ 12
Biogenic share of waste/RDF	1 023	897	+ 14
Heating energy generated from renewable energies	1 282	1 129	+ 14
Other plants / jointly owned power plants	3 850	4 450	- 14
Total	5 132	5 579	- 8

¹ correction in previous year's figure

Reduction in group-wide CO₂ emissions

In the previous year, we systematically calculated and evaluated the CO₂ emissions of our generation plants in a group-wide analysis performed on this scale for the first time. In the year under report, our generation plants emitted 3.80 million tonnes of CO₂ (previous year: 4.05 million tonnes). This is equivalent to a 6 % reduction. Our ETS plants (power and heating energy plants subject to emission trading requirements), mainly the large power plant in Mannheim (Grosskraftwerk Mannheim – GKM) and the joint power plant in Kiel (Gemeinschaftskraftwerk Kiel – GKK), accounted for 70 % (previous year: 71 %) and thus played a key role in determining overall emissions. The reduction in CO₂ emissions was driven in particular by the fact that heating energy turnover fell short of the previous year's figure on account of mild weather conditions in the period under report. This factor is also reflected in the lower use of coal as a fuel, especially at the GKM and GKK plants. As a result, CO₂ emissions at GKM and GKK both reduced substantially.

Direct CO₂ emissions at the MVV Energie Group¹

tonnes	2013/14	2012/13	% change
CO ₂ at ETS plants	3 197 232	3 427 092	- 7
of which CO ₂ at power plants in Kiel (GKK) and Mannheim (GKM)	2 672 125	2 888 644	- 8
CO ₂ at other generation plants	600 342	618 413	- 3
Total	3 797 574	4 045 505	- 6

¹ correction in previous year's figure

Climate-neutral electricity generation from renewable energy sources enables Germany to avoid several million tonnes of greenhouse gas emissions a year. With our renewable energies plants, we have contributed towards protecting the climate for years already.

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

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

CO ₂ equivalents (tonnes)	2013/14	2012/13	% change
Biomass plants	252 364	229 883	+ 10
Biogas plants	7 218	9 077	- 21
Subtotal for biomass	259 582	238 960	+ 9
Biogenic share of waste/RDF	192 986	172 361	+ 12
Wind power	228 301	144 590	+ 58
Hydroelectricity	3 299	3 323	- 1
Photovoltaics	824	680	+ 21
Total CO₂ avoidance due to renewable energies	684 992	559 914	+ 22

Due in particular to the expansion in our renewable energies generation, we were able to avoid more than 125 000 tonnes of CO₂ equivalents in the year under report than in the previous year. With a 38 % share, our biomass power plants made the greatest contribution here. Merely by boosting our wind power portfolio, we were able to avoid around 84 000 tonnes more CO₂ equivalents in the year under report than in the previous year. Alongside the expansion in our renewable energies generation capacities, the annual adjustment in the specific savings parameters issued by the Federal Environment Agency (Emissions Balance of Renewable Energy Sources – Calculation of Emissions Avoided in 2012, Status: December 2013, please see ► *Glossary on Page 192*), which we use as a basis for calculating CO₂ savings, also led to a year-on-year increase in the volume of CO₂ equivalents avoided.

Maintaining biodiversity

Climate change and the loss of biodiversity are urgent environmental problems and are interconnected in a variety of ways. Our objective is to harmonise the use of renewable energies with upholding biological diversity:

- When buying or building wind turbines, we act early to review any disturbance of rare animal species. When building new wind turbines, we ensure at an early planning stage already that any interference with the natural world, especially forest habitats, is kept to an absolute minimum.
- When buying or building biogas plants, we give due attention to obtaining a naturally compatible mix of substrates from our suppliers and promote the recycling of residual materials as natural dung as a further step in a closed resource cycle.
- When using solid biomass, we give priority to timber from sustainable forestry.

Broad range of green products for all customers

Ever more consumers are opting for energy from environmentally-friendly generation. We offer both private consumers and commercial and industrial customers a broad range of products satisfying ecological standards – from green electricity via biogas through to environmentally-friendly district heating from combined heat and power generation. With its TERRA and FUTURA green electricity products, MVV Energie is not only helping to protect the environment, but also assisting the region. For every kilowatt hour of TERRA green electricity procured by our customers, 2 cents go towards promoting regenerative energies in the Rhine/Neckar metropolitan region. With the FUTURA green electricity product, the equivalent contribution for each kilowatt hour is 0.2 cents. Our industrial, retail and commercial customers have the option of switching their basic supply to electricity from renewable energy sources. If they select this option, then they also receive a marketing package from us that they can use in their own corporate communications.

Focus on energy efficiency

EU energy consumption is to be reduced by 30 % by 2030. For the Federal Government, enhancing energy efficiency is a core energy policy target. By the end of 2014, the Federal Government intends to adopt a National Energy Efficiency Action Plan (NAPE) pooling the respective targets, instruments and responsibilities. The energy efficiency of buildings plays a particularly important role here. The Federal Government has set itself the ambitious target of making buildings more or less climate-neutral by 2050. To achieve this, it will be necessary to further expand the share of heating energy consumption covered by renewable energies and to enhance building energy efficiency.

With its energy-related services, our MVV Enamic subsidiary focuses on efficiency enhancement and energy optimisation projects and measures for industrial, retail, commercial and real estate customers. We offer our customers the individual services they need to optimise the operation of their properties and production sites in energy terms. The aim here is to enhance our customers' energy efficiency and thus to reduce their energy consumption and costs. In June 2014, MVV Enamic acquired a 26 % stake in the Luxembourg-based LED specialist luminatis S.à.r.l. to enable it to offer innovative products and services in the growing LED market. Together, the two companies have developed the "Smart-Light-Efficiency" product and already successfully implemented this in the context of contracting solutions. Further information about our energy-related services business can be found in the ► *Supplement from Page 11 onwards*.

High-quality drinking water

Clean drinking water is a valuable asset. It is indispensable for everyone and should therefore be available at high quality and in sufficient quantities. Water suppliers bear a particular responsibility for drinking water quality. With our companies in Mannheim, Kiel and Offenbach, we guarantee the water supply to around 142 000 customers in our respective cities and regions. The drinking water we supply is of superb quality – all locations falls significantly short of the threshold values set out in the relevant drinking water ordinance. To ensure consistently high quality, we systematically check the entire water supply system and water quality – from wells via grids through to our customers' house connections. In Mannheim, for example, we test the drinking water for up to 470 physical/chemical and microbiological parameters. MVV Energie AG, Energieversorgung Offenbach AG and Stadtwerke Kiel AG publish their latest drinking water analysis statistics on their websites.

Groundwater is the most important source for the production of drinking water in our regions. We make sure that our regional water resources can always renew themselves by natural means. Compared with the water supplied to our customers, our proprietary water use at our locations is of immaterial significance.

By continually maintaining and modernising our plants and grids, we sustainably secure the water supply. Furthermore, with extensive measures to protect groundwater and bodies of water, we are helping to safeguard clean drinking for future generations as well.

Energy-saving campaigns continued

In cooperation with the Mannheim Climate Protection Agency, since September 2012 already MVV Energie AG has been motivating its customers in four campaigns a year to replace their older household appliances with new, more efficient models. We reward the purchase of energy-efficient new appliances with grants of Euro 100. In the campaign period from 1 April 2014, we took the Football World Cup as an opportunity to support the replacement of old TV sets. The campaign from 1 July 2014 focused on fridges and freezers. Not only that, the "Energy Bonus" campaign was also launched for the second time in the year under report. In this campaign, private and commercial customers in Mannheim receive a bonus on their electricity bill if they manage to reduce their electricity consumption by 5 % or 10 % over a whole year. In the first year of the campaign, 73 % of the participants reduced their consumption, while 44 % even managed to cut their electricity consumption by 10 % or more.

Customers praise friendliness

We provide our customers with a reliable supply of electricity, heating energy, gas and water and aim to continue satisfying their expectations at a high level. Ensuring satisfaction with our services enables us to retain customers in the long term. In our group-wide "Customer Services" project, we are continually working on enhancing our customer service. We regularly perform customer surveys and identify potential optimisation measures based on the findings.

As is apparent in the latest results of our annual survey of the BDEW Servicemonitor 2014 performed by the imug Institut für Markt-Umwelt-Gesellschaft e.V., our customers remain satisfied at a consistently good level. What has convinced our customers most is the friendliness of our employees on the telephone and in person. Not only that, the positive evaluation of our e-mail and online service communication channels has also improved compared with the previous year. Overall, this satisfaction is also reflected in our customers' increased willingness to stay with us.

Investments and expenses for environmental protection measures

We immediately implement any measures needed to protect the environment. In the year under report, our MVV Umwelt subsidiary invested Euro 7 million in technical environmental protection measures at its Leuna, Königs Wusterhausen and Flörsheim-Wicker locations (previous year: Euro 4 million). These investments were supplemented by expenses of Euro 85 million (previous year: Euro 77 million). Investments and expenses focused on waste disposal and ground and air pollution measures. A smaller amount related to water protection and noise control measures.

Our Social Responsibility

MVV Energie's personnel strategy

The environment in which energy companies act is complex. Not only that, the framework in which the industry operates has been subject to dynamic change for years now. Against this backdrop, high-performing, committed employees are a key success factor for our sustainable company development. With its forward-looking activities, the personnel department supports the company's strategic objectives. Our aim is to find, promote and retain excellent employees.

We reviewed our personnel strategy alignment once again in the year under report. We will continue to focus on the five key areas identified in the previous year:

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

In the year under report, we dealt closely with personnel strategy challenges and focused here on demographic developments. Representatives of the personnel departments at MVV Energie AG, Energieversorgung Offenbach AG (EVO) and Stadtwerke Kiel AG (SWK) worked together in a project group to compile joint concepts and instruments in the areas of strategic personnel planning and strategic personnel development. These will be gradually implemented and applied in our personnel activities in the 2014/15 financial year.

The project group has developed a personnel planning model addressing MVV Energie's specific needs in terms of future personnel and competence requirements. In close cooperation with business field management, we have defined parameters enabling us to define long-term personnel requirements more clearly and to calculate future personnel totals more exactly. The results of these calculations provide an important indicator for the future alignment of our personnel activities and the measures to be taken.

One aim of our strategic personnel development is to continually promote the development of our employees. The project group has carefully revised MVV Energie's competence model. Key questions addressed included the competencies we will expect from our employees in future and the ways in which we can improve our employees' competencies. On this basis, we analysed and redefined employees' development opportunities and compared these with the management and promotion programmes currently available. The findings of the review will be factored in various components into areas including succession planning, recruitment and our training and development programmes.

Thanks to our proven training programmes and the programmes we offer to university graduates, we are already able to cover our specialist and management staff requirements with internal candidates in many cases. To attract specialists as new employees and ensure that we receive sufficient applications from potential trainees and university graduates, we are continuing to highlight our attractiveness as an employer.

We can point to success in this area. In the year under report, we were awarded the golden quality seal by "Best Recruiters", the largest recruitment study in German-speaking countries. Each year, this independent study investigates the quality of personnel procurement activities at more than 500 top employers in Germany, Austria and Switzerland on the basis of scientific criteria. The study assessed our online recruiting presence, our online job adverts and the way we deal with applicants.

Committed to enhancing management competence

One area to which we accord particular attention is management competence at our company. Here, we draw on a variety of measures to enhance this.

Participants in the management conference held for top-tier managers from our various locations had the opportunity to deal intensively with the way managers see their own role. The discussion rounds made participants more aware of this topic, helped them to link their findings with our corporate strategy and thus to derive requirements in terms of their future conduct.

In our Management Development Programme, we offer further training to top-tier and middle management staff across the Group. Within the "Organising and Managing Decision-Making Processes" topic, they particularly focused in the year under report on the aspect "Networking Decision-Making Processes".

Within our cross-location Team Leader Programme, ten new section heads extended their management competencies, their capacity for reflection and their change management skills in the year under report.

In the 2012/13 financial year, we performed a standardised bottom-up appraisal using an anonymised approach for the first time at Soluvia GmbH, our shared service company operating at our Mannheim, Kiel and Offenbach locations. The results of the appraisal were communicated to managers and subsequently discussed in a workshop with employees. In the year under report, we worked together with managers and employees to analyse and review whether the measures identified back then had led to any permanent changes in working practices.

We have development programmes in place to support our expert and upcoming management staff in extending their competencies and thus to prepare them for future challenges.

In the year under report, employees also completed our Expert Programme, which supports them in enhancing their advisory competence and problem-solving techniques, refining their presentation of information and familiarising themselves with basic work team dynamics. Among the measures in the year under report, participants visited various companies in the region with the aim of comparing various expert models and development paths with experts on location. We internally analysed the experience thereby gained and factored this into our new concepts.

In our Next-Generation Management Programme, we prepared employees for their roles as managers and enabled them to establish networks with colleagues from other departments and locations.

At a joint meeting, participants from both groups had the opportunity to reflect on, analyse and enhance their self-marketing competence.

Family-oriented personnel policies as key factor

We attach great importance to our employees being well-adjusted and highly focused when performing their work. As an employer, we make a substantial contribution to helping our employees better combine their family and work commitments. Our large companies in Mannheim, Kiel and Offenbach have already been audited and certified under the *berufundfamilie*® certification scheme organised by the Hertie Foundation. This audit is a strategic management instrument aimed at improving employees' work/family balance.

By offering a variety of flexible working hour models, we support our employees in combining childcare, and increasingly also care of relatives, with their professional commitments. To account for this, for example, the Executive Board of EVO has adopted the "Decentralised Work" agreement in cooperation with the Works Council. This regulation allows employees to perform their work at home for a limited period. Furthermore, in Mannheim, Kiel and Offenbach we also offer parent and child rooms, thus enabling parents to deal with any childcare difficulties arising at short notice.

What's more, we assist parents in returning to work at an early date after their maternity or paternity leave. One example here is the support we provide to day-care facilities for children aged up to three close to our company premises in Offenbach and Mannheim.

Increasing numbers of fathers are now taking paternity leave. A total of 62 men at our locations in Mannheim, Kiel und Offenbach took advantage of this opportunity in the year under report.

To help look after school children during the summer break, we offer holiday camps for families at our large locations in Mannheim, Kiel and Offenbach.

Our services relating to care for relatives, which range from information events via opportunities to take leave through to cooperation with partners, are increasingly being taken up by our employees. Employees in Offenbach are able to use a nursing care portal free of charge.

As of 30 September 2014, around 11 % of the MVV Energie Group's employees worked on a part-time basis. Of these 77 % were women and 23 % men.

Healthcare promotion as key focus

We expect to see a further increase in the average workforce age at our group of companies. Not only that, the age at which employees retire is also set to rise. We are countering the resultant workforce ageing risks by actively supporting our employees in their desire to remain healthy and maintain their performance capacity.

One example here is our "Five-Star Health Programme". In spring 2014, we also offered a running group in Mannheim. Under the supervision of a trainer, this prepared employees to take part in the half or full distances of the MLP Rhine/Neckar Marathon. A total of 96 employees then participated in this event either as team members or as individual participants.

Overall, we have noticed an increase in our employees' interest in health-related issues. The various services offered by our companies, such as skin screening or influenza vaccinations, have been well received. Nutrition is also gaining in importance as a topic for our employees. Among other factors, this is reflected by the fact that 70 employees took part in the cookery courses on offer and that the corresponding lectures were attended by 30 employees.

We implemented a pilot programme for our industrial employees in the year under report. One particular objective of this training was to significantly reduce employees' risk of falls. The general fitness, coordination and mobility of participants was assessed at the beginning and the end of the training programme and significant improvements were apparent. The feedback received from participants was highly positive. In view of this, we intend to expand the programme and offer it in future to all industrial employees working in grid services at our Mannheim location.

In November 2013, EVO was awarded the "Move Europe Excellence" certificate for its "LEA" health management programme. A jury of scientists and employer, trade union and health insurance company representatives evaluated the programme in the context of the competition for the German Corporate Health Prize organised by the BKK insurance association.

Stadtwerke Kiel also offers a variety of courses on nutrition and exercise. These include the "mobile massage", which is offered once a week at the company's premises.

We upheld our "Generation M" programme for experienced employees aged 45 upwards in the year under report. These employees dealt with topics such as physical and mental agility, nutrition and stress management. In a workshop, they also reflected on their personal and professional objectives. The programme also imparts theoretical knowledge, but focuses above all on direct implementation. Its aim is to sustainably improve employees' health behaviour and enable them to integrate what they have learned directly into their day-to-day lives.

Promoting women

The lower share of women compared with men at the MVV Energie Group reflects the employee structure in the energy supply industry as a whole. As of 30 September 2014, women and men made up 27 % and 73 % of our workforce respectively. These figures were thus unchanged on the previous year. 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 91*). 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.

Together with other well-known companies in the Rhine/Neckar metropolitan region, MVV Energie AG takes part in the "X Company Mentoring" women's promotion project. This supports women in their targeted career paths as managers by offering them mentoring support and giving them the opportunity to network outside their companies. We selected five mentors and five mentees for the project in the 2012/13 financial year already. The feedback event held in the year under report showed that the participants had generated substantial added value for themselves. The insights gained into different perspectives and management cultures at other companies had changed their views about their own environments and revealed ways to improve their own management conduct. We plan to maintain the project in the 2014/15 financial year as well, in which five mentors and five mentees should once again take part in the programme. EVO has joined a cooperation programme with other companies in the Rhine/Main region and is taking part with three mentees in an "X Company Mentoring" scheme.

Share of women employees at the MVV Energie Group in %
Status: 30 September 2014

	Mannheim	Offenbach	Kiel	Czech Republic
Total	27	29	29	20
in management positions (section head upwards)	11	21	8	18
Trainees	40	12	13	—
Junior Consulting Team	40	—	—	—

With our corporate membership in the European Women's Management Development (EWMD) programme, we are also supporting the promotion of women and networking of female management staff in the region.

Development in personnel totals

The MVV Energie Group had a total of 5 444 employees as of 30 September 2014, and thus only 15 employees fewer in total than at the same date one year earlier.

Personnel figures (headcount)

of the MVV Energie Group at the balance sheet date

	30 Sep 2014	30 Sep 2013	+/- change
MVV Energie AG	1 411	1 460	- 49
Fully consolidated shareholdings	3 729	3 694	+ 35
MVV Energie AG with fully consolidated shareholdings	5 140	5 154	- 14
Proportionately consolidated shareholdings	304	305	- 1
MVV Energie Group¹	5 444	5 459	- 15

¹ including 368 trainees (previous year: 369)

The fact that personnel totals remained virtually unchanged is the result of opposing developments at our companies. The reduction in personnel at MVV Energie AG and Stadtwerke Kiel AG was countered by a slight increase in the workforce in the growth businesses of generation and environmental energy, and in particular by the build-up in staff totals at the British subsidiary of MVV Umwelt. 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.

Our German companies had a total of 3 454 employees at the balance sheet date, 14 more than in the previous year. We had 579 employees abroad at the balance sheet date, and thus 20 more than in the previous year. Of this total, 541 employees worked at the Czech subgroup and 38 at the British subsidiary of the environmental energy 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 at Ridham Dock.

Our employees were on average 43.3 years old in the year under report (previous year: 43.1) and had worked at the company for an average of 15.0 years (previous year: 14.9). Of our Group's workforce in the year under report, 4 775 employees, of which 1 280 women and 3 495 men, had permanent employment contracts, while 301 employees, of which 100 women and 201 men, had temporary employment contracts. Our group-wide staff included employees from 38 nations in the 2013/14 financial year. We view the diversity of our workforce as an opportunity. We are convinced that the different cultures and competencies of our employees create a competitive advantage for us.

In Germany, 87 % of our employees work at companies governed by collective labour agreements. Our personnel turnover rates at the large companies in Mannheim, Offenbach and Kiel ranged between 5.7 % and 8.1 %. This largely involved age-related retirement. Both MVV Energie AG and its shareholdings in Kiel and Offenbach significantly exceeded the statutory severe disability employment quota of 5 %, with 5.4 % to 8.5 % of their workforces meeting this criterion.

Training and personnel development programmes

Our employees have ever longer working lives and are required to cope with a dynamically changing energy industry. Training is therefore a key success factor. To enable our employees to uphold their performance capacity, we are increasingly relying on personal training measures and group-wide personnel development programmes. To promote the idea of sustainability among our employees, in the period under report we developed an e-learning programme on this topic.

In the year under report, we offered our Mannheim employees with hearing difficulties a workshop to develop their soft skills. One side-effect of this training was that it enabled these employees to establish networks with each other. In future, they will meet regularly to exchange views on various topics.

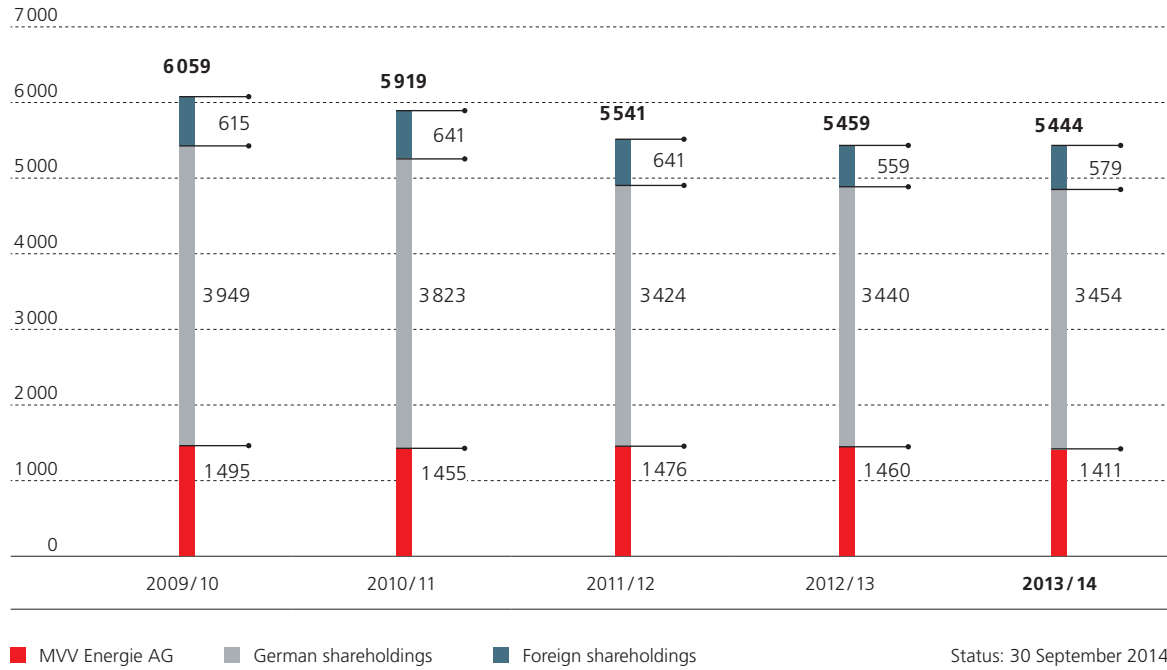
Dialogue with Executive Board in "Setting Course for the Future"

Close dialogue between Executive Board members and the workforce is a firm component of our internal communications. Discussion rounds held with Executive Board members enable employees at our locations in Mannheim, Offenbach and Kiel and at other companies in Germany to talk openly about current topics and the company's strategy. Not least in view of the far-reaching conversion in the German energy supply system and the resultant challenges facing our group of companies, we plan to continue these quarterly discussion rounds in rotation with all Executive Board members in future as well.

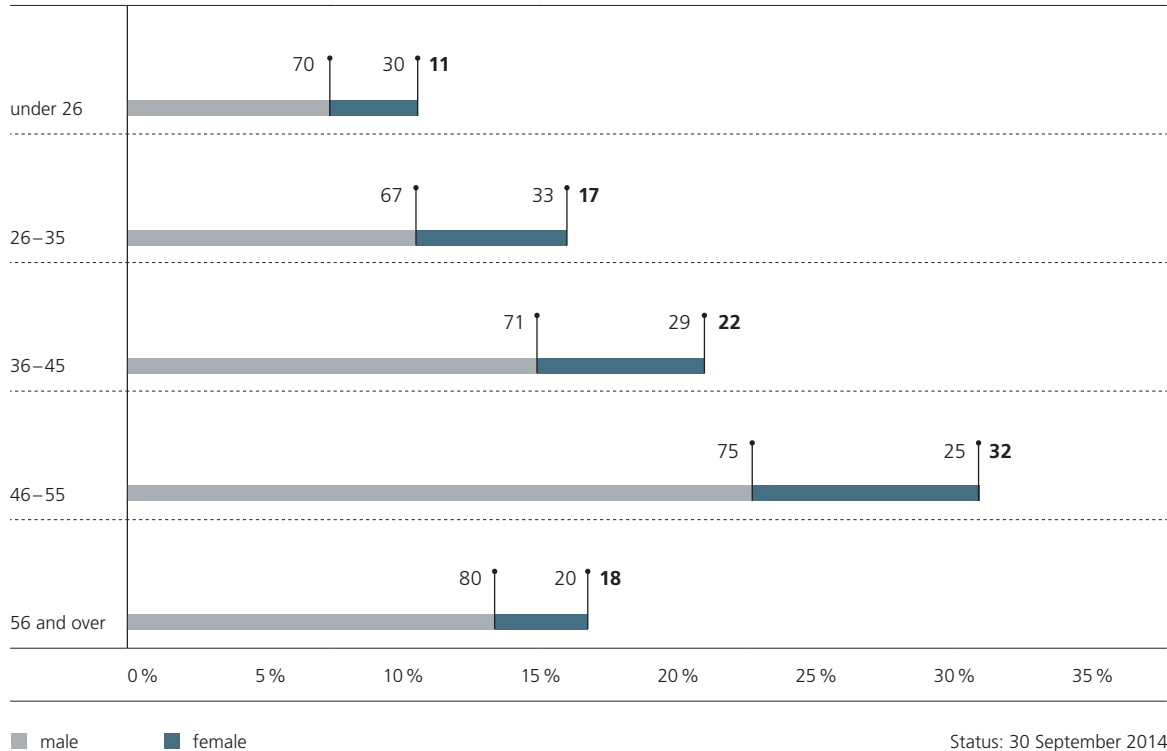
Developing and retaining competencies

We aim to support 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. This approach comprises both talent management concepts and systematic succession planning.

Employees of the MVV Energie Group (headcount)



Age structure of employees of the MVV Energie Group in %



Qualified 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 on 30 September 2014. The number of training positions at the Group thus remains very high. We train more staff than we actually require. On the one hand, this enables us to meet our responsibility towards society in the regions in which we operate. On the other hand, we thus secure good opportunities to cover our need for specialists in future as well.

We have provided our training with an attractive structure and ensure high quality standards. We advertise our company with numerous campaigns. We take information events, such as "Girls' Day", school pupil work experience or project weeks at schools, as an opportunity to raise awareness of our company as an attractive employer.

In Mannheim, we support highly-motivated, top-performing trainees in our Talent Group promotion programme. In the year under report, our young talents independently planned and implemented a project week for pupils at the schools with which we cooperate. The topics covered were energy-saving, energy efficiency and the history of the energy supply in Mannheim.

In a three-week visit organised in cooperation with City College Plymouth and our subsidiary MVV Environment Ltd., UK, the eight trainees in the Talent Group received intensive language training and worked on their project topic – the compilation of a film documentary for the visitor centre at our energy from waste plant currently under construction in Plymouth.

There has been one significant change for our company in the structure of its new training channels. High-performing trainees now have the opportunity to begin a bachelor's degree at the DHBW Baden-Württemberg Cooperative State University directly after their training. We see this as an important component of an up-to-date training approach, one which also offers us additional potential to secure specialist employees.

We offer those of our DHBW students obtaining very good grades in their bachelor's degree the opportunity to receive a master's degree scholarship. We are currently supporting one bachelor's degree graduate in her master's degree in electrical engineering.

One key factor for us is to remain an attractive employer for university graduates. We establish contact with graduates at an early stage and offer various entry programmes. In our Junior Consulting Team, upcoming managers and future specialists address cross-divisional topics in an interdisciplinary team. This way, graduates are rapidly integrated into the company and boost their project management skills. Former programme participants act as mentors to new colleagues, passing on their experience and supporting them.

Our EVO and SWK companies also offer trainee programmes. SWK assists students with scholarships and is active at professional and job fairs at universities. Stadtwerke Ingolstadt took part in the regional training fair and is offering increasing numbers of internships for bachelor's and master's degree graduates.

Active occupational health and safety

Our occupational health and safety is based on a management system consistent with the guidelines issued by the Federal Ministry of Labour and Social Affairs. We accord the highest priority to the safety at work of our own employees and those of external companies we commission. Safe equipment and safety awareness on the part of our employees are the key foundations of our occupational health and safety. To this end, we hold regular hazard assessments, training sessions, briefings and other measures to raise employees' awareness. We regularly review 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 necessary to meet the preventative health protection standards required by law and professional associations.

In our technical departments, we have integrated a cross-divisional technical safety management system for gas, water, electricity and heating energy. This has been successfully audited in line with the requirements of the DVGW, AGFW and VDN 2014 specialist associations. What's more, at individual subsidiaries 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).

A total of 14.4 work-related accidents per 1 000 employees occurred at the MVV Energie Group in the 2013 calendar year (previous year: 19.7). We calculate this key figure from the first working day lost. This results in a lost time injury frequency (LTIF – calculated as the number of work-related accidents per 1 000 000 working hours) of 8.5 (previous year: 10.7). No fatal accidents occurred.

We continue to focus on working time lost due to accidents on the way to or from work. We participate 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 33 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.

Our Commitment to Society

The companies within the MVV Energie Group are major economic players at their locations. Large portions of the value they create flow back into their respective regions (please also see the chapter ► *Our Value Creation on Page 77*). As an employer, we offer attractive jobs to around 5 400 employees across the Group. Our high-quality training and study programmes and our personnel development programmes enable us to find and retain specialists. With our investments and the orders we place with local companies, we help secure jobs in our regions. Not only that, we also meet our responsibility towards society by supporting our regions and the people who live there. Consistent with our commitment to our regions, we support projects on location – aiming at the same time to promote a positive image of our companies outside their regions and nationwide. Young people are our future – as the “Energiser of the Future”, we therefore focus in particular on promoting upcoming talent.

The support we provide at our locations

MVV ENERGIE AG provides targeted support in the fields of sport, culture, welfare, education and science. Here are some examples:

The Adler Mannheim (Mannheim Eagles) have their roots in the region and have built up a strong nationwide reputation as one of the top teams in the German ice hockey league. They are major and highly popular sporting figures in Mannheim and the Rhine/Neckar metropolitan region. That is why we have supported the team since 2007 already. We also sponsor the Mannheim Gymnastics and Sports Association (MTG). The longstanding, successful cooperation between MVV Energie and MTG covers both young people’s and popular sport, as well as professional sport. Here, for example, we support the outstanding German athlete Verena Sailer.

The “Junge Oper” at Nationaltheater Mannheim is a pioneering project in the German theatre landscape that introduces young people to the world of theatre in ways appropriate to their age. Their interest in culture is aroused and they receive important, sustainable impulses for their personal development. Junge Oper was initiated with the assistance of MVV Energie AG in the 2006/07 season. We have since acted as the exclusive sponsor of this exceptional project promoting upcoming talent.

The Sponsoring Fund at MVV Energie AG is also dedicated in particular to promoting children, young people and upcoming talent. Since 2005, this sponsorship programme has been offered twice a year. In the total of 19 selection rounds held to date, the fund has provided support to around 400 organisations, initiatives and projects in Mannheim and the Rhine/Neckar metropolitan region in the fields of culture, sport, science and welfare.

In cooperation with independent welfare associations and the City of Mannheim, we help private customers who through no fault of their own find themselves in need to pay their energy and water bills. MVV Energie AG has established an emergency assistance fund for this purpose. Since being established, the fund has offered financial assistance to more than 1 300 private households.

ENERGIEVERSORGUNG OFFENBACH AG (EVO) currently supports the superb work performed by five sports clubs in the Offenbach region. In the cultural arena, the company offers financial support to projects at the Seligenstadt Art Forum (Kunstforum Seligenstadt) and the “Locomotion Tanzbühne” dance and theatre school in Offenbach. EVO has launched a new sponsorship competition under the motto “Heart and Soul for Your Project”. Here, the company is on the lookout for interesting projects initiated by culturally active people, welfare initiatives, and sports and nature conservation clubs in Offenbach town and county.

For years now, **STADTWERKE KIEL AG (SWK)** has been committed to improving the quality of life in the region by supporting welfare, ecological and sports projects. One key priority is promoting children and young people, particularly at the 24|sieben camp. This project, the only one of its kind in Germany, makes it possible for every child in Kiel to gain their first experience of sailing. Since the first sailing camp in 2003, thousands of children and young people have taken part every summer. Not only that, SWK also supports the work of the training ship Thor Heyerdahl. On worldwide sailing trips, young people learn what teamwork is all about and how to take responsibility and show commitment in a team environment.

STADTWERKE INGOLSTADT BETEILIGUNGEN GMBH is committed to helping welfare organisations, associations operating in a variety of fields and sports and cultural events that promote upcoming talent and/or are firmly rooted in the region. Among others, the company supports the “Breakfast for Everyone” campaign. This initiative was launched to address the growing numbers of school pupils arriving at school without having had breakfast and thus not best prepared for the school day. In cooperation with the school authorities in the City of Ingolstadt, the pupils at four junior schools now receive a well-balanced breakfast before school.

Alongside its commitment to regional football, handball and hockey clubs, **KÖTHEN ENERGIE GMBH** also supports welfare organisations, such as the Disabled People’s Association (Behindertenverein e.V.) in Köthen, and cultural events.

OPPORTUNITY AND RISK REPORT

The German energy industry is in the midst of a process of transformation, one that presents companies with great challenges. For MVV Energie, the energy policy changes on the one hand lead to increased business risks. On the other hand, they also generate opportunities that we are exploiting and towards which we are aligning our business model.

In this report we present our risk management system, show the development in the expected overall risk situation and comment on the six categories to which we assign opportunities and risks. Furthermore, we report on our ► *internal control system in respect of the financial reporting process from Page 99 onwards.*

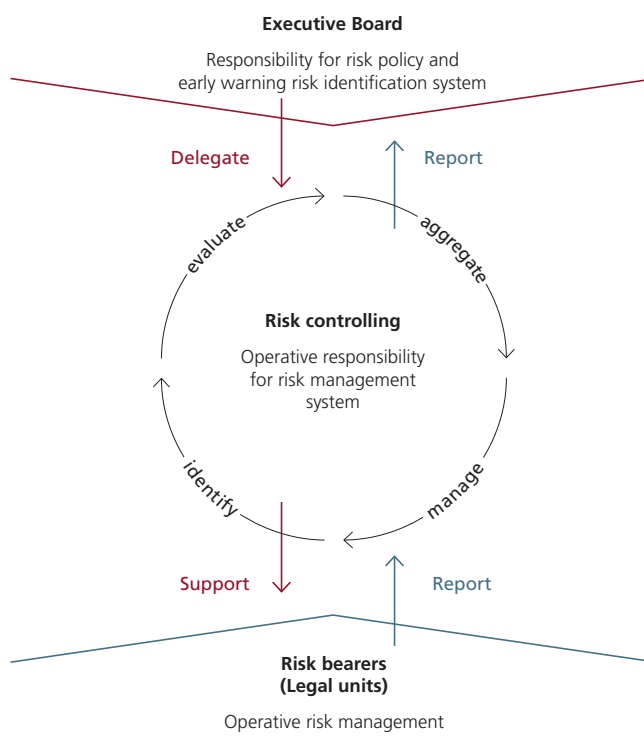
Group-wide risk management system

For the MVV Energie Group, having an effective strategy in place to handle opportunities and risks is a factor of great importance. After all, our objective is to avoid any significant negative variances from our budgeted earnings. To this end, we make systematic use of opportunity and risk management. We identify and evaluate opportunities and risks and aggregate these into an opportunity/risk profile, taking due account of the countermeasures taken (net analysis). We thus monitor and manage developments at the Group within the financial year. There are no risks relevant to our business that we either do not record or avoid as a matter of principle. Although we have carefully assessed and accounted for opportunities and risks in our adjusted EBIT forecast, future developments and events may nevertheless lead to positive or negative variances from our forecast.

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

Risk policy is determined by the Executive Board, which lays down the relevant processes and responsibilities, as well as the processes used to evaluate risks. The Risk Management Handbook is available to all employees on the intranet. Our central risk controlling function is responsible for monitoring group risk positions. Continuous risk supervision is also based here. This department works closely together with those risk managers at the legal business units and business fields who are each also responsible for earnings at their respective business units.

Risk management system at the MVV Energie Group



Operative risk management takes place in the business units. The relevant risk managers regularly review their current business situations and identify material opportunities and risks. Moreover, they also assess which financial implications the various opportunities and risks can be expected to have for budgeted adjusted EBIT. Risk managers regularly report their assessments in standardised form to the central risk controlling function. They are also responsible for implementing suitable measures to manage risks or exploit opportunities.

The central risk controlling function aggregates the opportunities and risks collected from across the Group using statistical methods. It also compiles a separate list of the largest single risks. Based on the combination of financial implications and probability of occurrence, we subdivide the expected risk situation into “low”, “medium” and “high”. Here, we consider the least favourable cases per category. The Executive and Supervisory Boards receive quarterly risk reports setting out the Group’s opportunity/risk profile. 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 reduced or passed on to third parties. A successful risk strategy may also involve deliberately assuming risks where these are manageable and offset by corresponding opportunities or other possibilities of compensation.

Executive Board summary

The business framework in which energy industry companies operate has not improved compared with the previous year.

Competitive pressure is still noticeably rising. Although the EEG Amendment took effect on 1 August 2014, outstanding energy policy decisions are still surrounded by uncertainty. Among other implications, this means that there is only limited planning reliability for many pending investments in renewable energies electricity generation plants. Energy companies still have to expect far-reaching changes and an unstable underlying framework. As a result, and given ongoing volatility on energy markets, our future business activity remains subject to risks, and that despite our well-balanced opportunity/risk profile.

Based on the Executive Board's assessment, the overall expected risk situation is stable. Further details can be found in the overview below. From the perspective of the Executive Board of the MVV Energie Group, there are and were no indications that any risks, whether individual or aggregate, could have endangered the continued existence of the overall company or of any material subgroup in the period under report or could do so in future. There were no material changes in our Group's expected risk situation between the balance sheet date on 30 September 2014 and the preparation of the 2013/14 consolidated financial statements.

We have subdivided the factors which could positively or negatively influence our business performance and our earnings, net asset and financial position into the following six categories. For the following categories, we classify the expected risk situation as "medium":

- Price risks, especially electricity price risks
- Operating risks, particularly in connection with plant operations
- Volume risks, especially those due to weather-related turnover fluctuations

For the other categories, we classify the expected risk situation as "low".

Price risks and opportunities

The price risks and opportunities category includes: price fluctuations in commodities and on both procurement and sales markets, exchange rate movements and interest rate movements. Overall, we view the expected risk situation within price risks as stable at "medium".

We deploy financial instruments mainly to limit interest, currency and commodity risks. Detailed information about these can be found in the ► *Notes to Consolidated Financial Statements from Page 128 onwards*.

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 price (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) • Fluctuations in renewable energies feed-in volumes 	<ul style="list-style-type: none"> • Regulation • Legal risks 	<ul style="list-style-type: none"> • Receivables default • Refinancing • Liquidity • Countries 	<ul style="list-style-type: none"> • Strategic decisions (incl. investments)
→	→	→	↗	→	→	→

→ stable ↗ increased ↘ reduced

FLUCTUATIONS IN THE CLEAN DARK SPREAD: The margin achieved from generating electricity from hard coal (clean dark spread – CDS) is calculated as the difference between electricity revenues on wholesale markets and the generation costs incurred. Generation costs mainly involve coal costs (including transport costs and currency translation differences) and CO₂ emission rights. We have a group-wide systematic approach in place to observe, evaluate and control the potential implications of price fluctuations for our generation portfolio management.

The CDS remained at a historically low level in the 2013/14 financial year as well. This low spread has had a particularly negative impact on earnings from marketing power plant capacities in our Trading and Portfolio Management reporting segment.

Opportunities will only arise once the generation margin has significantly improved.

FLUCTUATIONS IN ENERGY MARKET PRICES: We procure the predominant share of energy volumes required by our sales department for customer supplies on the energy trading market and cover our needs up to three calendar years in advance. To this end, our energy trading subsidiary MVV Trading GmbH concludes the corresponding transactions in line with our applicable hedging regulations. This enables us to enhance earnings consistency in our Trading and Portfolio Management and Sales and Services reporting segments and to act early to reduce uncertainties for subsequent financial years. Our energy trading activities thus actively limit the volume of our risk position.

CHANGES IN EXCHANGE RATES: Previously, opportunities and risks from changes in exchange rates were only of subordinate significance for our business. Given our two major construction projects in the UK, however, the euro/sterling exchange rate is gaining in importance for us. We are building an energy from waste plant in Plymouth and a biomass power plant at Ridham Dock. Both plants will begin operations in 2015. We acted early to develop a strategy to hedge changes in exchange rates. This will prevent any negative impact on earnings at the Generation and Infrastructure reporting segment during the construction stage.

CHANGES IN INTEREST RATES: Interest rate risks arise above all in connection with large project financing. However, these risks are continuously monitored and hedged by our finance department. We expect the level of this risk position, which relates to the investment-intensive Generation and Infrastructure reporting segment, to remain stable.

Operating risks and opportunities

For MVV Energie, the construction and operation of energy generation plants is the main source of potential operating risks and opportunities. Overall, we assess the expected risk situation within operating risks and opportunities as “medium”.

UNCERTAINTIES RESULTING FROM PLANT OPERATION: The operation of energy generation plants in the Generation and Infrastructure reporting segment involves significant operating uncertainties for our Group. Any unscheduled downtime at a plant might on the one hand make us unable to produce the budgeted volumes. On the other hand, we might face additional costs, for example to repair the plant, procure substitute supplies for our customers or settle contractual penalties. We reduce downtime risks by performing regular maintenance and monitoring measures within our plant maintenance strategy. We nevertheless cannot exclude the possibility of downtime. We have concluded suitable insurance policies to limit the financial implications of any potential damages. The impact this risk position could have on budgeted adjusted EBIT will increase once operations are launched at the plants currently being built.

When planned inspection periods are undercut, when plant availability exceeds the previously expected hours of use and when plant efficiency rates are increased, however, then we are able to achieve higher generation volumes and thus reduce costs.

RISKS RESULTING FROM PROGRESS WITH CONSTRUCTION PROJECTS: Energy generation requires high volumes of long-term investment. The construction of large new generation plants involves long planning and construction periods. Our budgeted adjusted EBIT may be negatively affected should any delays arise in such large-scale projects or if actual developments mean that their 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 thorough project reviews. In our project management, we work with suitable methods enabling us to limit delays during the construction stage and manage potential supplementary claims (claim management).

In the year under report, we pressed ahead with our large projects – the construction of the energy from waste plant in Plymouth and the biomass power plant at Ridham Dock, both in the UK, the construction of a further biomethane plant in Stassfurt and the construction of Block 9 at the large power plant in Mannheim (Grosskraftwerk Mannheim – GKM). We intend to launch operations at all of these plants before the end of 2015. We view future risks resulting from progress with construction projects allocated to the Generation and Infrastructure reporting segment as stable.

There is the opportunity, albeit slight, that the construction projects will be successfully completed ahead of their respective deadlines, thus enabling operations to be launched ahead of schedule.

PERSONNEL DEVELOPMENTS: We are also exposed to risks in terms of personnel. One example here is demographic change, which may lead to capacity risks and risks resulting from an ageing workforce at companies in the MVV Energie Group. The extent of the implications may vary from location to location. Well-qualified, motivated employees form the basis of our company's success. To find and retain such employees in the long term, we are taking numerous measures to raise our profile as an attractive employer among potential employees. We are thus optimising our personnel development activities and offer various possibilities helping employees to combine their family and work commitments. Detailed information about these measures can be found in the chapter ► *Sustainability from Page 86 onwards*. Our assessment of the future risk of being unable to find suitable replacements for key positions is still unchanged. We expect our employee acquisition and retention measures to succeed, thus raising our chances of attracting especially desirable specialists to our company. Moreover, we offer our employees targeted further training to ensure that we have suitable successors in place for key positions at an early stage. Factors which could potentially result in pension obligation risks were already accounted for in pension surveys and have been factored into our budgets. Information about our pension obligations can be found in the ► *Notes to Consolidated Financial Statements from Page 143 onwards (Provisions for pensions and similar obligations)*.

IT, MODEL, ORGANISATION AND SECURITY RISKS: The ability to store data safely and use information technology without interruption is important for all business processes. We minimise 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 all key hardware components. We also have a backup computer centre. We pay great attention to the security of our IT infrastructure and IT systems in order to detect and ward off any potential attacks at an early stage. From our perspective, the IT risks facing our Group have not changed. The same applies for model, organisation and security opportunities and risks.

Volume risks and opportunities

Fluctuations in volumes may impact positive or negatively on our operating earnings both on the procurement side and on the sales side. Overall, we assess the expected risk situation within volume risks as "medium", with a slight overall increase in this area.

VOLUME FLUCTUATIONS DUE TO CHANGES IN ECONOMIC CONDITIONS: MVV Energie is affected by macroeconomic developments only indirectly. Should economic circumstances lead to lower production volumes at our major industrial and commercial customers, then this may mean that they procure less energy from us. Conversely, any increase in our customers' production volumes creates opportunities for higher turnover.

Commercial waste volumes may also increase or decrease in line with production volumes, and thus also in line with economic developments. Thanks to our materials flow management, we are able to react flexibly to any changes in regional market conditions and thus minimise potential volume risks for our plants. However, revenues may fall short of our expectations – even with high capacity utilisation rates at our energy from waste plants – for example if earnings are negatively affected by poor fuel quality. However, lower waste calorific values do not automatically lead to losses of earnings. After all, larger volumes could then be incinerated. This would in turn lead to rising waste revenues, as waste prices are based on weight.

Given the rise in the number of proprietary generation plants in 2015, and in particular the addition or acquisition of wind turbines, we view the future earnings uncertainty resulting from volume fluctuations in the Generation and Infrastructure reporting segment as having increased.

VOLUME FLUCTUATIONS DUE TO WEATHER CONDITIONS: As a result of district heating and gas turnover, our business performance in the heating period (October to April) is closely linked to weather conditions. Weather-related factors harbour opportunities and risks for all reporting segments. Opportunities arise for us when weather conditions are colder than expected. The opposite was the case in the 2013/14 financial year. The heating period was characterised by persistently mild weather. This negatively affected district heating and gas turnover with end customers and the resultant adjusted EBIT in the Sales and Services, Strategic Investments and Generation and Infrastructure reporting segments.

VOLUME FLUCTUATIONS DUE TO COMPETITION OR EFFICIENCY MEASURES: Competitive pressure has intensified year by year in the liberalised energy market. Any decision by customers to switch to other providers leads to reductions in volumes. Volume losses may also result from efficiency measures changing customers' patterns of consumption, such as heat insulation.

We are seizing the opportunities presented by the liberalised market. We are boosting customer retention and our chances of attracting new customers by offering innovative, competitive products with substantial customer benefits, such as the direct marketing of electricity from renewable energies. Despite increasingly tough competition, from our perspective the risks in this regard in the Sales and Services reporting segment are stable.

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

Legislative risks

We pool risks relating to regulation and legal topics, both of which may influence our business performance, under legislative risks. We continue to assess the expected risk situation within legislative risks as stable and “low”.

REGULATORY RISKS: When authorities such as the Federal Network Agency (BNetzA) or cartel offices intervene in price structures, then regulation may also result in risks for our business. In the past, this related, for example, to grid utilisation fees, which were set by the BNetzA. The process to set revenue caps for electricity and gas grid operators in the second regulatory period has not yet been completed. What is already apparent, however, is that the risks to our planning have reduced, as we had budgeted our future grid revenues with due caution. As is true across the board 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. Moreover, regulatory risks are significant for the Generation and Infrastructure reporting segment. We have reviewed the amended legal requirements resulting from the new version of the German Renewable Energies Act (EEG) that came into force on 1 August 2014 and accounted for these in our budgeting. The government may nevertheless take further decisions that could negatively affect our adjusted EBIT. Regulatory risks are chiefly relevant for the Generation and Infrastructure, Trading and Portfolio Management and Sales and Services reporting segments.

To counter regulatory risks, we actively participate in the political opinion-forming process. Detailed information about this can be found in the ► *Business Report from Page 53 onwards*.

LEGAL RISKS: Legal risks with the potential to affect all reporting segments may arise for MVV Energie in connection with court cases, product liability or onerous or unenforceable contracts. We limit these risks by having contracts suitable negotiated and drafted by our group legal department. Furthermore, we have a Compliance Management System in force across the Group that also serves to avoid infringements of the law. We have reported on this in the ► *Corporate Governance Report from Page 34 onwards*.

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

We assess the expected risk situation within legal risks as stable.

Financing risks

Financing risks mainly involve receivables default and refinancing and liquidity risks. We continue to assess the aggregate expected risk situation within financing risks as stable and “low”.

RECEIVABLES DEFAULT RISKS: Receivables defaults arise when customers or business partners do not settle our invoices, or only in part. This risk relates in particular to long-term supply relationships, such as contracting agreements. To limit this risk, we select our business partners with due commercial prudence. We diversify our portfolio to avoid cumulative clusters of default risks. We perform detailed creditworthiness checks on our customers. Where necessary, we agree additional deposits of securities and guarantees. Receivables default risks apply for all reporting segments. We assess the expected risk situation as stable.

REFINANCING AND LIQUIDITY RISKS: We view our refinancing and liquidity risk, i.e. the risk of being unable to procure the necessary liquid funds, or only at increased cost, as unchanged. We benefit from our group-internal cash pooling, which enables us to reduce our refinancing and liquidity risk and, alongside this, to positively influence our interest result. We cover our long-term capital requirements with promissory note loans, among other instruments. The ongoing low level of interest rates offers us refinancing opportunities. Information about our repayment maturity profile can be found in the ► *Business Report on Page 69*.

COUNTRY RISKS: These risks apply in the Sales and Services reporting segment due to the potential inability or unwillingness of a state to meet its payment obligations, as well as on account of transfer risks. As in the previous year, these risks did not play any significant role for our business.

Strategic risks and opportunities

The right strategic decisions form the basis for a company's sustainable success. The MVV Energie Group therefore accords particular attention to considering which markets, technologies, companies or projects we intend to invest in, as well as the timing and scope of such investments. As customary in the energy industry, our company channels large volumes of capital into long-term energy generation and distribution assets. Within our strategic planning process, we identify the potential offered by new markets and technologies. We then reach our strategic decisions on the basis of in-depth market and competitive analyses and thorough viability calculations taking particular account of opportunity and risk factors.

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 changes in circumstances.

One key strategic decision in the year under report was the decision not to participate in any new gas-fired combined heat and power generation plant at Stadtwerke Kiel. We are discussing and assessing the way forward and potential solutions in detail.

We have launched an investment programme of Euro 3 billion within our MVV 2020 strategy project. Over the past five years, we have already implemented or reached binding decisions for an investment total of around Euro 2.2 billion. In terms of our budgeted adjusted EBIT, it is important that our strategically important investments should generate the expected revenues. We review our investments in line with our internal guidelines and involve our specialist departments in this assessment.

Any erroneous assessments of planning processes, future profitability, the necessary financing framework and potential risks at shareholdings, business fields or individual projects in future financial years may – despite careful inspection – lead to downturns in the budgeted level of adjusted EBIT.

Given the transformation in the German energy system, our company continues to face high levels of planning uncertainty, and that despite the EEG Amendment already in force. We assess the expected risk situation within strategic risks as “low”.

Seizing opportunities

The far-reaching transformation in the energy supply system confronts companies operating in the energy industry with risks, but also offers them opportunities to generate profitable growth in the medium and long term. Our group companies have firm municipal and regional roots. Our broad-based business portfolio is structured along the energy industry value chain. By consistently implementing our strategy, with its focus on sustainable growth, we are well positioned to benefit in economic terms from the opportunities arising. We have outlined the MVV Energie Group's strategy in the chapter ► *Corporate Strategy from Page 48 onwards*. We also report on the opportunities available to our company in the ► *Outlook from Page 105 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. This enables us on the one hand to ensure the correctness, reliability and uniformity of financial reporting across the Group, including the preparation of the consolidated financial statements and management reports. On the other hand, it enables us to make sure that the company complies with legal requirements and its internal guidelines.

By means of the IKS system, we have improved transparency at our group of companies for all commercial processes that are important for the consolidated financial statements and the combined management report of the MVV Energie Group. The internal control system in respect of the financial reporting process covers financial reporting at the entire MVV Energie Group and lays down principles, procedures, regulations and measures intended to ensure the complete, accurate and prompt recording of business transactions in line with legal requirements. These include the principles of proper accounting, the requirements of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG) and the supplementary requirements of the Articles of Incorporation. As a publicly listed company, MVV Energie AG also applies the German Corporate Governance Code in its latest version. In a compliance management report, we inform readers each year whether legal requirements have been complied with. Further information about this can be found in the ► *Corporate Governance Report from Page 34 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 principles and organisation of IKS system

Prior to their adoption and subsequent publication, the consolidated financial statements of the MVV Energie Group are inspected by the Audit Committee and the Supervisory Board. These financial statements, which are centrally compiled by the Group's commercial division in Mannheim, 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). 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 multistage 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 billing service, are localised at our Soluvia GmbH subsidiary. We have laid down our company's general consolidation processes 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. These guidelines, which are applicable for the Group's annual and interim financial statements, 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. Within our financial statement preparation process, we also collect further information, both qualitative and quantitative, that is relevant to our accounting and the preparation of our financial statements. We regularly discuss this information with representatives of the relevant specialist departments in pre-determined processes and record it in our quality assurance process to ensure that all relevant data has been fully accounted for. 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 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.

We have identified those risks which could counter the objective of publishing our consolidated financial statements in line with the respective norms by analysing the necessary processes and interfaces, training employees and laying down the schedule in detail. Our IKS system serves to avoid those risks of material misstatements in our consolidated financial statements, combined management report and quarterly and half-year financial reports that 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 system that is documented and comprehensible in all of its stages, MVV Energie AG implemented a standardised approach to document the relevant processes and checks in the 2009/10 financial year already. The most important group companies have their own IKS managers, who monitor IKS documentation on company level in line with a standardised process and regularly report 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.

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, which must be strictly adhered to. This covers all divisions required to supply data for the preparation of the quarterly financial reports and the annual report. The punctual delivery of information within the respective deadlines is monitored and the data 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 whether the targets adopted by the Supervisory Board in the business plan have been met. Variances to the budgeted and previous year's performance are documented. To this end, an extensive report in which the business performance is presented by reference to the comments received from individual business fields and subgroups is regularly prepared for the Executive Board. Based on the insights thereby gained, measures are then proposed. This is the basis on which the Executive Board manages the MVV Energie Group's business.

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 systems 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 systems are appropriate in terms of their structure and functionality. They thus form a key component of the internal monitoring system within the MVV Energie Group.

COMPENSATION REPORT

In the Compensation Report, we set out the principles underlying our compensation system and provide information about the structure and level of compensation for members of the Executive and Supervisory Boards of MVV Energie AG. Furthermore, we also list those benefits foreseen for Executive Board members should they leave the company or retire.

The description of the basic principles of our compensation system and disclosures concerning the compensation of Executive and Supervisory Board members for the 2013/14 financial year take due account of the requirements of the German Commercial Code (HGB) and 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.

Compensation of Executive Board members

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.

The Executive Board received total compensation of Euro 2 408 thousand in the year under report (previous year: Euro 2 219 thousand). This compensation comprises non-performance-related and performance-related components.

Two components determine the one-year variable 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 three-year period. 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 2013/14 financial year. No multiyear variable compensation is provided for.

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

The following table shows the benefits granted and actual incomes paid in the year under report in accordance with the German Corporate Governance Code and total compensation pursuant to German Accounting Standard 17 (DRS 17). Given the structure of the compensation system, the benefits granted and actual incomes paid are identical.

Benefits granted and incomes paid

Euro 000s	Dr. Georg Müller CEO				Udo Bekker Personnel Director (since 1 Jan 2013)			
	2013/14	Min 2013/14	Max 2013/14	2012/13	2013/14	Min 2013/14	Max 2013/14	2012/13
Fixed compensation ¹	460	460	460	460	330	330	330	225
Fringe benefits ²	38	38	38	40	30	30	30	43
Other compensation ³	17	17	17	18	9	9	9	5
Total	515	515	515	518	369	369	369	273
One-year variable compensation	297	—	920	335	182	—	600	154
Total pay	812	515	1 435	853	551	369	969	427
Pension expenses ⁴	190	190	190	178	121	121	121	209
Total compensation	1 002	705	1 625	1 031	672	490	1 090	636

Euro 000s	Dr. Werner Dub Technology Director				Ralf Klöpfer Sales Director (since 1 Oct 2013)			
	2013/14	Min 2013/14	Max 2013/14	2012/13	2013/14	Min 2013/14	Max 2013/14	2012/13
Fixed compensation ¹	275	275	275	275	275	275	275	—
Fringe benefits ²	27	27	27	28	51	51	51	—
Other compensation ³	16	16	16	16	5	5	5	—
Total	318	318	318	319	331	331	331	—
One-year variable compensation	198	—	550	223	198	—	550	—
Total pay	516	318	868	542	529	331	881	—
Pension expenses ⁴	151	151	151	135	275	275	275	—
Total compensation	667	469	1 019	677	804	606	1 156	—

1 annual fixed compensation including CEO allowance of Euro 185 thousand for Dr. Georg Müller and one-off payment to Udo Bekker

2 contributions to voluntary pension insurance, health insurance, nursing care insurance, voluntary contribution to employers' mutual insurance association, reimbursements of transitional benefits, non-cash benefits/benefits in kind

3 compensation for board activities at subsidiaries and shareholdings (entitlement in financial year)

4 service cost from commitments of pensions and other benefits pursuant to IAS 19

Pension commitments

Executive Board members Dr. Georg Müller, Udo Bekker and Ralf Klöpfer 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, Udo Bekker and Ralf Klöpfer are presented in the following table:

Pension obligations

Euro 000s	Development in virtual pension accounts			Pension provision	Allocation to pension provision	
	Balance at 1 Oct 2013	Pension contribution	Balance at 30 Sep 2014 ¹	Balance at 30 Sep 2014 ²	Service cost	Interest expenses
Dr. Georg Müller	1 361	152	1 582	2 471	190	69
Udo Bekker	83	110	196	352	121	8
Ralf Klöpfer	—	110	110	275	275	—
Total	1 444	372	1 888	3 098	586	77

1 including interest

2 equivalent to present value of vested claims

The overall pension commitment made to the Executive Board member Dr. Werner Dub will continue to be based on pensionable compensation through to his retirement on 31 December 2014. 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	Allocation to pension provision	
			Service cost	Interest expenses
Dr. Werner Dub	110	68 %	151	75

¹ achievable claim, taking due account of amounts imputed

² total pension rate achieved for retirement pension in %

Former members of the Executive Board received benefits of Euro 348 thousand in the year under report. Provisions totalling Euro 13 644 thousand have been stated for pension obligations towards former members of the Executive Board. A total of Euro 408 thousand was allocated to this item in the 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 2 717 thousand was paid to this group in the year under report. Of this total, Euro 2 601 thousand involved payments with current maturities.

Unless they are insured via municipal supplementary pension companies (ZVKs), management staff performing key functions 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 116 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 year under report, with the Chairman of the Supervisory Board receiving twice and his deputy one and a half times this figure. 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 431 thousand. The compensation for the employee representatives in the Supervisory Board (excluding Supervisory Board compensation) amounted to Euro 839 thousand in the year under report. The composition of the Supervisory Board has been presented in a separate overview ► on Page 171.

Supervisory Board compensation¹

Euro	Supervisory Board compensation	Meeting allowances
Dr. Peter Kurz	20 000	22 000
Johannes Böttcher	10 000	7 000
Timo Carstensen	10 000	7 000
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	4 000
Prof. Dr. Egon Jüttner	10 000	5 000
Heike Kamradt	10 000	10 000
Daniela Kirchner	9 972	7 000
Gunter Kühn	56	—
Dr. Antje Mohr	10 000	7 000
Dr. Lorenz Näger	12 500	10 000
Wolfgang Raufelder	10 000	6 000
Christian Specht	10 000	7 000
Dr. Dieter Steinkamp	10 000	5 000
Carsten Südmersen	12 500	14 000
Katja Udluft	10 000	7 000
Prof. Heinz-Werner Ufer	15 000	19 000
Jürgen Wiesner	10 000	8 000
Total	232 528	198 000

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

TAKEOVER-RELATED DISCLOSURES

The combined management report includes 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 on 30 September 2014 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 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 EnBW Energie Baden-Württemberg AG, Karlsruhe, held a direct stake of 22.5 % and Rhein-Energie AG, Cologne, directly held 16.3 % 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 on § 84 et seq. of the German Stock Corporation Act (AktG), and on § 30 et seq. of the German Codetermination 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, as well as for 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.

By resolution on 14 March 2014, the Annual General Meeting authorised the Executive Board until 13 March 2019, subject to approval by the Supervisory Board, to increase the share capital by a total of up to Euro 51.2 million by issuing up to 20 million new individual registered non-par shares on one or several occasions in return for cash and/or non-cash contributions.

The Executive Board of MVV Energie AG has not yet made any use of these authorisations.

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 2014 and the preparation of the 2013/14 consolidated financial statements.

At the beginning of October 2014, Mannheim City Council approved the extension of the concession agreements with MVV Energie AG for electricity, gas and water and the licence agreement for district heating. The new agreements have terms running until 2034.

On 15 October 2014, the Supervisory Board of MVV Energie AG approved the company's acquisition of a shareholding in Juwi AG, Wörrstadt. By way of a capital increase at Juwi AG, MVV Energie AG intends to acquire a 50.1 % stake in the German renewable energies market leader. This transaction, which is scheduled to be completed by the end of 2014, is conditional on the successful implementation of the financing concept with the involvement of the relevant financing providers, as well as on approval by the Federal Cartel Office. By acquiring this stake, the MVV Energie Group has reached a key milestone in implementing the MVV 2020 strategic realignment initiated in 2009.

On 7 November 2014, we announced the foundation of a joint venture together with the Munich company BayWa r.e., the Irish Glen Dimplex Group and Munich-based GreenCom Networks AG. Of the shares in the company, MVV Energie AG holds 34.8 %, BayWa r.e. and Glen Dimplex 25.1 % each and GreenCom Networks AG 15 %. The jointly owned company, BEEGY GmbH, will pool decentralised renewable energy generation, services, IT components and one-stop solutions and services for private, retail, commercial and industrial customers. For MVV Energie, BEEGY thus represents a logical extension to our range of services and products aligned to the energy system of the future.

OUTLOOK

Executive Board forecast business performance

The far-reaching transformation in the German energy supply system and energy policy decisions, also on EU level, continue to present energy companies with great challenges. These factors will also continue to adversely affect the MVV Energie Group's earnings. We are countering this situation with cost savings and ongoing efficiency enhancement measures. Our earnings for the 2014/15 financial year will benefit from our growth investments. In 2015, we will be launching operations at the waste-fired combined heat and power plant in Plymouth and the biomass power plant at Ridham Dock, both in the UK, as well as at our third biomethane plant in Saxony-Anhalt. All these plants are currently under construction. We will maintain the course we have taken and thus consistently exploit the opportunities arising from the transformation in the energy system.

Future macroeconomic developments

In their autumn survey published on 9 October 2014, Germany's leading economic research institutes forecast economic growth of 1.3 % for Germany in 2014 as a whole and expected gross domestic product (GDP) to rise by 1.2 % in 2015. Here, the experts assume that the German economy will be operating well below capacity in 2015, and that despite expansive financial policies and ongoing low interest rates. Growth is expected to be driven in particular by the positive development in the domestic economy. The economy will be held back, by contrast, by the moderate rate of global economic expansion and low momentum in the euro area.

Future sector developments

The business performance of German energy companies will be affected in particular by the implementation of the German Renewable Energies Act (EEG). Not only that, further energy policy decisions and legislative amendments are due, including the specific auction design structure for determining the compensation paid for electricity from renewable energies on a competitive basis and the reform of the German Combined Heat and Power Generation Act (KWKG). Further information about these factors can be found in the chapter ► *Business Framework from Page 53 onwards*.

The ongoing significant fall in prices on wholesale electricity markets has sharply reduced the profitability of conventional power plants, and of power plants working with environmentally-friendly combined heat and power generation in particular. Several energy companies have already taken conventional electricity generation capacities from the grid and announced their intention to decommission further plants. This trend can be expected to continue. What is needed against this backdrop is the introduction of a capacity mechanism allowing the economically viable operation of reserve generation capacities. For the foreseeable future it will still be necessary to operate efficient conventional power plants, and to build new ones. Only this way will it be possible to offset fluctuations in the availability of electricity from wind turbines and photovoltaics systems and thus uphold supply reliability.

With the expansion in renewable energies, the energy supply is becoming more decentralised. In the future energy system, customers themselves can become producers and smart consumers of energy, i.e. can become "prosumers". For the energy industry, this means that it will have to act early to develop new business models and services to do justice to changing customer requirements and to help shape tomorrow's energy world. Here, it is all about developing innovative products and solutions focusing on the customer and offering a high degree of networking capability. Demand-side management concepts, for example, are set to gain in significance. Working with smart applications, these influence energy consumption in line with the grid load situation and wholesale market energy prices. New energy supply forms will be substantially driven by technology and digitalisation. This in turn will require cross-sector cooperations and partnerships, for example with the IT, telecommunications and automotive sectors, as well as with real estate and housing construction companies. With its expertise as an energy supply and service provider, MVV Energie will continue to act as a pioneer, driver and motor of innovation in future as well.

Implications of business framework for MVV Energie

The energy policy framework and energy industry developments will have a noticeable impact on our business performance in the 2014/15 financial year as well. Any further decline in wholesale electricity prices would adversely affect our operating earnings. Legislative amendments may influence our investment behaviour.

Furthermore, our business performance will also be affected by weather conditions and, albeit to a lesser extent, by the macro-economic framework in Germany.

Strategy builds on sustainable growth

The growth fields defined in our corporate strategy are consistent with energy policy objectives. This enables us to act promptly to seize any opportunities resulting from the conversion in the energy system to generate sustainable, profitable growth. Details about our strategy can be found in the chapter ► *Corporate Strategy from Page 48 onwards*.

Future markets, products and services

In our expansion of renewable energies, we continue to see great growth potential for **ONSHORE WIND POWER**. On the one hand, we aim to increasingly develop proprietary wind farm projects. On the other hand, takeovers of existing wind farms also remain an option, provided that such transactions make sense in economic terms.

In June 2014, together with the renewable energies company BayWa r.e. we began construction work on our third **BIOMETHANE PLANT**, in this case in Stassfurt (Saxony-Anhalt). The new plant should feed biomethane into the public natural gas grid from mid-2015 onwards.

We are further expanding and increasing the density of **DISTRICT HEATING WITH COMBINED HEAT AND POWER GENERATION** at our Mannheim, Kiel, Offenbach and Ingolstadt locations and at individual locations in the Czech Republic. Construction work on the state-of-the-art, energy-efficient Block 9 at the large power plant in Mannheim (Grosskraftwerk Mannheim – GKM) is making great progress. As planned, this will replace the older Blocks 3 and 4 in 2015 and thus secure the regional electricity and heating supply on a long-term basis.

Business developments at our **KIEL SUBGROUP** will be shaped by the phasing out of operations at the joint power plant in Kiel (Gemeinschaftskraftwerk Kiel – GKK), a joint venture between E.ON Kraftwerke GmbH and Stadtwerke Kiel. The planned follow-up generation solution involves building a new gas-powered combined heat and power plant.

The waste and biomass markets in the **UK** and **FRANCE** offer growth opportunities for our group of companies. As already mentioned, the waste-fired combined heat and power plant in Plymouth and the biomass power plant with CHP capability at the British port location of Risham Dock will commence operations in 2015. In May 2014, together with the French public-private company Semardel our MVV Umwelt GmbH subsidiary founded the joint venture Solutions Européennes de Valorisation Énergétique S.A.S. (SEVE). SEVE will bid for operations management tenders at energy from waste plants in France.

We are further developing our **DECENTRALISED ENERGY MANAGEMENT** business models. For industrial and commercial customers, **ENERGY SAVING AND ENERGY EFFICIENCY SOLUTIONS** are playing an ever more important role. Our MVV Enamic GmbH subsidiary aims to exploit these economic opportunities. As an energy-related services provider, it has longstanding experience in offering efficiency and contracting solutions.

We are actively participating in the growing **COMPETITION FOR CONCESSIONS** and submitting targeted bids for attractive newly tendered concessions. We aim to retain and successfully continue our existing partnerships with municipalities.

Development of future business models for renewable energies

To date, the economically viable operation of renewable energies generation plants has largely been supported by subsidies. In future, there will be increasing demand from customers for solutions that facilitate the viable use of regenerative energy generation facilities. A joint project has set itself the task of developing new business models for this purpose. The project team comprises energy & meteo GmbH as the consortium manager in cooperation with MVV Energie AG and the Fraunhofer Institute for Systems and Innovation Research (ISI). The project plans to test methods aimed at optimising flexible electricity generation and consumption involving renewable energies and at linking these to the heating energy market. The project is investigating how energy from decentralised plants can be pooled at a virtual power plant and what the best possible ways are to efficiently market this energy to various energy markets.

In a further step, the electricity market is to be linked to the heating energy market. MVV Energie is currently performing a test in which a small heating energy storage facility is supplied by a photovoltaics system. Building on this, the project will investigate how renewable energies generation can be integrated into our district heating grid. This innovation project has a term running from September 2013 to August 2016 and is being promoted by the Federal Ministry for Economic Affairs and Energy and the Federal Ministry for the Environment.

Expected sales performance

Assuming normal weather conditions, we currently expect the **SALES (EXCLUDING ENERGY TAXES) OF THE MVV ENERGIE GROUP** for the 2014/15 financial year (October 2014 to September 2015) to show moderate growth compared with the previous year (Euro 3.8 billion).

Our growth investments will impact in particular on the sales performance of the **GENERATION AND INFRASTRUCTURE REPORTING SEGMENT**. Following the launch of operations at the two UK plants and the biomethane plant in Stassfurt, sales in this reporting segment will rise sharply from the 2014/15 financial year onwards.

We expect electricity trading volumes in the **TRADING AND PORTFOLIO MANAGEMENT REPORTING SEGMENT** to increase compared with the 2013/14 financial year. We also expect slight growth in our gas portfolio management activities. Given ongoing low wholesale electricity prices, we expect sales in the Trading and Portfolio Management reporting segment in the 2014/15 financial year to show moderate overall growth compared with the previous year's figure.

In the **SALES AND SERVICES REPORTING SEGMENT**, we expect to be able to further expand the direct marketing of electricity from renewable energies within the market premium model and our nationwide sales activities. Assuming normal weather conditions, we expect to see higher sales volumes in our district heating and gas businesses with end customers, as the 2013/14 financial year was characterised by an unusually mild heating period. We therefore expect sales in the Sales and Services reporting segment to grow substantially in the 2014/15 financial year.

Due to the application of IFRS 11, from the 2014/15 financial year the companies Stadtwerke Ingolstadt Beteiligungen GmbH, Stadtwerke Ingolstadt Energie GmbH and Stadtwerke Ingolstadt Netze GmbH will no longer be recognised proportionately, but will rather be included in the consolidated financial statements using the equity method. This means that from the 2014/15 financial year these companies' sales will no longer be presented in the **STRATEGIC INVESTMENTS REPORTING SEGMENT**. This change in consolidation will lead to a reduction of around Euro 90 million in the sales reported.

Expected development in key income statement items

We expect the cost of materials of the MVV Energie Group in the 2014/15 financial year to develop largely in line with sales. Due to our investments, depreciation will increase. The development in employee benefit expenses will be affected by various factors. As outlined above, due to the application of IFRS 11 from the 2014/15 financial year onwards the companies at the Ingolstadt subgroup will no longer be recognised proportionately, but will rather be included in the consolidated financial statements using the equity method. This will reduce employee benefit expenses. However, this factor will be countered by collectively agreed pay rises and increased staff totals in our high-growth business fields. Overall, we therefore expect employee benefit expenses to increase in the 2014/15 financial year compared with the period under report.

Expected earnings performance

The margins achieved from generating electricity from hard coal (clean dark spread) are largely determined by wholesale market electricity prices, coal procurement expenses, including the development in the Euro/US dollar exchange rate, and the price of CO₂ emission rights. Electricity continues to be marketed at low price and spread levels, a factor that will impact negatively on our earnings once again in the 2014/15 financial year. We are countering the resultant burden with cost savings and efficiency enhancements, thus also making up for part of the start-up costs at our growth investments. We expect earnings to be positively influenced by the launch of operations in 2015 at the two plants under construction in the UK and the biomethane plant under construction in Stassfurt.

Overall, from an operating perspective the Executive Board expects the **ADJUSTED EBIT OF THE MVV ENERGIE GROUP** in the 2014/15 financial year to amount to between Euro 180 million and Euro 195 million. As in previous financial years, the overall earnings performance also depends on weather conditions.

The earnings performance of the **GENERATION AND INFRASTRUCTURE REPORTING SEGMENT** will be shaped by the development in the electricity price and the regulatory climate in the grid business. Its earnings will also be affected by additional costs resulting from the implementation of legal requirements. Driven in particular by positive earnings contributions from our new plants in the UK and the biomethane plant in Stassfurt, but depending in each case on the specific operations launch date, we expect to see strong earnings growth in this reporting segment compared with the 2013/14 financial year.

Earnings in the **TRADING AND PORTFOLIO MANAGEMENT REPORTING SEGMENT** will mainly be influenced by the development in the electricity price and the historically low level of the clean dark spread (CDS). From a current perspective, we even expect to see a further reduction in the 2015 and 2016 CDS. In view of this, we expect to see a further sharp year-on-year reduction in earnings in this reporting segment in the 2014/15 financial year.

The earnings of the **SALES AND SERVICES REPORTING SEGMENT** are determined by various factors. We expect sales growth in our direct marketing of electricity from renewable energies within the market premium model and from our nationwide sales activities. Moreover, earnings are very significantly affected by weather conditions. Overall, we expect the Sales and Services reporting segment to generate substantial earnings growth in the 2014/15 financial year compared with the 2013/14 financial year.

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 rise sharply in the 2014/15 financial year compared with the year under report (Euro 1.9 billion). This development will be driven above all by growth in the corporate customer business, the direct marketing of renewable energies within the market premium model and the expansion in our nationwide sales activities. Assuming normal weather conditions, we expect sales and turnover in the district heating and gas businesses to increase in the 2014/15 financial year compared with the year under report, which was characterised by unusually mild weather conditions. As the two plants under construction in the UK will initially not contribute to HGB annual net income, even after the launch of operations, we expect annual net income after taxes to reduce substantially in the 2014/15 financial year compared with the previous year (Euro 79 million).

Stable dividend

MVV Energie AG remains committed to a continuity-based dividend policy that ensures a solid return for our shareholders. The Executive Board has therefore planned a dividend of Euro 0.90 per share for the 2013/14 financial year, and thus at the same level as in the previous year. The dividend proposal to be submitted to the 2015 Annual General Meeting will be decided by the Executive and Supervisory Boards in December 2014.

Planned investments

We have budgeted total investments of around Euro 500 million for the 2014/15 financial year. Of this sum, around Euro 300 million will be invested in growth and around Euro 200 million in our existing business. Of the growth investments, 30 % have already been decided. The largest investment projects for our future growth are allocated to the Generation and Infrastructure reporting segment – the completion of the energy from waste plant in Plymouth and the biomass power plant at Ridham Dock and the further expansion in renewable energies, both with partners and as a project developer. A further focus involves expanding and increasing the density of our district heating grids in Mannheim and Offenbach. With the investments budgeted for our existing business, we will be optimising our supply plants and grids, and thus maintaining their substance.

Significant growth investments at the MVV Energie Group

	Total investment volume Euro million	Expected operations launch
Energy from waste plant in Plymouth (Generation and Infrastructure reporting segment)	250	2014/15
Biomass CHP plant at Ridham Dock in Kent (Generation and Infrastructure reporting segment)	140	2014/15
Biomethane plant in Stassfurt (Generation and Infrastructure reporting segment)	14	2014/15

Expected financial position

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

With an adjusted equity ratio of 35.1 %, we have been able to maintain a high tempo of investment, and will be able to do so in the 2014/15 financial year as well. We finance investments in our existing business primarily from depreciation. For our growth projects, we draw on the operating cash flow and on optimised project-specific financing facilities. We pool structurally similar projects with comparable terms and take up the necessary funds on the capital market or use our liquid resources. We are monitoring other sources as financing, such as the promissory note loan market, as alternatives to the bank market. We have defined key ratios as guidelines for debt-financed growth and adhere to these. This way, we continue to ensure an implicit rating on investment grade level for MVV Energie.

Future opportunities and risks

We have presented the risk categories relevant to our business in detail in the ► *Opportunity and Risk Report from Page 94 onwards*. From a current perspective, we do not expect to see any changes in the 2014/15 financial year. Our earnings are regularly affected by incalculable factors, such as weather conditions. We are exposed to uncertainties in connection with our large-scale investment projects in particular. Like with any major construction project, despite high-quality project management unscheduled delays may nevertheless arise through to completion. Following the launch of operations at our new plants in Plymouth and Ridham Dock in the UK, the development in the euro/sterling exchange rate may gain in significance for our future earnings performance. The conversion in the German energy system generates both opportunities for and risks to our 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 2014/15 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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CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT

from 1 October 2013 to 30 September 2014

Income statement of the MVV Energie Group

Euro 000s	1 Oct 2013 to 30 Sep 2014	1 Oct 2012 to 30 Sep 2013	Notes
Sales	3 990 055	4 260 123	
less electricity and natural gas taxes	196 908	216 095	
Sales less electricity and natural gas taxes	3 793 147	4 044 028	1
Changes in inventories	1 102	1 589	2
Own work capitalised	16 415	15 662	3
Other operating income	184 906	216 338	4
Cost of materials	3 064 434	3 269 094	5
Employee benefit expenses ¹	336 343	336 843	6
Other operating expenses	264 221	321 195	7
Income from associates	22 486	14 135	8
Other income from shareholdings	3 227	1 506	8
EBITDA²	356 285	366 126	
Depreciation	164 839	167 595	9
EBITA	191 446	198 531	
Restructuring expenses ¹	—	–11 251	10
EBIT	191 446	209 782	
of which result of IAS 39 derivative measurement	23 746	–3 004	
of which EBIT before result of IAS 39 derivative measurement	167 700	212 786	
Financing income	30 594	11 123	11
Financing expenses ¹	79 272	72 168	12
EBT	142 768	148 737	
Taxes on income ¹	41 371	43 434	13
Annual net income	101 397	105 303	
of which non-controlling interests ¹	9 235	20 450	
of which earnings attributable to MVV Energie AG shareholders (annual net income after minority interests)	92 162	84 853	
Basic and diluted earnings per share (Euro)	1.40	1.29	14

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

STATEMENT OF COMPREHENSIVE INCOME

from 1 October 2013 to 30 September 2014

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

Euro 000s	1 Oct 2013 to 30 Sep 2014	1 Oct 2012 to 30 Sep 2013
Annual net income	101 397	105 303
Cash flow hedges	14 930	6 801
Currency translation differences	–14 059	116
Items that may be subsequently reclassified to profit or loss	871	6 917
Actuarial gains and losses	–8 090	–1 028
Share of comprehensive income attributable to associates (at equity)	9 660	–33 977
Items that will not be reclassified to profit or loss	1 570	–35 005
Total comprehensive income	103 838	77 215
Non-controlling interests ¹	11 117	19 304
Total comprehensive income attributable to MVV Energie AG shareholders	92 721	57 911

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

BALANCE SHEET

at 30 September 2014

Balance sheet of the MVV Energie Group

Euro 000s	30 Sep 2014	30 Sep 2013	1 Oct 2012	Notes
Assets				
Non-current assets				
Intangible assets	257 130	253 834	255 950	15
Property, plant and equipment ¹	2 588 151	2 476 895	2 266 525	16
Investment property	284	294	305	17
Associates	99 760	74 698	102 493	18
Other financial assets	68 997	86 762	97 519	19
Other receivables and assets	74 226	117 374	140 222	20
Deferred tax assets	22 636	22 346	16 564	33
	3 111 184	3 032 203	2 879 578	
Current assets				
Inventories ¹	65 093	49 804	48 275	21
Trade receivables	386 263	461 128	474 896	22
Other receivables and assets	190 114	251 365	267 860	20
Tax receivables	13 466	23 983	20 389	23
Securities	1 293	1 949	1 990	
Cash and cash equivalents	370 704	418 242	378 368	24
Assets held for sale	2 305	—	7 225	25
	1 029 238	1 206 471	1 199 003	
	4 140 422	4 238 674	4 078 581	
Equity and liabilities				
Equity				26
Share capital	168 721	168 721	168 721	
Capital reserve	455 241	455 241	455 241	
Accumulated net income ¹	579 913	546 968	523 171	
Accumulated other comprehensive income	-73 861	-74 420	-48 024	
Capital of the MVV Energie Group	1 130 014	1 096 510	1 099 109	
Non-controlling interests ¹	205 500	206 344	209 478	
	1 335 514	1 302 854	1 308 587	
Non-current debt				
Provisions ¹	164 890	145 895	137 716	27, 28
Tax provisions	2 508	—	—	27, 28
Financial debt	1 164 439	1 113 856	1 212 801	29
Other liabilities	277 130	355 341	398 001	30
Deferred tax liabilities ¹	141 362	136 153	127 551	33
	1 750 329	1 751 245	1 876 069	
Current debt				
Other provisions ¹	98 540	103 641	99 513	27, 28
Tax provisions	12 948	8 073	14 302	27, 28
Financial debt	294 123	415 070	193 288	29
Trade payables	408 527	390 969	336 583	31
Other liabilities	239 810	266 633	249 933	30
Tax liabilities	631	189	306	32
	1 054 579	1 184 575	893 925	
	4 140 422	4 238 674	4 078 581	

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

STATEMENT OF CHANGES IN EQUITY

from 1 October 2013 to 30 September 2014

Statement of changes in equity of the MVV Energie Group

Euro 000s	Equity contributed		Equity generated				Capital of MVV Energie Group	Non-controlling interests	Total capital
	Share capital of MVV Energie AG	Capital reserve of MVV Energie AG	Accumulated net income	Accumulated other comprehensive income	Currency translation differences	Fair value measurement of financial instruments			
Balance at 1 Oct 2012¹	168 721	455 241	523 171	15 957	- 58 925	- 5 056	1 099 109	209 478	1 308 587
Other income and expenses recognised in equity ¹	—	—	—	357	7 557	- 34 856	- 26 942	- 1 146	- 28 088
Result of business operations ¹	—	—	84 853	—	—	—	84 853	20 450	105 303
Total comprehensive income	—	—	84 853	357	7 557	- 34 856	57 911	19 304	77 215
Dividends paid	—	—	- 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 Sep 2013¹	168 721	455 241	546 968	16 860	- 51 368	- 39 912	1 096 510	206 344	1 302 854
Balance at 1 Oct 2013¹	168 721	455 241	546 968	16 860	- 51 368	- 39 912	1 096 510	206 344	1 302 854
Other income and expenses recognised in equity	—	—	—	- 13 676	11 308	2 927	559	1 882	2 441
Result of business operations	—	—	92 162	—	—	—	92 162	9 235	101 397
Total comprehensive income	—	—	92 162	- 13 676	11 308	2 927	92 721	11 117	103 838
Dividends paid	—	—	- 59 316	—	—	—	- 59 316	- 19 417	- 78 733
Capital increase/reduction at subsidiaries	—	—	—	—	—	—	—	7 361	7 361
Change in scope of consolidation	—	—	99	—	—	—	99	95	194
Balance at 30 Sep 2014	168 721	455 241	579 913	3 184	- 40 060	- 36 985	1 130 014	205 500	1 335 514

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

CASH FLOW STATEMENT

from 1 October 2013 to 30 September 2014

Cash flow statement of the MVV Energie Group		
Euro 000s	1 Oct 2013 to 30 Sep 2014	1 Oct 2012 to 30 Sep 2013
Annual net income before taxes on income ¹	142 768	148 737
Amortisation of intangible assets, depreciation of property, plant and equipment and investment property	164 839	167 595
Financial result ¹	48 678	61 045
Interest received	9 364	8 422
Change in non-current provisions ¹	28 365	19 487
Other non-cash income and expenses	-37 876	9 544
Result of disposal of non-current assets	443	1 873
Cash flow before working capital and taxes	356 581	416 703
Change in other assets ¹	21 417	-99 077
Change in other liabilities ¹	87 328	116 566
Change in current provisions ¹	-20 425	-9 422
Income taxes paid	-26 665	-53 126
Cash flow from operating activities	418 236	371 644
Payments for investments in intangible assets, property, plant and equipment and investment property ¹	-312 707	-320 718
Proceeds from disposals of intangible assets, property, plant and equipment and investment property	19 769	12 860
Proceeds from subsidy payments	21 396	12 151
Proceeds from sale of fully and proportionately consolidated companies	2 406	2 408
Proceeds from sale of other financial assets	16 361	7 224
Payments for acquisition of fully and proportionately consolidated companies	—	-11 396
Payments for other financial assets	-9 007	-8 051
Cash flow from investing activities	-261 782	-305 522
Proceeds from taking up of loans	318 528	281 571
Payments for redemption of loans	-387 834	-162 742
Dividends paid	-59 316	-59 316
Dividends paid to non-controlling interests	-19 417	-18 568
Change due to changes in capital at minority shareholders	7 456	-3 618
Interest paid	-64 530	-64 359
Cash flow from financing activities	-205 113	-27 032
Cash-effective changes in cash and cash equivalents	-48 659	39 090
Change in cash and cash equivalents due to currency translation	1 023	-958
Change in cash and cash equivalents due to changes in scope of consolidation	98	1 742
Cash and cash equivalents at 1 October 2013 (2012)	418 242	378 368
Cash and cash equivalents at 30 September 2014 (2013)	370 704	418 242
of which cash and cash equivalents at 30 September 2014 (2013) with restraints on disposal	4 127	1 379

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

Cash flow – aggregate presentation

Euro 000s	1 Oct 2013 to 30 Sep 2014	1 Oct 2012 to 30 Sep 2013
Cash and cash equivalents at 1 October 2013 (2012)	418 242	378 368
Cash flow from operating activities	418 236	371 644
Cash flow from investing activities	-261 782	-305 522
Cash flow from financing activities	-205 113	-27 032
Change in cash and cash equivalents due to currency translation	1 023	-958
Change in cash and cash equivalents due to changes in scope of consolidation	98	1 742
Cash and cash equivalents at 30 September 2014 (2013)	370 704	418 242

NOTES TO 2013/14 CONSOLIDATED FINANCIAL STATEMENTS

- **of MVV Energie Group**

Information about the company

MVV Energie AG has its legal domicile in Mannheim, Germany. Its registered 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 energy service provider. It manages its business in the reporting segments of Generation and Infrastructure, Trading and Portfolio Management, Sales and Services, Strategic Investments and Other Activities.

Basis of preparation

The consolidated financial statements of the MVV Energie Group were 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 (IFRS IC). The consolidated financial statements thus fully conform with the IFRS and IFRIC published by the IASB to the extent that these were adopted by the European Union by the end of the period under report and required mandatory application as of 30 September 2014.

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 2013/14 financial year (1 October 2013 to 30 September 2014). 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 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 11 November 2014 and subsequently forwarded to the Supervisory Board for adoption.

Changes in accounting policies

The International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRS IC) have revised or newly adopted some standards and interpretations which require mandatory application for the first time in the 2013/14 financial year. These are listed in the following table:

AMENDED STANDARDS AND INTERPRETATIONS	EU ENDORSEMENT	EFFECTIVE DATE ¹	CONTENT	IMPLICATIONS
Improvement Project 2009–11: Improvements to International Financial Reporting Standards (IFRS), 2009–2011 Cycle	27 Mar 2013	1 Jan 2013	Within the framework of annual adjustments, the IASB pooled minor amendments and clarifications to various standards in an omnibus standard.	The implications of the Improvement Project 2009–11 are outlined below.
IAS 19 Employee Benefits	5 Jun 2012	1 Jan 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.	The implications are outlined below in the comments on the amendments to the standard.
IFRS 13 Fair Value Measurement	11 Dec 2012	1 Jan 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.	Minor adjustment to the balance sheet figures of assets and liabilities measured at fair value
IFRS 7 Financial Instruments – Disclosures Offsetting Financial Assets and Financial Liabilities	13 Dec 2012	1 Jan 2013	New disclosure obligations in respect of the offsetting of financial liabilities and financial assets.	Extended note disclosures

AMENDED STANDARDS AND INTERPRETATIONS		EU ENDORSEMENT	EFFECTIVE DATE ¹	CONTENT	IMPLICATIONS
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	11 Dec 2012	1 Jan 2013	This amendment addresses the recognition of stripping costs at active open-cast mining operations.	None
IFRS 1	First-time Adoption of International Financial Reporting Standards – Government Loans	4 Mar 2013	1 Jan 2013	The amendment deals with the recognition of interest-free government loans upon first-time adoption of International Financial Reporting Standards.	None
IFRS 1	First-time Adoption of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	11 Dec 2012	1 Jan 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.	None
IAS 12	Income Taxes, Deferred Taxes: Recovery of Underlying Assets	11 Dec 2012	1 Jan 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.	None

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

The Improvement Project 2009 – 11 has led to amendments to the following IFRSs: IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34. With the exception of the application of IAS 16, these have not resulted in any material amendments in the consolidated financial statements of the MVV Energie Group. Due to the clarification in IAS 16, spare parts, standby equipment and servicing equipment at the MVV Energie Group are recognised no longer as inventories, but rather as property, plant and equipment in cases where they are used in the process of producing goods and services and are expected to be used for more than a year. As this involves an amendment to the method of recognition, the reclassification has been applied retrospectively. The resultant changes as of 1 October 2012 and in the 2012/13 financial year are presented in the following table:

Euro 000s	Change at 1 Oct 2012	Change at 30 Sep 2013 (cumulative)
Property, plant and equipment	11 334	12 036
Inventories	- 11 334	- 12 036

MVV Energie AG applied IAS 19 “Employee Benefits” as revised by the IASB in June 2011 for the first time from 1 October 2013. Among other aspects, the amendments resulted in the abolition of the option previously provided for when recognising actuarial gains and losses and in an adjustment to the definition of termination benefits. Furthermore, the amendments also introduce a new method of calculating the return on plan assets and require extended note disclosure obligations.

The amendment to the definition of termination benefits means that top-up payments committed in the context of part-time early retirement agreements are now accrued by instalment over the relevant number of active service years of the prospective beneficiaries of such agreements. Such payments now have to be recognised as other long-term employee benefits.

Adjustment to income statement

Euro 000s	Change in 2012/13 financial year
Employee benefit expenses	3 721
Restructuring expenses	- 3 759
EBIT	- 38
Financial result	- 544
Taxes on income	181
Annual net income	401
of which non-controlling interests	- 570
of which share of earnings attributable to MVV Energie AG shareholders (annual net income after minority interests)	971
Basic and diluted earnings per share	0.01

Adjustment to balance sheet

Euro 000s	Change at 1 Oct 2012	Change at 30 Sep 2013 (cumulative)
Equity	8 222	8 623
Provisions (non-current)	- 9 040	- 12 169
Other provisions (current)	- 2 727	- 180
Deferred taxes	3 545	3 726

As MVV Energie AG has recognised its actuarial gains and losses in full under other comprehensive income (OCI) since the past financial year already, the abolition of this option has no implications for the consolidated financial statements. The MVV Energie Group also does not have any plan assets, as a result of which this amendment too does not have any implications for the consolidated financial statements.

The IASB and the IFRS IC have published the following standards and interpretations not yet requiring mandatory application in the 2013/14 financial year and of which no voluntary premature application has been made:

AMENDED STANDARDS AND INTERPRETATIONS		EU ENDORSEMENT	EFFECTIVE DATE ¹	CONTENT
Improvement Project 2010–12 and “Omnibus Standard Amending Various IFRSs”		outstanding	1 Jul 2014	Within the framework of annual adjustments, the IASB pooled minor amendments and clarifications to various standards in an omnibus standard.
Improvement Project 2011–13 and “Omnibus Standard Amending Various IFRSs”		outstanding	1 Jul 2014	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	19 Dec 2013	1 Jan 2014	The amendment to IAS 36 clarifies and extends the note disclosures required in respect of IFRS 13 for impaired assets.
IFRIC 21	Levies	14 Jun 2014	17 Jun 2014	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	19 Dec 2013	1 Jan 2014	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 Financial Assets and Financial Liabilities	13 Dec 2012	1 Jan 2014	The amendments specify more detailed requirements for the offsetting of financial assets and financial liabilities.
IFRS 10	Consolidated Financial Statements	11 Dec 2012	1 Jan 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 Dec 2012	1 Jan 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 Dec 2012	1 Jan 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 Dec 2012	1 Jan 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 Dec 2012	1 Jan 2014	The revised version of IAS 28 includes follow-up amendments resulting from the publication of IFRS 10, IFRS 11 and IFRS 12.

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

AMENDED STANDARDS AND INTERPRETATIONS		EU ENDORSEMENT	EFFECTIVE DATE ¹	CONTENT
IFRS 10, IFRS 11, IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance	4 Apr 2013	1 Jan 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	20 Nov 2013	1 Jan 2014	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.
IAS 19	Employee Benefits	outstanding	1 Jul 2014	The amendments to this standard relate to the accounting treatment of employee contributions to defined benefit pension plans. Here, the new requirements have simplified the recognition of employee contributions not linked to the number of years of service. In this case, the service cost for the period in which the corresponding work is performed may be reduced, irrespective of the pension plan formula.
IFRS 9	Financial Instruments: Classification and Measurement of Financial Assets	outstanding	1 Jan 2018	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. Earliest application and follow-up amendments to IFRS 7 disclosures only become effective as of 1 January 2015.
IFRS 14	Regulatory Deferral Accounts	outstanding	1 Jan 2016	IFRS 14 allows companies adopting IFRS for the first time to continue presenting rate-regulated activities in accordance with the accounting policies previously applied. This is intended to make financial statements comparable with the IFRS financial statements of other companies already applying IFRS and therefore not permitted to present any regulatory deferral accounts. The standard thus represents an interim solution until the IASB reaches agreement on the recognition of regulatory deferral accounts.
IFRS 15	Revenue from Contracts with Customers	outstanding	1 Jan 2017	IFRS 15 prescribes when and at what amount IFRS reporters are required to recognise revenues. Furthermore, financial statement preparers are called on to offer financial statement users more informative and more relevant disclosures than previously. For this, the standard offers a single, principle-based five-stage model applicable to all contracts with customers.
IAS 16, IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	outstanding	1 Jan 2016	This amendment to the two standards IAS 16 and IAS 38 clarifies when it is acceptable to use a revenue-based method of depreciation or amortisation.
IFRS 11	Acquisition of an Interest in a Joint Operation	outstanding	1 Jan 2016	This amendment to IFRS 11 requires application of IFRS 3 "Business Combinations" when an operation is acquired upon the acquisition of an interest in a joint operation.

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

The implications of the first-time application of the other standards not yet requiring mandatory application for 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.

Since 1 October 2014, MVV Energie AG has made first-time application of the following new standards published by the IASB in May 2011: IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IFRS 12 "Disclosures of Interests in Other Entities" and the resultant amendments to IAS 28 "Investments in Associates and Joint Ventures" and IAS 27 "Separate Financial Statements".

The application of IFRS 11 will result in an amendment to the consolidation method at the companies Stadtwerke Ingolstadt Beteiligungen GmbH, Ingolstadt, Stadtwerke Ingolstadt Energie GmbH, Ingolstadt, and Stadtwerke Ingolstadt Netze GmbH, Ingolstadt. In future, these companies will no longer be recognised proportionately, but will rather be included in the consolidated financial statements using the equity method. This is expected to result in a reduction in the respective assets and liabilities.

No other changes arise for the MVV Energie Group from the application of IFRS 10, IFRS 11 and IFRS 12 and the amendments to IAS 27 and IAS 28.

Scope of consolidation and changes in 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 2013/14 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 Sep 2013	80	12	3
Mergers	2	—	—
Additions	5	5	—
Disposals	1	—	—
30 Sep 2014	82	17	3

The companies included in the consolidated financial statements of the MVV Energie Group as of 30 September 2014 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.

The newly founded company IGS Netze GmbH, Gersthofen, took over the grid business in Gersthofen from MVV Enamic Gersthofen GmbH, Gersthofen, and was included in the consolidated financial statements for the first time in the 1st half of 2013/14.

The company Naturenergie Main-Kinzig GmbH, Gelnhausen, was newly founded in the 1st half of 2013/14 and has been recognised using the equity method. Of the shares in this company, 50 % are held by Cerventus Naturenergie GmbH, Offenbach am Main.

Stadtwerke Ingolstadt Energie GmbH, Ingolstadt, acquired 41 % of the shares in the two Aachen-based companies Windpark Oberwesel II GmbH & Co. KG and Windpark Oberwesel III GmbH & Co. KG. Both companies have been recognised under other shareholdings.

MVV Windenergie Beteiligungs GmbH, Mannheim, acquired 6.91 % of the shares in Umspannwerk Nassau GmbH & Co. KG, Weikersheim, in the 1st half of 2013/14. This company has been recognised under other shareholdings.

MVV Energie AG, Mannheim, acquired a 24 % stake in the newly founded company Netzgesellschaft Edingen-Neckarhausen GmbH & Co. KG, Edingen-Neckarhausen, in the 3rd quarter of 2013/14. This company has been included in the consolidated financial statements using the equity method.

Together with the French Semardel Group, MVV Umwelt GmbH, Mannheim, founded the company Solutions Européennes de Valorisation Énergétique S.A.S., Paris, France, in the 3rd quarter of 2013/14 to enable it to participate in future public tenders to operate energy from waste plants in France. The 50 % stake in this company has been included in the consolidated financial statements of the MVV Energie Group using the equity method.

In the 3rd quarter of 2013/14, MVV Umwelt GmbH, Mannheim, acquired Lightning Energy Supply Company Ltd, London, UK, which holds a British electricity supply licence. This company was subsequently renamed as MVV Environment Service Ltd, London, UK, and included as a fully consolidated subsidiary in the consolidated financial statements of the MVV Energie Group.

The company Biomethananlage Stassfurt GmbH, Mannheim, was included as a fully consolidated subsidiary in the consolidated financial statements of the MVV Energie Group in the 3rd quarter of 2013/14. The 74.9 % stake in this company is held by MVV Energie AG, Mannheim.

In the 3rd quarter of 2013/14, MVV Enamic GmbH, Mannheim, acquired 26 % of the shares in luminatis S.à.r.l., Goesdorf, Luxembourg. The stake held in this company has been included in the consolidated financial statements of the MVV Energie Group using the equity method.

MVV Windenergie Beteiligungs GmbH, Mannheim, was merged into MVV Windenergie Deutschland GmbH (previously MVV Windenergie NRW GmbH), Mannheim, in the 3rd quarter of 2013/14. This merger did not have any impact on the Group's net asset, financial or earnings position.

The shares held in SECURA Energie GmbH, Mannheim, were sold in the 4th quarter of 2013/14. Prior to its disposal, this company was presented as a fully consolidated company at the Group.

The company Kielspeicher 103 GmbH & Co. KG, Kiel, was consolidated into Stadtwerke Kiel AG, Kiel, in the 4th quarter of 2013/14. This measure did not have any impact on the Group's net asset, financial or earnings position.

The company Kielspeicher 103 Verwaltungs-GmbH, Kiel, was merged into Stadtwerke Kiel AG, Kiel, in the 4th quarter of 2013/14. This merger did not have any material impact on the Group's net asset, financial or earnings position.

The company Energieversorgung Dietzenbach GmbH, Dietzenbach, was founded in the 4th quarter of 2013/14 and included as a fully consolidated subsidiary in the consolidated financial statements of the MVV Energie Group. The 100 % stake in this company is held by Energieversorgung Offenbach AG, Offenbach am Main. The company has as its object the operation, maintenance, expansion and leasing of the district heating grid in the county seat of Dietzenbach, as well as the supply of district and/or local heating to the Dietzenbach municipal area.

The company iwo Pellet Rhein – Main GmbH, Offenbach am Main, has been included in the consolidated financial statements of the MVV Energie Group using the equity method since the 4th quarter of 2013/14. The company was previously recognised under other shareholdings.

In preparation for the takeover of wind power projects, in the 4th quarter of 2013/14 the company Windwärts Energie GmbH, Mannheim, a wholly-owned subsidiary of MVV Windenergie GmbH, Mannheim, was included as a fully consolidated subsidiary in the consolidated financial statements of the MVV Energie Group. Following approval by the Supervisory Board, the assets and employees of the former Windwärts Energie GmbH, Hanover, were then taken over as of 1 October 2014.

Consolidation methods

The financial statements included in consolidation have been prepared on the basis of uniform accounting policies as of 30 September 2014.

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. In line with their respective allocation, currency translation differences have been recognised either under earnings from operations or in the financial result.

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 (currency translation differences).

Currency translation has been based on the following exchange rates:

	Reporting date rate		Average rate	
	30 Sep 2014	30 Sep 2013	1 Oct 2013 to 30 Sep 2014	1 Oct 2012 to 30 Sep 2013
1 Euro				
Czech crown (CZK)	27.500	25.730	27.292	25.605
British pound (GBP)	0.777	0.836	0.819	0.841

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 and liabilities are recognised under earnings from operations or in the 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.

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	1–100
Technical equipment and machinery	1–54
Transmission grids	1–50
Plant and office equipment	1–40

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 50 years. The fair values are determined in regular impairment tests undertaken in the form of independent surveys based on internationally recognised methods. As the fair values do not constitute observable market prices, measurement is allocable to Level 3 of the IFRS 13 measurement hierarchy.

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 and intangible assets with indefinite useful lives are not subject to scheduled amortisation, but are rather 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 the 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 boards 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 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 budget 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 generation unit. However, assets are not written down below their respective present values.

The MVV Energie Group leases specific items of property, plant and equipment. 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 the 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 on the entire at-equity carrying amount 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 the 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 performance date. 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 portion 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 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, advance payments made for such and commodity trading assets. They are measured at the lower of cost or net sale value. The commodity trading assets are measured at fair value less disposal costs. 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 rates 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

Non-current assets which can be sold in their current state and whose sale is highly probable are recognised as non-current 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 utilisation of these losses carried forward is certain 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, amounting to 19 % and 20 % in the Czech Republic and the UK respectively. 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 0.5 % for provisions with terms of between one and five years and 0.8 % 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 pay rises 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. Actuarial gains and losses resulting from changes in the assumptions underlying the calculation are 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 defined benefit plans as of 30 September 2014 were:

	30 Sep 2014	30 Sep 2013
Discount rate	2.4 %	3.6 %
Future pay rises	1.0–3.0 %	1.0–3.0 %
Future pension increases	1.0–2.75 %	1.0–2.75 %

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 (ZVKs). 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 ZVKs, 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 ZVKs 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 defined contribution plan.

A quantitative evaluation of the amounts, maturities and uncertainties involved in defined benefit pension plans can be found in Note 27.

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. Permanent recoveries in value are recognised with write-ups up to cost. 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 or sell 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 price models. Pursuant to IFRS 13, due account is also taken of market and credit risks when determining fair values.

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 principal 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 hedge 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 business.

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 tax assets.

The principal estimates involved in the measurement of provisions for pensions and similar obligations include the discount factor, biometric probabilities and trend assumptions. Any deviation in the development of these estimates could result in differences between the amounts recognised and the obligations actually arising over time. 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 planning 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 2013/14 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 recognized 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 85 873 thousand in group currency (previous year: Euro 110 234 thousand).

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	2013/14	2012/13
Income from IAS 39 derivatives	99 937	118 904
Reversals of write-downs and receipts of receivables already retired	16 107	13 583
Income from emission rights	14 555	11 968
Reversals of provisions	10 230	15 238
Agency agreements and personnel supplies	4 912	5 237
Benefits to employees	3 094	2 896
Credits and refunds	2 951	3 880
Income from sales of assets	2 844	2 004
Exchange rate gains	2 763	2 871
Reimbursements of damages claims	2 649	7 128
Rental income	2 503	2 109
Other	22 361	30 520
	184 906	216 338

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.

5 Cost of materials

Cost of materials		
Euro 000s	2013/14	2012/13
Raw materials, supplies and purchased goods	2 639 801	2 849 374
Purchased services	424 633	419 720
	3 064 434	3 269 094

Cost of materials includes write-downs on raw materials and supplies amounting to Euro 42 thousand (previous year: Euro 73 thousand). This item also includes write-ups of Euro 46 thousand recognised for raw materials and supplies due to an increase in the net sale price (previous year: Euro 30 thousand).

The reduction in raw materials and supplies was primarily driven by lower business volumes due to volume and price factors and the resultant reduction 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 Employee benefit expenses

Employee benefit expenses		
Euro 000s	2013/14	2012/13
Wages and salaries ¹	270 863	271 496
Social security expenses and welfare expenses	46 529	46 332
Pension expenses	18 951	19 015
	336 343	336 843

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

The MVV Energie Group had an annual average of 5 410 employees (previous year: 5 469), of which 305 employees at joint ventures (previous year: 291). These personnel totals include 11 executives (previous year: 11), 5 021 employees (previous year: 5 081), 330 trainees (previous year: 327) and 48 interns/students (previous year: 51).

Due to the amended accounting treatment of the provision for part-time early retirement on account of the amendment to IAS 19 "Employee Benefits", the employee benefit expenses for the previous year's comparative period increased by Euro 3 721 thousand.

7 Other operating expenses

Other operating expenses		
Euro 000s	2013/14	2012/13
Expenses for IAS 39 derivatives	76 191	121 909
Contributions, fees and duties	21 322	26 251
Additions to write-downs and receivables defaults	20 591	19 420
Rental, leasehold and leasing expenses	17 427	18 127
Maintenance, repair and IT service expenses	16 142	18 647
Legal, consulting and surveyor expenses	14 240	15 878
Operating taxes (including energy taxes)	10 248	12 451
Employee benefit and welfare expenses	8 912	9 145
Expenses for emission rights	8 786	13 565
Public relations expenses	8 733	9 687
Losses incurred on sales of assets	3 287	3 877
Exchange rate losses	2 450	4 186
Accounting and year-end expenses	1 929	1 915
Office materials and specialist literature	1 310	1 195
Other	52 653	44 942
	264 221	321 195

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	2013/14	2012/13
Income from associates	22 486	14 135
Income from other shareholdings	1 827	1 360
Expenses/income from sales of financial assets	1 400	146
	25 713	15 641

9 Depreciation and amortisation

Depreciation and amortisation		
Euro 000s	2013/14	2012/13
Depreciation and amortisation	164 839	167 595
of which impairment losses	1 675	2 485

The impairment losses recognised in the 2013/14 financial year mainly involved impairment losses of Euro 68 thousand for buildings (previous year: Euro 438 thousand) and of Euro 1 598 thousand for technical machinery and equipment (previous year: Euro 382 thousand).

10 Restructuring expenses

Due to the amended accounting treatment of the provision for part-time early retirement on account of the amendment to IAS 19 "Employee Benefits", the restructuring expenses recognised in the income statement for the previous year's comparative period changed from Euro – 7 492 thousand to Euro – 11 251 thousand.

11 Financing income

Financing income		
Euro 000s	2013/14	2012/13
Income from currency translation in connection with financing facilities	20 088	2 090
Interest income from finance leases	3 422	4 349
Interest income from current account, overnight and fixed-term deposits	1 239	1 648
Income from general loans	81	92
Other interest and similar income	5 764	2 944
	30 594	11 123

Financing income includes income from currency translation that chiefly relates to the financing of the UK projects.

12 Financing expenses

Financing expenses		
Euro 000s	2013/14	2012/13
Interest expenses on overdraft facilities, non-current and current loans	51 680	53 763
Compounding of provisions ¹	8 155	4 730
Expenses from currency translation in connection with financing facilities	7 527	3 417
Other interest and similar expenses	11 910	10 258
	79 272	72 168

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

Due to the amended accounting treatment of the provision for part-time early retirement on account of the amendment to IAS 19 "Employee Benefits", the financing expenses for the previous year's comparative period reduced by Euro 544 thousand.

13 Taxes on income

Taxes on income		
Euro 000s	2013/14	2012/13
Actual taxes	40 005	42 210
Deferred taxes ¹	1 366	1 224
	41 371	43 434

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

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 3 278 thousand (previous year: tax expenses of Euro 2 038 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 1 912 thousand is attributable to the arising and/or reversal of temporary differences (previous year: Euro 995 thousand).

Actual tax expenses were reduced by Euro 3 825 thousand by using tax losses not previously recognised (previous year: Euro 1 848 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	2013/14	2012/13
Earnings before taxes (EBT)¹	142 768	148 737
Expected tax expenses based on tax rate of 30.3 % (previous year: 30.3 %)	43 259	45 067
Deviations resulting from trade tax assessment base	2 924	3 020
Deviations from expected tax rate ¹	-3 024	-2 126
Utilisation of losses carried forward, change in write-downs for losses and losses for which no deferred taxes are recognised	3 278	2 633
Non-deductible expenses	2 205	1 073
Tax-exempt income	-5 424	-2 547
Earnings from shareholdings recognised at equity	-4 085	-2 246
Permanent differences	1 800	2 787
Taxes for previous years	-1 422	-2 802
Other	1 860	-1 425
Effective tax expenses	41 371	43 434
Effective tax rate in %	29.0	29.2

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

The "Deviations from expected tax rate" item has increased due to the results at new wind farm and biomethane companies with low trade tax multipliers and foreign companies with low average tax rates (UK actual tax: 22.0 % and deferred tax: 20.0 % and CZ: 19.0 %).

The increase 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 write-down of deferred tax assets on losses carried forward.

The increase in tax-exempt income is attributable to higher income from shareholdings in unconsolidated subsidiaries, as well as to an increase in tax-exempt hidden equity contributions.

The reduction in the "Permanent differences" item results from tax-neutral conversion items in the previous year. Existing permanent differences chiefly relate to the increase in the carrying amounts of shareholdings in corporations recognised in the tax balance sheet on account of contributions made (correlating with the increase in tax-exempt income).

The tax income for previous years is primarily due to tax refunds resulting from successful objection proceedings without any corresponding deferred tax expenses. The decline compared with the previous year is attributable to the one-off item "Income from reversals of risk provisions" in the previous year.

14 Share of earnings attributable to MVV Energie AG shareholders and earnings per share

Share of earnings attributable to MVV Energie AG shareholders and earnings per share

	1 Oct 2013 to 30 Sep 2014	1 Oct 2012 to 30 Sep 2013
Share of earnings attributable to MVV Energie AG shareholders (Euro 000s) ¹	92 162	84 853
Number of shares (weighted average in 000s)	65 907	65 907
Earnings per share (Euro) ¹	1.40	1.29
Dividend per share (Euro)	0.90	0.90

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

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 2013/14 financial year is based on the proposal made by the Executive Board and is subject to approval by the Annual General Meeting on 13 March 2015. This proposal involves the distribution of a total dividend of Euro 59 316 thousand. The appropriation of earnings proposed for the 2012/13 financial year was approved by the Annual General Meeting on 14 March 2014. 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 2013/14 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 2 205 thousand in the 2013/14 financial year (previous year: Euro 2 509 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 1 to 50 years.

Growth rates of at least 0.5 % were used in the budgets for the impairment tests performed in the 2013/14 financial year.

The calculation was based on costs of capital after taxes of 5.08 % (previous year: 5.18 %).

The recoverable amount/value in use was determined by discounting the cash flows expected at shareholdings using discount rates (weighted costs of capital) averaging 7.2 % before taxes (previous year: 7.4 %). The discount rates were 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 Sep 2014	30 Sep 2013
Energieversorgung Offenbach subgroup	65 796	65 796
Stadtwerke Ingolstadt subgroup	53 759	53 759
MVV Enamic subgroup	36 611	36 611
MVV Energie CZ subgroup	5 862	6 320
MVV Umwelt subgroup	5 586	5 586
Other subgroups	1 018	1 018
	168 632	169 090

For the purposes of performing impairment tests, goodwill was allocated to cash generating units. The cash generating units basically correspond to the legal subgroups, which consist of legal units that belong together in geographical or material terms. No impairment losses were recognised for goodwill in the 2013/14 financial year.

Furthermore, currency translation effects of Euro – 457 thousand were reported for the MVV Energie CZ subgroup (previous year: Euro – 169 thousand).

Intangible assets

Euro 000s	Concessions, industrial property rights and similar rights and values	Goodwill	Advance payments	Total
Gross value at 1 October 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 September 2013	255 401	191 307	4 887	451 595
Amortisation at 1 October 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 September 2013	-175 541	-22 217	-3	-197 761
Net value at 30 September 2013	79 860	169 090	4 884	253 834
Gross value at 1 October 2013	255 401	191 307	4 887	451 595
Currency adjustments	-137	-615	37	-715
Additions	12 847	—	2 957	15 804
Disposals	-2 769	—	—	-2 769
Reclassifications	5 396	9 889	-3 998	11 287
Reclassifications pursuant to IFRS 5	-73	—	—	-73
Gross value at 30 September 2014	270 665	200 581	3 883	475 129
Amortisation at 1 October 2013	-175 541	-22 217	-3	-197 761
Currency adjustments	104	157	-1	260
Scheduled amortisation	-12 121	—	—	-12 121
Disposals	1 498	—	—	1 498
Reclassifications	-8	-9 889	-12	-9 909
Reclassifications pursuant to IFRS 5	34	—	—	34
Amortisation at 30 September 2014	-186 034	-31 949	-16	-217 999
Net value at 30 September 2014	84 631	168 632	3 867	257 130

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 October 2012 ¹	783 398	3 968 104	197 652	143 027	5 092 181
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 ¹	7 071	98 103	7 358	222 422	334 954
Subsidy payments received	-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 September 2013	769 728	4 130 109	199 274	309 195	5 408 306
Depreciation at 1 October 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 September 2013	-368 096	-2 424 493	-138 822	—	-2 931 411
Net value at 30 September 2013	401 632	1 705 616	60 452	309 195	2 476 895
Gross value at 1 October 2013	769 728	4 130 109	199 274	309 195	5 408 306
Currency adjustments	-8 066	-10 651	-131	8 046	-10 802
Additions	4 518	110 044	7 603	174 738	296 903
Subsidy payments	-89	-8 349	-9	-463	-8 910
Disposals	-4 791	-32 026	-4 565	-314	-41 696
Reclassifications	2 527	88 941	885	-93 751	-1 398
Reclassifications pursuant to IFRS 5	-429	-8 397	-83	—	-8 909
Gross value at 30 September 2014	763 398	4 269 671	202 974	397 451	5 633 494
Depreciation at 1 October 2013	-368 096	-2 424 493	-138 822	—	-2 931 411
Currency adjustments	3 004	6 354	128	—	9 486
Scheduled depreciation	-16 320	-124 239	-10 474	—	-151 033
Impairment losses	-68	-1 598	-9	—	-1 675
Disposals	2 807	15 500	4 320	—	22 627
Reclassifications	413	-410	17	—	20
Reclassifications pursuant to IFRS 5	205	6 381	57	—	6 643
Depreciation at 30 September 2014	-378 055	-2 522 505	-144 783	—	-3 045 343
Net value at 30 September 2014	385 343	1 747 166	58 191	397 451	2 588 151

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

Impairment losses mainly involve technical equipment and machinery, as well as land and buildings.

Borrowing costs of Euro 11 328 thousand were capitalised in the 2013/14 financial year (previous year: Euro 5 354 thousand). The financing cost rates thereby assumed ranged from 3.8 % to 5.0 % (previous year: from 4.5 % to 7.0 %).

Property, plant and equipment up to an equivalent value of Euro 88 million (previous year: Euro 132 million) has been provided as security for financial debt. This mostly involves land and buildings, as well as technical equipment and machinery. Property, plant and equipment of Euro 106 million is subject to restrictions on disposal (previous year: Euro 116 million).

The subsidy payments received in the 2013/14 financial year chiefly relate to the expansion in district heating pipelines. There are no conditions that have not been met or other performance uncertainties in connection with these subsidy payments.

An amount of Euro 108.3 million was recognised under 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 (previous year: Euro 120.8 million).

As a result of renegotiated maintenance agreements, the useful lives of the gearboxes at four wind farms were adjusted in the 2013/14 financial year. This change of estimate did not have any material implications for the net asset, financial or earnings position of the MVV Energie Group.

17 Investment property

The fair value of investment property was determined by independent surveyors as of 30 September 2013 and totals Euro 320 thousand. There were no indications of impairment in the 2013/14 financial year. A new survey will therefore be commissioned for the 2015/16 financial year. Investment property solely relates to a residential and commercial property let out in Köthen. Given stable conditions on the real estate market in Köthen, this property is not subject to any material fluctuations in value. Rental income amounted to Euro 35 thousand in the financial year (previous year: Euro 31 thousand). Direct operating expenses (excluding scheduled depreciation) amounted to Euro 1 thousand (previous year: Euro 8 thousand).

Investment property

Euro 000s	2013/14	2012/13
Gross value at 1 October	448	448
Gross value at 30 September	448	448
Depreciation at 1 October	-154	-143
Scheduled depreciation	-10	-11
Depreciation at 30 September	-164	-154
Net value at 30 September	284	294

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	2013/14	2012/13
Gross value at 1 October	78 169	107 437
Additions	1 921	458
Measurement at equity	13 481	7 410
Earnings recognised in equity	9 660	-33 977
Disposals	836	-4 149
Reclassifications	—	990
Gross value at 30 September	104 067	78 169
Amortisation at 1 October	-3 471	-4 944
Amortisation at 30 September	-4 307	-3 471
Net value at 30 September	99 760	74 698

Earnings recognised in equity include items resulting from the measurement of pension obligations.

The assets, liabilities, equity, sales and annual net income attributable to associates are presented in the following tables.

Balance sheet

Euro 000s	30 Sep 2014	30 Sep 2013
Assets		
Non-current assets	1 906 938	1 764 847
Current assets	318 245	248 144
	2 225 183	2 012 991
Equity and liabilities		
Equity	268 650	232 789
Provisions	723 610	750 873
Liabilities	1 232 923	1 029 329
	2 225 183	2 012 991

Income statement

Euro 000s	2013/14	2012/13
Sales	768 949	727 220
Annual net income	72 181	43 322

The investment income received by the MVV Energie Group from these associates in the 2013/14 financial year amounted to Euro 9 006 thousand (previous year: Euro 6 725 thousand).

Our share of the contingent liabilities of companies measured at equity amounts to Euro 1 295 thousand (previous year: Euro 1 325 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 Sep 2014	30 Sep 2013
Assets		
Non-current assets	90 899	87 290
Current assets	16 979	23 192
	107 878	110 482
Equity and liabilities		
Equity	30 917	31 610
Non-current debt	41 076	40 278
Current debt	35 885	38 594
	107 878	110 482
Income statement		
Euro 000s	2013/14	2012/13
Income	106 543	129 218
Expenses	97 433	120 578

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 4.4 % (previous year: 4.3 %). The average period for which interest rates remain fixed amounts to 8.5 years in the case of fixed-rate loans (previous year: 5.6 years) and to 8.2 years in the case of finance leases (previous year: 7.3 years). Reclassifications mainly involve reclassifications of the aforementioned items to current financial assets 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 not included in MVV Energie's consolidated financial statements due to materiality considerations and minority shareholdings.

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 principal 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 Sep 2014	30 Sep 2013
Present value of minimum leasing payments with maturities < 1 year	4 459	6 710
Present value of minimum leasing payments with maturities > 1 year		
1 to 5 years	18 214	18 863
longer than 5 years	28 207	36 927
Present value of minimum leasing payments with maturities > 1 year	46 421	55 790
Total present value of minimum leasing payments	50 880	62 500
Financing income not yet realised	20 970	33 942
Gross investments in finance leases	71 850	96 442

Other financial assets

Euro 000s	Other majority shareholdings	Other shareholdings	General loans	Loans in connection with finance leases	Securities	Total
Gross value at 1 October 2012	7 610	14 505	5 876	72 546	3 668	104 205
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	-13 851
Gross value at 30 September 2013	5 194	15 979	1 985	65 153	1 955	90 266
Amortisation at 1 October 2012	-6 143	-81	-394	-33	-35	-6 686
Currency adjustments	13	—	—	—	—	13
Disposals	2 770	5	—	—	—	2 775
Reclassifications	—	—	394	—	—	394
Amortisation at 30 September 2013	-3 360	-76	—	-33	-35	-3 504
Net value at 30 September 2013	1 834	15 903	1 985	65 120	1 920	86 762
Gross value at 1 October 2013	5 194	15 979	1 985	65 153	1 955	90 266
Currency adjustments	-30	—	—	—	—	-30
Additions	40	1 849	413	4 687	96	7 085
Disposals	-2 042	-100	-467	-13 283	-2 040	-17 932
Reclassifications	—	—	-184	-8 258	655	-7 787
Gross value at 30 September 2014	3 162	17 728	1 747	48 299	666	71 602
Amortisation at 1 October 2013	-3 360	-76	—	-33	-35	-3 504
Currency adjustments	30	—	—	—	—	30
Impairment losses	-18	—	-648	—	—	-666
Disposals	1 534	1	—	—	—	1 535
Amortisation at 30 September 2014	-1 814	-75	-648	-33	-35	-2 605
Net value at 30 September 2014	1 348	17 653	1 099	48 266	631	68 997

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 September 2014			30 September 2013		
	Non-current	Current	Total	Non-current	Current	Total
Derivative financial instruments	58 041	73 720	131 761	93 697	85 503	179 200
Other tax receivables	—	15 702	15 702	—	34 379	34 379
Receivables from security deposits for energy trading transactions	—	54 811	54 811	—	69 628	69 628
Deferred expenses and accrued income	11 233	9 847	21 080	10 680	10 979	21 659
Receivables in connection with finance leases	—	4 790	4 790	—	5 957	5 957
Suppliers with debit balances	—	2 226	2 226	—	5 056	5 056
Emission rights	—	640	640	—	2 143	2 143
Loans	—	493	493	—	580	580
Receivables from employees	—	561	561	—	398	398
Escrow accounts	—	84	84	—	68	68
Miscellaneous other assets	4 952	27 240	32 192	12 997	36 674	49 671
	74 226	190 114	264 340	117 374	251 365	368 739

Derivative financial instruments

Euro 000s	30 September 2014			30 September 2013		
	Non-current	Current	Total	Non-current	Current	Total
Derivative financial instruments	58 041	73 720	131 761	93 697	85 503	179 200
of which without IAS 39 hedges	50 120	66 939	117 059	66 063	76 122	142 185
of which cash flow hedges	7 921	6 781	14 702	27 634	9 381	37 015

Derivative financial instruments involve interest, currency and commodity derivatives for electricity, gas, coal, CO₂ and other certificates.

Further information about financial instruments can be found in Note 35.

Other receivables and assets

Euro 000s	30 September 2014			30 September 2013		
	Non-current	Current	Total	Non-current	Current	Total
Other receivables and assets						
from third parties	74 226	189 867	264 093	117 374	250 709	368 083
from other majority shareholdings	—	189	189	—	651	651
from associates	—	58	58	—	—	—
from other shareholdings	—	—	—	—	5	5
	74 226	190 114	264 340	117 374	251 365	368 739

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 54 811 thousand (previous year: Euro 69 628 thousand).

There were no indications of impairment requirements in the case of unimpaired 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 Sep 2014	30 Sep 2013
Raw materials and supplies ¹	30 729	28 860
Finished and unfinished products and services and merchandise	28 871	19 482
Advance payments	720	1 462
Commodity trading assets	4 773	—
	65 093	49 804

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

There were no restrictions on disposal or other encumbrances (apart from retentions of title). Write-downs of Euro 42 thousand were recognised for inventories (previous year: Euro 73 thousand).

The carrying amount of inventories recognised at fair value less disposal costs amounted to Euro 4 773 thousand.

22 Trade receivables

Trade receivables		
Euro 000s	30 Sep 2014	30 Sep 2013
Trade receivables	386 263	461 128
of which due from other majority shareholdings	58	130
of which due from associates	10 960	11 101
of which due from other shareholdings	503	1 086

Trade receivables have terms of under one year.

The trade receivables recognised as of 30 September 2014 include receivables of Euro 4 886 thousand (previous year: Euro 6 184 thousand) for the settlement of construction contracts in line with their percentage of completion. Revenues of Euro 2 299 thousand were recognised for construction contracts in the year under report (previous year: Euro 730 thousand). Total costs incurred as of the balance sheet date amounted to Euro 2 028 thousand (previous year: Euro 458 thousand). Construction contracts resulted in a profit of Euro 271 thousand (previous year: profit of Euro 152 thousand). Advance payments for construction contracts amounted to Euro 2 015 thousand at the balance sheet date (previous year: Euro 0).

Receivables with fixed volumes were sold in factoring agreements concluded in the 2013/14 financial year. These receivables were fully retired. Their carrying amount totalled Euro 3 540 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 unimpaired trade receivables.

23 Tax receivables

The tax receivables of Euro 13 466 thousand (previous year: Euro 23 983 thousand) mainly relate to refund claims for corporate income tax and capital gains taxes, which have been recognised at nominal value and where necessary at present value.

24 Cash and cash equivalents

Cash and cash equivalents primarily consist of credit balances at banks. Joint ventures account for Euro 10 thousand (previous year: Euro 8 thousand). Cash and cash equivalents amounting to Euro 4 127 thousand are subject to restrictions on disposal (previous year: Euro 1 379 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 Assets held for sale

Intangible assets and property, plant and equipment meeting the criteria set out in IFRS 5 were classified as held for sale in the final quarter of the 2013/14 financial year. These involve non-current assets relating to contracting projects due to be sold in the coming financial year. The fair value measurement performed in this context resulted in the recognition of impairments of the respective assets.

26 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 2014, while RheinEnergie AG held 16.3 %, EnBW Energie Baden-Württemberg AG held 22.5 % and GDF SUEZ Energie Deutschland GmbH held 6.3 % of the shares. The remaining 4.8 % of the shares were in free float.

AUTHORISED CAPITAL II: By resolution dated 14 March 2014, the Annual General Meeting of MVV Energie AG authorised the Executive Board until 13 March 2019 to increase the share capital on one or several occasions by a total of Euro 51 200 thousand. Shareholders must generally be granted subscription rights; however, the Executive Board may exclude such rights on one or several occasions, in full or in part, for a total of Euro 13 180 thousand. The Executive Board of MVV Energie AG has not yet made any use of this authorisation.

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 flows 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. Income of Euro 11 308 thousand was recognised directly in equity in the financial year under report in connection with the fair value measurement of financial instruments (previous year: income of Euro 7 557 thousand).

PROPOSED APPROPRIATION OF EARNINGS: The Executive Board proposes appropriating the unappropriated net profit of MVV Energie AG for the 2013/14 financial year as follows:

Distribution of a dividend of Euro 0.90 per individual share for the 2013/14 financial year (total: Euro 59 316 116.40). The Annual General Meeting on 13 March 2015 will decide on the dividend proposal.

27 Provisions

Provisions									
Euro 000s	Balance at 1 Oct 2013	Change in scope of consolidation	Currency adjustments	Utilised	Reversed	Added	Reclassified	Interest component	Balance at 30 Sep 2014
Non-current provisions									
Pensions and similar obligations	52 431	—	—	-2 175	—	12 758	8 378	2 170	73 562
Tax provisions	—	—	—	—	—	2 508	—	—	2 508
Other provisions									
Early retirement	24 231	—	—	-654	—	6 078	-14 184	805	16 276
Employee benefit expenses	34 003	—	—	-555	104	1 675	-9 512	3 802	29 309
Restructuring obligations	2 634	—	—	-1	—	2 350	-2 269	98	2 812
Refurbishment measures	8 519	—	-8	-2	—	—	-600	370	8 279
Miscellaneous contingencies	24 077	—	-15	-178	592	12 771	-2 321	910	34 652
Total other provisions	93 464	—	-23	-1 390	696	22 874	-28 886	5 985	91 328
Total non-current provisions	145 895	—	-23	-3 565	696	38 140	-20 508	8 155	167 398
Current provisions									
Tax provisions	8 073	—	—	-3 480	2 541	10 896	—	—	12 948
Other provisions									
Early retirement	7 559	—	—	-12 402	—	355	14 184	—	9 696
Employee benefit expenses	25 937	-1	—	-24 058	1 103	23 280	1 134	—	25 189
Services not yet invoiced	21 304	-100	298	-18 093	1 033	6 034	—	—	8 410
Restructuring obligations	2 613	—	—	-1 610	—	—	2 269	—	3 272
Refurbishment measures	1 155	—	—	-375	36	—	600	—	1 344
Miscellaneous contingencies	45 073	-300	-107	-19 982	7 156	30 780	2 321	—	50 629
Total other provisions	103 641	-401	191	-76 520	9 328	60 449	20 508	—	98 540
Total current provisions	111 714	-401	191	-80 000	11 869	71 345	20 508	—	111 488
Total provisions	257 609	-401	168	-83 565	12 565	109 485	—	8 155	278 886

Provisions broken down by maturity

Euro 000s	30 September 2014			30 September 2013		
	Non-current	Current	Total	Non-current	Current	Total
Provisions for pensions and similar obligations	73 562	—	73 562	52 431	—	52 431
Tax provisions	2 508	12 948	15 456	—	8 073	8 073
Employee benefit expenses	29 309	25 189	54 498	34 003	25 937	59 940
Early retirement ¹	16 276	9 696	25 972	24 231	7 559	31 790
Services not yet invoiced	—	8 410	8 410	—	21 304	21 304
Restructuring obligations ¹	2 812	3 272	6 084	2 634	2 613	5 247
Refurbishment measures	8 279	1 344	9 623	8 519	1 155	9 674
Miscellaneous contingencies	34 652	50 629	85 281	24 077	45 073	69 150
	167 398	111 488	278 886	145 895	111 714	257 609

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

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 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 similar provisions. The decline in provisions for early retirement results from utilisation of part-time early retirement agreements.

The provisions for employee benefit expenses mainly include collectively agreed obligations, such as allowances, compensation payments, bonus payments, employee working hour credits and anniversary bonuses.

Due to the reassessment of the respective contractual contents, provisions of Euro 8 378 thousand for obligations in connection with payments in kind to employees were reclassified to provisions for pensions and similar obligations in the 2013/14 financial year.

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.

Consistent with the aforementioned amendment to IAS 19 "Employee Benefits", other provisions reduced by Euro 11 767 thousand as of 1 October 2012. The reduction in the 2012/13 financial year amounted to Euro 582 thousand.

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 the terms to which they have been allocated. The allocation of terms for the provisions recognised is: > 1 year to < 3 years: Euro 9 678 thousand; > 3 years to < 5 years: Euro 2 787 thousand; longer than 5 years: Euro 27 155 thousand.

Provisions for pensions and similar obligations are explained in detail in the following note.

28 Provisions for pensions and similar obligations

The company pension plans consist of defined contribution and defined benefit plans.

An amount of Euro 24 496 thousand was paid into the state pension system in the 2013/14 financial year (previous year: Euro 25 641 thousand). The payments made to municipal supplementary pension companies (ZVKs) and the state pension system are viewed as payments to defined contribution plans. These contributions have been recognised as expenses and reported under employee benefit expenses.

An amount of Euro 16 033 thousand was paid into defined contribution pension systems in the 2013/14 financial year (previous year: Euro 15 627 thousand). This amount corresponds to the contributions paid by the MVV Energie Group into the pension plans of various ZVKs encompassing commitments by various employers. Here, the information made available by the pension body of the companies participating in the plan is insufficient to allow the pro-rated allocation of obligations, plan assets and service costs. At the MVV Energie Group, the contributions are therefore accounted for as a defined contribution commitment, even though the plan actually constitutes a defined benefit plan. Contributions to the pension plan are measured as a percentage of compensation subject to the additional premium and are borne by employees and employers. The percentage rate of contribution is determined by the ZVKs. Contributions of the same amount are expected in the 2014/15 financial year. The contributions are used for the beneficiaries as a collective entirety. Should the ZVKs have insufficient funds, then they could raise the mandatory contribution. Should the MVV Energie Group terminate its membership of the ZVKs, then they would be entitled to a financial settlement. The amount of settlement is calculated as the present value of beneficiaries' existing entitlement and future claims on the part of their surviving dependants and existing pension entitlements for vested claims at the time at which membership is terminated.

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.

The expenses for these pensions and similar obligations structured as defined benefit plans comprise the following items:

Pension provision expenses		
Euro 000s	2013/14	2012/13
Service cost	1 600	1 512
Interest expenses	2 170	1 814
Adjustment due to retrospective service cost recognised	—	559
	3 770	3 885

The interest expenses for vested pension claims have been reported in the income statement under financing expenses (other interest and similar expenses). Other expenses have been recognised as employee benefit expenses.

The present value of the defined benefit obligations developed as follows:

Development in pension claims		
Euro 000s	2013/14	2012/13
Present value of pension claims at 1 October	52 431	49 287
Current service cost	1 600	1 512
Interest expenses	2 170	1 814
Payments made to beneficiaries	-2 175	-2 051
Actuarial gains/losses	11 158	1 310
Retrospective service cost	—	559
Reclassifications	8 378	—
Present value of pension claims at 30 September	73 562	52 431

The actuarial gains and losses recognised in group equity for defined benefit obligations developed as follows:

Accumulated actuarial gains and losses recognised in equity		
Euro 000s	2013/14	2012/13
Accumulated actuarial gains (+) and losses (-) recognised in equity at 1 October	-9 705	-8 395
Actuarial gains (+) and losses (-) recognised in equity	-11 158	-1 310
Accumulated actuarial gains (+) and losses (-) recognised in equity at 30 September	-20 863	-9 705

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 2 967 thousand are forecast for existing pension obligations for the 2013/14 financial year.

No plan assets have been created.

The weighted average duration of the defined benefit plans amounts to 14.5 years.

The expected maturity of undiscounted pension payments as of the balance sheet date was as follows:

Expected pension payments	
Euro 000s	
2015	2 967
2016	2 946
2017	2 994
2018	2 996
2019	3 272
>2020	100 515
	115 691

The sensitivity analysis is based on changes in one assumption while all other assumptions remain constant. This is unlikely to occur in reality. Furthermore, changes in several assumptions may well correlate with each other. The sensitivity of the defined benefit obligation to actuarial assumptions has been calculated using the same method used to calculate pension provisions in the balance sheet.

The methods and types of assumption used to prepare the sensitivity analysis have not changed compared with the previous year.

Sensitivity analysis

	Impact on obligation		
	Change in assumption by	Increase in assumption	Reduction in assumption
Discount rate	0.50 %	Reduction by 7 %	Increase by 8 %
Future pay rises	0.50 %	Increase by 2 %	Reduction by 2 %
Future pension increases	0.25 %	Increase by 5 %	Reduction by 4 %
Mortality	1 year	Increase by 4 %	—

29 Financial debt

Financial debt

Euro 000s	30 September 2014			30 September 2013		
	Non-current	Current	Total	Non-current	Current	Total
Liabilities						
to banks	1 135 600	271 980	1 407 580	1 085 807	387 467	1 473 274
in connection with finance leases	2 267	1 796	4 063	4 052	2 369	6 421
to other majority shareholdings	—	242	242	—	142	142
to associates	—	1 581	1 581	—	1 377	1 377
to other shareholdings	—	350	350	—	640	640
Other financial debt	26 572	18 174	44 746	23 997	23 075	47 072
	1 164 439	294 123	1 458 562	1 113 856	415 070	1 528 926

Maturities in years

Euro 000s	30 September 2014			30 September 2013		
	< 1 year	1–5 years	> 5 years	< 1 year	1–5 years	> 5 years
Liabilities						
to banks	271 980	629 885	505 715	387 467	615 838	469 969
in connection with finance leases	1 796	2 182	84	2 369	3 903	149
to other majority shareholdings, associates and other shareholdings	2 173	—	—	2 159	—	—
Other financial debt	18 174	15 548	11 025	23 075	13 162	10 835
	294 123	647 615	516 824	415 070	632 903	480 953

The fixed-rate liabilities to banks amounting to Euro 1 252 million (previous year: Euro 1 368 million) have an average interest rate of 3.3 % (previous year: 3.5 %). The floating-rate liabilities to banks amounting to Euro 156 million (previous year: Euro 105 million) have an average interest rate of 1.4 % (previous year: 1.4 %). The average remaining period for which the rate remains fixed in the case of fixed-rate liabilities amounts to seven years (previous year: six years). In the case of floating-rate liabilities, the average period for which the interest rate structure remains fixed has reduced from three years to one year.

As of 30 September 2014, the MVV Energie Group had undrawn committed credit lines of Euro 386 million at its disposal (previous year: Euro 369 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 Sep 2014	30 Sep 2013
Present value of minimum leasing payments with maturities		
up to 1 year	1 899	2 203
1 to 5 years	1 708	3 621
longer than 5 years	3	15
Total	3 610	5 839
Financing costs not yet realised	775	1 114
Gross liabilities in connection with finance leases	4 385	6 953

Of financial debt, Euro 88 million (previous year: Euro 132 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 September 2014			30 September 2013		
	Non-current	Current	Total	Non-current	Current	Total
Derivative financial instruments	105 718	114 404	220 122	179 223	126 612	305 835
Liabilities for other taxes	—	49 160	49 160	—	52 670	52 670
Deferred income and accrued expenses	160 873	5 965	166 838	165 013	12 641	177 654
Liabilities to employees	—	17 282	17 282	—	16 915	16 915
Advance payments received	—	11 346	11 346	—	13 068	13 068
Customer credit balances	—	9 267	9 267	—	9 929	9 929
Interest liabilities	—	7 827	7 827	—	10 484	10 484
Liabilities for security deposits for energy trading transactions	—	761	761	—	1 174	1 174
Concession duties	—	843	843	—	110	110
Social security liabilities	—	602	602	—	606	606
Miscellaneous other liabilities	10 539	22 353	32 892	11 105	22 424	33 529
	277 130	239 810	516 940	355 341	266 633	621 974

Other liabilities

Euro 000s	30 September 2014			30 September 2013		
	Non-current	Current	Total	Non-current	Current	Total
Liabilities						
to third parties	277 130	227 308	504 438	355 341	252 263	607 604
to other majority shareholdings	—	503	503	—	403	403
to other shareholdings	—	653	653	—	899	899
Advance payments received for orders	—	11 346	11 346	—	13 068	13 068
	277 130	239 810	516 940	355 341	266 633	621 974

Derivative financial instruments involve interest rate derivatives, currency derivatives and commodity derivatives for electricity, gas, coal, CO₂ and other certificates. Further details about financial instruments can be found in Note 35.

Derivative financial instruments

Euro 000s	30 September 2014			30 September 2013		
	Non-current	Current	Total	Non-current	Current	Total
Derivative financial instruments	105 718	114 404	220 122	179 223	126 612	305 835
of which without IAS 39 hedges	48 054	87 772	135 826	74 337	103 495	177 832
of which cash flow hedges	57 664	26 632	84 296	104 886	23 117	128 003

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 761 thousand in connection with security deposits as of the balance sheet date (previous year: Euro 1 174 thousand).

Liabilities for other taxes mainly involve energy tax and value added tax liabilities.

Deferred income and accrued expenses mainly involve construction grants for house connection costs.

31 Trade payables

Trade payables		
Euro 000s	30 Sep 2014	30 Sep 2013
Trade payables	408 527	390 969
to other majority shareholdings	254	259
to associates	13 768	30 544
to other shareholdings	303	259

All trade payables have terms of under one year.

32 Tax liabilities

The tax liabilities of Euro 631 thousand (previous year: Euro 189 thousand) consist of income tax liabilities.

33 Deferred taxes

The deferred taxes reported for 2013/14 relate to the following items:

Deferred taxes

Euro 000s	30 September 2014		30 September 2013	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	2 114	-14 039	1 071	-10 755
Property, plant and equipment, including investment property	15 624	-146 557	16 953	-147 067
Inventories	3 935	-299	1 147	-378
Special item	—	-4 754	—	-4 447
Other assets and positive fair values of derivatives	5 133	-118 937	3 271	-163 966
Provisions for pensions	10 540	—	4 414	—
Non-current other provisions ¹	13 225	—	11 797	—
Current other provisions	2 723	-9 385	2 390	-15 205
Liabilities and negative fair values of derivatives	124 252	-2 141	192 024	-4 292
Losses carried forward	7 047	—	4 863	—
Deferred taxes (gross)	184 593	-296 112	237 930	-346 110
Value adjustment	-7 207	—	-5 627	—
Netting ¹	-154 750	154 750	-209 957	209 957
Deferred taxes (net)	22 636	-141 362	22 346	-136 153

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

Of the (net) deferred taxes presented above, Euro 12 846 thousand relate to non-current deferred tax assets (previous year: Euro 13 811 thousand) and Euro 111 710 thousand to non-current deferred tax liabilities (previous year: Euro 102 653 thousand).

No deferred tax assets have been recognised for corporate income tax loss carryovers of Euro 35 778 thousand (previous year: Euro 28 886 thousand) or for trade tax loss carryovers of Euro 25 311 thousand (previous year: Euro 26 371 thousand).

For the temporary differences of Euro 10 338 thousand (previous year: Euro 9 166 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 3 132 thousand (previous year: Euro 2 777 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 27 767 thousand were recognised directly in other comprehensive income within group equity in the 2013/14 financial year (previous year: Euro 31 865 thousand).

Income tax items in other comprehensive income in group equity can be broken down into their respective components as follows:

Income tax items	30 September 2014		30 September 2013	
	Income tax	Gross	Income tax	Gross
Euro 000s				
Cash flow hedges	-7 164	22 094	-1 232	8 033
Actuarial gains and losses	3 067	-11 157	282	-1 310
Share of total earnings attributable to associates (at equity)	—	9 660	—	-33 977
Currency translation difference	—	-14 059	—	116

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 2.5 million (previous year: Euro 2.9 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 3.8 million for investments in intangible assets (previous year: Euro 2.3 million) and Euro 108.7 million for investments in property, plant and equipment (previous year: Euro 120.8 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		
Euro 000s	Nominal value	
	30 Sep 2014	30 Sep 2013
Operating leases		
up to 1 year	8 573	8 281
1 to 5 years	20 172	13 158
longer than 5 years	37 643	10 734
	66 388	32 173

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 4.0 million.

35 Financial instruments

Under interest hedges, existing underlying transactions have been included in cash flow hedges with terms of up to 19 years as of 30 September 2014 (previous year: 20 years). Under commodity hedges, the terms of planned hedged items amount to up to five years (previous year: up to five years). The currency futures used to hedge currency risks have terms of up to one year. Both interest rate hedging instruments and commodity and currency 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 14 930 thousand was recognised directly in equity in the 2013/14 financial year (previous year: income of Euro 6 801 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	Nominal value	
	30 Sep 2014	30 Sep 2013
Included in EBIT	-45 966	-48 557
Included in financial result and tax result	-4 954	-6 726
Total amounts withdrawn	-50 920	-55 283

The amounts recognised directly in equity and attributable reclassification amounts are presented in the following table:

Amounts recognised in equity		
Euro 000s	30 Sep 2014	
	30 Sep 2014	30 Sep 2013
Cash flow hedges	14 930	6 801
of which changes recognised in equity	-35 990	-48 482
of which reclassified to income statement	50 920	55 283
Currency translation difference	-14 059	116
of which changes recognised in equity	-14 059	116
Actuarial gains and losses	-8 090	-1 028
of which changes recognised in equity	-8 090	-1 028

Expenses of Euro 215 thousand were recognised in connection with the ineffective portion of cash flow hedges in the 2013/14 financial year (previous year: expenses of Euro 3 891 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 and fair values of financial instruments and their allocation to IAS 39 measurement categories have been presented 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 September 2014			30 September 2013		
		Carrying amounts	of which not within scope of IFRS 7	Fair values	Carrying amounts	of which not within scope of IFRS 7	Fair values
Assets							
Financial assets							
of which unconsolidated shareholdings	available for sale	19 001	—	19 001	17 737	—	17 737
of which loans excluding finance leases	loans and receivables	1 592	—	1 592	2 565	—	2 565
of which loans in connection with finance leases	not applicable	53 056	—	53 056	71 077	—	71 077
of which securities	held for trading	1 911	—	1 911	3 855	—	3 855
	available for sale	13	—	13	14	—	14
Trade receivables	loans and receivables	386 263	—	386 263	461 128	—	461 128
Other assets							
of which derivatives outside hedge accounting	held for trading	117 059	—	117 059	142 185	—	142 185
of which derivatives within hedge accounting	not applicable	14 702	—	14 702	37 015	—	37 015
of which other operating assets	loans and receivables	127 296	37 983	127 296	183 002	58 579	183 002
Cash and cash equivalents	loans and receivables	370 704	—	370 704	418 242	—	418 242
		1 091 597	37 983	1 091 597	1 336 820	58 579	1 336 820
Liabilities							
Financial debt							
of which financial debt in connection with finance leases	not applicable	4 063	—	4 063	6 421	—	6 421
of which other financial debt	amortised cost	1 454 499	—	1 542 907	1 522 505	—	1 616 234
Trade payables	amortised cost	408 527	—	408 527	390 969	—	390 969
Other liabilities							
of which derivatives outside hedge accounting	held for trading	135 826	—	135 826	177 832	—	177 832
of which derivatives within hedge accounting	not applicable	84 296	—	84 296	128 003	—	128 003
of which other operating liabilities	amortised cost	296 818	227 946	296 818	316 139	243 998	316 139
		2 384 029	227 946	2 472 437	2 541 869	243 998	2 635 598

Given the predominantly short-term remaining terms of trade receivables and payables, other operating receivables and liabilities and cash and cash equivalents, their carrying amounts as of the balance sheet date are basically equivalent to their fair values.

The fair value of other financial debt items is determined as their present value, taking due account of future payments. These items are discounted using the currently valid interest rate as of the balance sheet date (Level 2).

The following table presents the key measurement parameters for financial instruments measured at fair value. Measurement has been based on 30 September 2014. 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. On their transaction dates, these instruments were not in liquid markets, as a result of which their current recognition at cost approximates to their fair value. These items mainly involve other shareholdings and other majority shareholdings.

Fair value hierarchy at 30 September 2014

Euro 000s	Level 1	Level 2	Level 3	At cost
Financial assets				
Unconsolidated shareholdings	—	—	—	19 001
Securities	—	1 911	—	13
Derivatives outside hedge accounting	13 014	103 812	233	—
Derivatives within hedge accounting	8 845	5 857	—	—
Financial liabilities				
Derivatives outside hedge accounting	29 398	106 105	323	—
Derivatives within hedge accounting	28 696	55 600	—	—

Fair value hierarchy at 30 September 2013

Euro 000s	Level 1	Level 2	Level 3	At cost
Financial assets				
Unconsolidated shareholdings	—	—	—	17 737
Securities	—	3 855	—	14
Derivatives outside hedge accounting	24 400	117 698	87	—
Derivatives within hedge accounting	13 480	23 535	—	—
Financial liabilities				
Derivatives outside hedge accounting	50 747	126 484	601	—
Derivatives within hedge accounting	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	Balance at 1 Oct 2013	Gains/losses in income statement	Balance at 30 Sep 2014
Financial assets			
Derivatives outside hedge accounting	87	146	233
Financial liabilities			
Derivatives outside hedge accounting	601	-278	323

Development in financial assets recognised in Level 3

Euro 000s	Balance at 1 Oct 2012	Gains/losses in income statement	Balance at 30 Sep 2013
Financial assets			
Derivatives outside hedge accounting	27	60	87
Financial liabilities			
Derivatives outside hedge accounting	2 787	-2 186	601

Gains and losses in income statement for Level 3 financial instruments 2013/14

Euro 000s	Total	of which still held at 30 Sep 2014
Other operating income	424	—
Other operating expenses	—	—
	424	—

Gains and losses in income statement for Level 3 financial instruments 2012/13

Euro 000s	Total	of which still held at 30 Sep 2013
Other operating income	2 246	—
Other operating expenses	—	—
	2 246	—

Impairments of financial assets

Euro 000s	2012/13				2013/14			
	Unconsolidated shareholdings	Loans	Trade receivables	Other operating assets	Unconsolidated shareholdings	Loans	Trade receivables	Other operating assets
Balance at 1 Oct	6 224	1 928	40 276	1 221	3 436	1 534	37 683	1 503
Utilisations/ disposals	2 788	—	18 114	108	1 565	—	26 133	57
Net additions	—	—	15 521	390	18	648	9 305	2 341
Reclassifications	—	-394	—	—	—	—	—	—
Balance at 30 Sep	3 436	1 534	37 683	1 503	1 889	2 182	20 855	3 787

Impairment losses recognised in the 2013/14 financial year for individual IFRS 7 categories amounted to Euro 18 thousand for unconsolidated shareholdings (previous year: Euro 0), Euro 648 thousand for loans (previous year: Euro 0), Euro 18 176 thousand for trade receivables (previous year: Euro 18 952 thousand) and Euro 2 415 thousand for other operating assets (previous year: Euro 468 thousand).

Netting of financial assets and financial liabilities

The financial assets and financial liabilities listed below are subject to netting, enforceable master netting agreements or similar arrangements.

Netting of financial assets at 30 September 2014

Euro 000s	Gross amount of financial assets reported	Gross amount of financial liabilities reported that are netted in balance sheet	Net amount of financial assets reported in balance sheet	Related amounts not netted in balance sheet		Net amount
				Financial instruments	Cash collateral received	
Loans excluding finance leases	1 592	—	1 592	—	—	1 592
Securities	1 924	—	1 924	—	—	1 924
Trade receivables	540 471	-154 208	386 263	—	—	386 263
Derivative financial instruments	131 761	—	131 761	-105 820	—	25 941
Other operating assets	127 296	—	127 296	—	-54 811	72 485
Cash and cash equivalents	370 704	—	370 704	—	—	370 704
	1 173 748	-154 208	1 019 540	-105 820	-54 811	858 909

Netting of financial liabilities at 30 September 2014

Euro 000s	Gross amount of financial liabilities reported	Gross amount of financial assets reported that are netted in balance sheet	Net amount of financial liabilities reported in balance sheet	Related amounts not netted in balance sheet		Net amount
				Financial instruments	Cash collateral received	
Financial debt	1 454 499	—	1 454 499	-1 459	-285	1 452 755
Trade payables	548 257	-139 730	408 527	—	—	408 527
Derivative financial instruments	220 122	—	220 122	-145 331	—	74 791
Other operating liabilities	296 818	—	296 818	—	-1 474	295 344
	2 519 696	-139 730	2 379 966	-146 790	-1 759	2 231 417

Netting of financial assets at 30 September 2013

	Gross amount of financial assets reported	Gross amount of financial liabilities reported that are netted in balance sheet	Net amount of financial assets reported in balance sheet	Related amounts not netted in balance sheet		Net amount
				Financial instruments	Cash collateral received	
Loans excluding finance leases	2 566	—	2 566	—	—	2 566
Securities	3 869	—	3 869	—	—	3 869
Trade receivables	611 746	– 150 618	461 128	—	—	461 128
Derivative financial instruments	179 200	—	179 200	– 163 691	—	15 509
Other operating assets	183 002	—	183 002	—	– 69 628	113 374
Cash and cash equivalents	418 242	—	418 242	—	—	418 242
	1 398 625	– 150 618	1 248 007	– 163 691	– 69 628	1 014 688

Netting of financial liabilities at 30 September 2013

	Gross amount of financial liabilities reported	Gross amount of financial assets reported that are netted in balance sheet	Net amount of financial liabilities reported in balance sheet	Related amounts not netted in balance sheet		Net amount
				Financial instruments	Cash collateral received	
Financial debt	1 522 505	—	1 522 505	– 2 146	– 285	1 520 074
Trade payables	521 629	130 660	390 969	—	—	390 969
Derivative financial instruments	305 835	—	305 835	– 260 657	—	45 178
Other operating liabilities	335 947	19 808	316 139	—	– 1 102	315 037
	2 685 916	150 468	2 535 448	– 262 803	– 1 387	2 271 258

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	2013/14	2012/13
Financial assets and financial liabilities held for trading	16 744	-6 738
Financial assets available for sale	3 067	756
Loans and receivables	-7 971	-8 630

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	2013/14	2012/13
Total interest income	9 444	8 848
Total interest expenses	49 287	57 295

The 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 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 receivables default and liquidity risks, market price risks on both procurement and sales markets and market price risks resulting from interest rate and exchange rate movements.

Group-wide risk management pursues the objective of identifying developments on financial markets at an early stage and countering any resultant negative implications. This is achieved by laying down internal guidelines, discretionary frameworks, responsibilities, separations of functions and checks.

Derivative financial instruments are used to cover against market price risks. For interest rate risks, these mainly involve interest swaps. Currency risks are hedged by concluding forward currency transactions. 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.

RECEIVABLES DEFAULT 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 receivables default risk. This encompasses both the risk of direct default and the risk of reduced creditworthiness. The MVV Energie Group maintains its business relationships predominantly with banks and other trading partners of good credit standing. Receivables default risks towards contractual partners are inspected upon conclusion of the contract and monitored continuously. This 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 receivables default 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 in 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 September 2014

Euro 000s Counterparty rating as per Standard & Poor's and/or Moody's	Total		of which < 1 year		of which 1 to 5 years	
	Nominal value	Counterparty risk	Nominal value	Counterparty risk	Nominal value	Counterparty risk
AAA and Aaa to AA- and Aa3	392 410	5 189	137 874	3 014	254 536	2 175
AA- and A1 or A+ and Aa3 to A- and A3	240 902	1 693	226 025	1 564	14 877	129
A- and Baa1 or BBB+ and A3 to BBB- or Baa3	230 036	5 110	41 166	2 708	188 870	2 402
Other	900 339	38 459	411 081	16 499	489 258	21 960
	1 763 687	50 451	816 146	23 785	947 541	26 666

Counterparty risk at 30 September 2013

Euro 000s Counterparty rating as per Standard & Poor's and/or Moody's	Total		of which < 1 year		of which 1 to 5 years	
	Nominal value	Counterparty risk	Nominal value	Counterparty risk	Nominal value	Counterparty risk
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 receivables default 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".

For trading transactions concluded with stock exchanges, additional receivables default risks arose in connection with security deposits for the first time as of 30 September 2014.

The receivables default risks involved in financial assets and their maturities broken down by category are structured as follows:

Receivables default risks and maturities

Euro 000s	30 September 2014			30 September 2013		
	Loans	Trade receivables	Other operating assets	Loans	Trade receivables	Other operating assets
Neither overdue nor impaired	54 648	325 597	86 528	73 642	379 052	119 381
Overdue but not impaired						
≤ 6 months	—	24 211	173	—	38 195	3 477
> 6 months ≤ 1 year	—	75	—	—	1 811	1
> 1 year	—	669	43	—	615	43
Net value of assets written down	—	35 711	2 569	—	41 455	1 521
	54 648	386 263	89 313	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 banks and 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 September 2014			30 September 2013		
	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	278 428	723 468	558 735	438 363	702 070	540 535
Liabilities in connection with finance leases	1 970	2 328	87	2 663	4 134	156
Trade payables	408 527	104	—	390 970	114	—
Other financial debt	20 992	18 078	11 624	25 843	15 560	12 034
Other financial liabilities	58 633	2 645	7 894	58 707	1 646	7 919
Derivative financial liabilities	105 331	120 513	51	142 250	229 121	109
	873 881	867 136	578 391	1 058 796	952 645	560 753

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 2014 would have led annual net income to deteriorate/improve by a total of Euro 57 thousand/Euro 47 thousand (previous year: Euro 6 thousand/Euro 11 thousand). This variance would have reduced/increased equity by a total of Euro 1 063 thousand/Euro 876 thousand (previous year: Euro 3 186 thousand/Euro 5 218 thousand).

FOREIGN CURRENCY RISKS: Foreign currency risks are increasingly relevant on account of our UK projects. Here, project development and construction costs are initially 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 annual net income by Euro 4 046 thousand downwards (previous year: Euro 1 906 thousand)/Euro 4 047 thousand upwards (previous year: Euro 1 906 thousand).

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, as well as options for the first time.

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 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 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 2014 had been 10 % higher/lower, this would have increased/decreased annual net income by Euro 10 152 thousand/Euro 13 925 thousand (previous year: Euro 17 820 thousand/Euro 21 302 thousand). Equity would have increased/reduced by Euro 21 148 thousand/Euro 26 786 thousand (previous year: Euro 32 645 thousand/Euro 33 342 thousand).

The following table presents the nominal volumes and fair values of the derivatives used:

Nominal volumes and fair values

Euro 000s	30 September 2014			30 September 2013		
	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	620 017	412 087	-38 301	482 998	450 699	-34 580
Commodity derivatives	4 862 785	1 431 632	-38 035	4 554 415	1 414 553	-88 795
Currency derivatives	179 860	21	-12 025	99 860	99 860	-3 260
	5 662 662	1 843 740	-88 361	5 137 273	1 965 112	-126 635

Interest derivatives almost exclusively involve interest swaps. The currency derivatives are mainly intended to hedge foreign exchange risks.

Commodity derivatives can be subdivided as follows:

Commodity derivatives

Euro 000s	30 September 2014		30 September 2013	
	Nominal volumes	Fair values	Nominal volumes	Fair values
Commodity derivatives				
Electricity	1 678 065	-17 237	3 079 462	-31 083
Coal	13 274	-12 492	31 211	-30 797
Gas	3 114 561	-2 414	1 351 931	-3 660
CO ₂ certificates	56 248	-5 801	90 708	-22 685
Other	637	-91	1 103	-570
	4 862 785	-38 035	4 554 415	-88 795

Commodity derivatives

Euro 000s	30 September 2014		30 September 2013	
	Nominal volumes	Fair values	Nominal volumes	Fair values
Commodity derivatives				
Futures	4 837 829	-25 472	4 523 148	-57 942
Swaps	13 274	-12 492	31 267	-30 853
Options	11 682	-71	—	—
	4 862 785	-38 035	4 554 415	-88 795

The positive fair values amounting to Euro 131 761 thousand (previous year: Euro 179 200 thousand) were countered by margining liabilities of Euro 761 thousand (previous year: Euro 1 174 thousand). These are reported under other liabilities. The negative fair values of Euro 220 122 thousand (previous year: Euro 305 835 thousand) were countered by cash collateral amounting to Euro 54 811 thousand (previous year: Euro 69 628 thousand).

36 Segment reporting

Segment report of the MVV Energie Group from 1 October 2013 to 30 September 2014

Euro 000s	External sales excluding energy taxes	Intercompany sales excluding energy taxes	Scheduled depreciation	Impairment losses
Generation and Infrastructure	402 848	635 417	113 721	267
Trading and Portfolio Management	909 837	895 812	288	—
Sales and Services	2 278 478	334 678	15 856	1 340
Strategic Investments	198 372	4 459	16 908	—
Other Activities	3 612	25 678	16 391	68
Consolidation	—	-1 896 044	—	—
	3 793 147	—	163 164	1 675

Euro 000s	Material non-cash income and expenses	Adjusted EBIT	Income from associates	Investments
Generation and Infrastructure	-10 512	123 842	17 841	270 186
Trading and Portfolio Management	2 129	-22 397	—	9 061
Sales and Services	8 367	30 794	4 158	15 225
Strategic Investments	-675	31 411	—	13 161
Other Activities	11 272	7 435	487	13 142
Consolidation	—	2 388	—	—
	10 581	173 473	22 486	320 775

Segment report of the MVV Energie Group from 1 October 2012 to 30 September 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 ¹	Income from associates	Investments ¹
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	39 606	—	13 972
Strategic Investments	544	31 891	—	17 128
Other Activities	10 566	6 544	2 959	14 883
Consolidation	—	-2 728	—	—
	27 172	208 050	14 135	391 615

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

External reporting is consistent with internal management structures. Units are grouped in such a way that the pooling of suitable specialist competence under one roof forms the basis for stringent portfolio management at the Group. Business fields based on the respective 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 Mannheim, Stadtwerke Kiel, Energieversorgung Offenbach and MVV Umwelt subgroups, as well as the waterworks and wind power 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 PORTFOLIOMANAGEMENT** 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 Mannheim, Stadtwerke Kiel and Energieversorgung Offenbach 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 Ingolstadt, Köthen Energie and MVV Energie CZ 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 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

Euro 000s	1 Oct 2013 to 30 Sep 2014	1 Oct 2012 to 30 Sep 2013	+/- change
EBIT as per income statement ¹	191 446	209 782	- 18 336
Financial derivative measurement items	-23 746	3 004	-26 750
Structural adjustment for part-time early retirement ¹	2 351	2 166	185
Restructuring expenses ¹	—	-11 251	11 251
Interest income in connection with finance leases	3 422	4 349	-927
Adjusted EBIT	173 473	208 050	-34 577

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

Of segment sales with external customers, 97.7 % were generated in Germany (previous year: 96.9 %). The regional breakdown of sales is based on the geographical location of the respective companies.

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

The segment reporting presented in accordance with IFRS 8 is based on the internal management structure. This is mainly reflected in 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 reduced year-on-year in the 2013/14 financial year. This was due above all to annual net income before taxes on income which, after the elimination of other non-cash income and expenses, fell short of the previous year's figure.

By contrast, the cash flow from operating activities rose sharply in the 2013/14 financial year, a development mainly driven by the year-on-year improvement in working capital.

The cash flow from investing activities increased in the 2013/14 financial year compared with the previous year. One key factor here was the acquisition in the previous year of the two Mannheim-based companies MVV Windenergie Beteiligungs GmbH and MVV Windenergie Deutschland GmbH (previously: MVV Windenergie NRW GmbH), which led to an outflow of liquid funds in the comparative period.

The cash flow from financing activities reduced compared with the previous year, a development chiefly due to a higher volume of loan repayments.

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 and to boost the earnings strength of our company.

The adjusted equity ratio referred to for management purposes represents adjusted consolidated equity as a proportion of adjusted total assets. Adjusted equity consists of share capital, the capital reserve, accumulated net income, accumulated other comprehensive income and minority interests excluding non-operating IAS 39 derivative measurement items. It is intended to maintain an adjusted equity ratio of at least 30 %.

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 basis 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 adjusted return on capital employed (adjusted ROCE) and weighted average cost of capital (WACC).

There were no changes in the 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 were 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 GmbH, 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 18 474 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 Sep 2014	30 Sep 2013	30 Sep 2014	30 Sep 2013
	1 Oct 2013 to 30 Sep 2014	1 Oct 2012 to 30 Sep 2013	1 Oct 2013 to 30 Sep 2014	1 Oct 2012 to 30 Sep 2013				
Abfallwirtschaft Mannheim	635	771	31	987	76	75	—	7
ABG Abfallbeseitigungsgesellschaft mbH	33	7 177	3 661	4 473	—	—	597	606
GBG Mannheimer Wohnungsbaugesellschaft mbH	10 962	11 088	96	112	823	835	—	—
m:con – mannheim:congress GmbH	3 666	3 719	406	402	6 641	5 699	—	—
MVV GmbH	86	286	—	46	17	16	—	—
MVV Verkehr GmbH	126	180	12	37	12	24	—	—
Rhein-Neckar-Verkehr GmbH	6 224	7 807	21	24	983	1 778	264	156
Stadtentwässerung Mannheim	4 110	3 300	1 742	374	367	140	—	12
City of Mannheim	17 933	16 751	21 698	21 000	1 156	839	4 605	4 164
Associates	43 312	42 757	211 623	215 814	11 600	11 383	15 349	31 921
Proportionately consolidated companies	19 987	41 991	4 484	6 861	3 100	4 692	1 076	1 569
Other related parties	12 848	8 787	2 618	1 896	636	1 728	511	432
	119 922	144 614	246 392	252 026	25 411	27 209	22 402	38 867

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 2014.

In the Compensation Report, we set out the principles underlying

our compensation system and provide information about the structure and level of compensation for members of the Executive and Supervisory Boards of MVV Energie AG. Furthermore, we also list those benefits foreseen for Executive Board members should they leave the company or retire.

The description of the basic principles of our compensation system and disclosures concerning the compensation of Executive and Supervisory Board members for the 2013/14 financial year take due account of the requirements of the German Commercial Code (HGB) and 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.

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.

The Executive Board received total compensation of Euro 2 408 thousand in the year under report (previous year: Euro 2 219 thousand). This compensation comprises non-performance-related and performance-related components.

Two components determine the one-year variable 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 three-year period. 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 2013/14 financial year. No multiyear variable compensation is provided for.

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

The following table shows the benefits granted and actual incomes paid in the year under report in accordance with the German Corporate Governance Code and total compensation pursuant to German Accounting Standard 17 (DRS 17). Given the structure of the compensation system, the benefits granted and actual incomes paid are identical.

Benefits granted and incomes paid

Euro 000s	Dr. Georg Müller CEO				Udo Bekker Personnel Director (since 1 Jan 2013)			
	2013/14	Min 2013/14	Max 2013/14	2012/13	2013/14	Min 2013/14	Max 2013/14	2012/13
Fixed compensation ¹	460	460	460	460	330	330	330	225
Fringe benefits ²	38	38	38	40	30	30	30	43
Other compensation ³	17	17	17	18	9	9	9	5
Total	515	515	515	518	369	369	369	273
One-year variable compensation	297	—	920	335	182	—	600	154
Total pay	812	515	1 435	853	551	369	969	427
Pension expenses ⁴	190	190	190	178	121	121	121	209
Total compensation	1 002	705	1 625	1 031	672	490	1 090	636

	Dr. Werner Dub Technology Director				Ralf Klöpfer Sales Director (since 1 Oct 2013)			
	2013/14	Min 2013/14	Max 2013/14	2012/13	2013/14	Min 2013/14	Max 2013/14	2012/13
Fixed compensation ¹	275	275	275	275	275	275	275	—
Fringe benefits ²	27	27	27	28	51	51	51	—
Other compensation ³	16	16	16	16	5	5	5	—
Total	318	318	318	319	331	331	331	—
One-year variable compensation	198	—	550	223	198	—	550	—
Total pay	516	318	868	542	529	331	881	—
Pension expenses ⁴	151	151	151	135	275	275	275	—
Total compensation	667	469	1 019	677	804	606	1 156	—

1 annual fixed compensation including CEO allowance of Euro 185 thousand for Dr. Georg Müller and one-off payment to Udo Bekker

2 contributions to voluntary pension insurance, health insurance, nursing care insurance, voluntary contribution to employers' mutual insurance association, reimbursements of transitional benefits, non-cash benefits/benefits in kind

3 compensation for board activities at subsidiaries and shareholdings (entitlement in financial year)

4 service cost from commitments of pensions and other benefits pursuant to IAS 19

Executive Board members Dr. Georg Müller, Udo Bekker and Ralf Klöpfer 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, Udo Bekker and Ralf Klöpfer are presented in the following table:

Pension obligations

Euro 000s	Development in virtual pension accounts			Pension provision	Allocation to pension provision	
	Balance at 1 Oct 2013	Pension contribution	Balance at 30 Sep 2014 ¹	Balance at 30 Sep 2014 ²	Service cost	Interest expenses
Dr. Georg Müller	1 361	152	1 582	2 471	190	69
Udo Bekker	83	110	196	352	121	8
Ralf Klöpfer	—	110	110	275	275	—
Total	1 444	372	1 888	3 098	586	77

¹ including interest

² equivalent to present value of vested claims

The overall pension commitment made to the Executive Board member Dr. Werner Dub will continue to be based on pensionable compensation through to his retirement on 31 December 2014. 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:

Former members of the Executive Board received benefits of Euro 348 thousand in the year under report. Provisions totalling Euro 13 644 thousand have been stated for pension obligations towards former members of the Executive Board. A total of Euro 408 thousand was allocated to this item in the 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 2 717 thousand was paid to this group in the year under report. Of this total, Euro 2 601 thousand involved payments with current maturities.

Pension obligation

Euro 000s	Value of final pension ¹	Benefit percentage ²	Allocation to pension provision	
			Service cost	Interest expenses
Dr. Werner Dub	110	68 %	151	75

¹ achievable claim, taking due account of amounts imputed

² total pension rate achieved for retirement pension in %

Unless they are insured via municipal supplementary pension companies (ZVKs), management staff performing key functions 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 116 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 year under report, with the Chairman of the Supervisory Board receiving twice and his deputy one and a half times this figure. 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 431 thousand. The compensation for the employee representatives in the Supervisory Board (excluding Supervisory Board compensation) amounted to Euro 839 thousand in the year under report. The composition of the Supervisory Board has been presented in a separate overview under "Directors and Officers" at the end of the consolidated financial statements.

Supervisory Board compensation¹

Euro	Supervisory Board compensation	Meeting allowances
Dr. Peter Kurz	20 000	22 000
Johannes Böttcher	10 000	7 000
Timo Carstensen	10 000	7 000
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	4 000
Prof. Dr. Egon Jüttner	10 000	5 000
Heike Kamradt	10 000	10 000
Daniela Kirchner	9 972	7 000
Gunter Kühn	56	—
Dr. Antje Mohr	10 000	7 000
Dr. Lorenz Näger	12 500	10 000
Wolfgang Raufelder	10 000	6 000
Christian Specht	10 000	7 000
Dr. Dieter Steinkamp	10 000	5 000
Carsten Südmersen	12 500	14 000
Katja Udluft	10 000	7 000
Prof. Heinz-Werner Ufer	15 000	19 000
Jürgen Wiesner	10 000	8 000
Total	232 528	198 000

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

40 Scope of consolidation of the MVV Energie Group

Scope of consolidation of the MVV Energie Group at 30 September 2014

	Share of capital ¹ in %	Equity ¹ 000s (LC)	Annual net income ¹ 000s (LC)	Local currency (LC)
Associates (fully consolidated subsidiaries)				
Germany				
ABeG Abwasserbetriebsgesellschaft mbH, Offenbach am Main	51.00	580	31	EUR
AVA Abwasser- und Verwertungsanlagen GmbH, Mörfelden-Walldorf ⁶	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	-1 336	260	EUR
Biomethananlage Klein Wanzeleben GmbH, Mannheim	74.90	3 296	517	EUR
Biomethananlage Kroppenstedt GmbH, Mannheim	74.90	2 070	179	EUR
Biomethananlage Staßfurt GmbH, Mannheim ¹³	74.90	2 677	-253	EUR
Cerventus Naturenergie GmbH, Offenbach am Main	50.00	30 394	1 096	EUR
Cerventus Naturenergie Verwaltungs GmbH, Offenbach am Main	100.00	31	6	EUR
Dabit Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG, Wiesbaden ⁸	94.00	-9	-14	EUR
Energieversorgung Offenbach Aktiengesellschaft, Offenbach am Main ²	48.46	123 839	15 191	EUR
Energieversorgung Dietzenbach GmbH, Dietzenbach ^{13, 14}	100.00	1 031	981	EUR
eternegy GmbH, Mannheim	100.00	-6 830	416	EUR
FRASSUR GmbH Umweltschutz-Dienstleistungen, Mörfelden-Walldorf	100.00	1 884	996	EUR
Gasversorgung Offenbach GmbH, Offenbach am Main	74.90	17 183	3 441	EUR
Götzfried + Pitzer Entsorgung GmbH, Ulm	100.00	1 731	29	EUR
IGS Netze GmbH, Gersthofen (previously: MVV Alpha sechzehn GmbH, Mannheim) ⁶	100.00	1 000	0	EUR
Infrastrukturgesellschaft Hungerberg GmbH & Co. KG, Wörrstadt	70.00	0	100	EUR
Köthen Energie GmbH, Köthen	100.00	3 499	193	EUR
MVV decon GmbH, Mannheim ¹⁵	100.00	-5 558	-3 033	EUR
MVV Enamic Contracting GmbH, Mannheim ⁶	100.00	46 145	0	EUR
MVV Enamic GmbH, Mannheim ⁶	100.00	77 535	0	EUR
MVV Enamic IGS Gersthofen GmbH, Gersthofen ⁶	100.00	11 804	0	EUR
MVV Enamic Immobilien GmbH, Berlin ⁶	100.00	23 926	0	EUR
MVV Enamic Korbach GmbH, Korbach ⁶	100.00	2 104	0	EUR
MVV Enamic Ludwigshafen GmbH, Mannheim	100.00	-1 184	2 882	EUR
MVV Enamic Naturenergie GmbH, Mannheim (previously: A+S Naturenergie GmbH, Mannheim)	100.00	-8 381	-597	EUR
MVV Energiedienstleistungen Regional Verwaltungs GmbH, Mannheim	100.00	46 630	6 383	EUR
MVV Grünenergie GmbH, Mannheim ⁶	100.00	52	0	EUR
MVV RHE GmbH, Mannheim ⁶	100.00	11 988	0	EUR
MVV Trading GmbH, Mannheim ⁶	97.50	22 848	2 516	EUR
MVV Umwelt Asset GmbH, Mannheim ⁶	100.00	40 036	0	EUR
MVV Umwelt GmbH, Mannheim ⁶	100.00	144 990	0	EUR
MVV Umwelt O&M GmbH, Mannheim ⁶	100.00	1 226	0	EUR
MVV Umwelt Ressourcen GmbH, Mannheim ⁶	100.00	6 566	0	EUR
MVV Umwelt UK GmbH, Mannheim ⁶	100.00	39 367	0	EUR
MVV Windenergie Deutschland GmbH, Mannheim (previously: MVV Windenergie NRW GmbH, Mannheim)	100.00	8 415	-510	EUR
MVV Windenergie GmbH, Mannheim ⁶	100.00	7 552	0	EUR
MVV Windpark Plauerhagen GmbH & Co. KG, Rerik	100.00	5 749	739	EUR
Netrion Gasnetz Offenbach GmbH, Mannheim ⁶	100.00	324	0	EUR
Netrion GmbH, Mannheim ⁶	100.00	5 999	0	EUR
Netzgesellschaft Köthen mbH, Köthen (previously: Köthen Energie Netz GmbH, Köthen) ⁶	100.00	26	2	EUR

Scope of consolidation of the MVV Energie Group at 30 September 2014

	Share of capital ¹ in %	Equity ¹ 000s (LC)	Annual net income ¹ 000s (LC)	Local currency (LC)
Soluvia Billing GmbH, Offenbach am Main ⁶	100.00	327	0	EUR
Soluvia GmbH, Mannheim	100.00	927	430	EUR
Soluvia IT-Services GmbH, Kiel ⁶	100.00	1 093	0	EUR
Soluvia Metering GmbH, Offenbach am Main ⁶	100.00	676	0	EUR
Stadtwerke Kiel Aktiengesellschaft, Kiel	51.00	148 608	16 937	EUR
SWKiel Netz GmbH, Kiel ⁶	100.00	25	0	EUR
Umspannwerk Kirchberg GmbH & Co. KG, Offenbach am Main	100.00	3	-29	EUR
Windpark Albisheim GmbH & Co. KG, Offenbach am Main	100.00	2 632	-198	EUR
Windpark Dirlammen GmbH & Co. KG, Offenbach am Main	100.00	2 233	460	EUR
Windpark Hungerberg I GmbH & Co. KG, Offenbach am Main	100.00	4 277	-661	EUR
Windpark Hungerberg II GmbH & Co. KG, Offenbach am Main	100.00	4 619	-630	EUR
Windpark Kappel Nord GmbH & Co. KG, Offenbach am Main	100.00	1 840	105	EUR
Windpark Kappel Süd GmbH & Co. KG, Offenbach am Main	100.00	1 814	138	EUR
Windpark Kirchberg GmbH & Co. KG, Offenbach am Main	100.00	1 840	112	EUR
Windpark Kludenbach GmbH & Co. KG, Offenbach am Main	100.00	1 233	83	EUR
Windpark Metzenhausen GmbH & Co. KG, Offenbach am Main	100.00	1 840	129	EUR
Windpark Reckershausen GmbH & Co. KG, Offenbach am Main	100.00	1 759	142	EUR
Windpark Reich GmbH & Co. KG, Offenbach am Main	100.00	1 840	133	EUR
Windpark Staatsforst GmbH & Co. KG, Offenbach am Main	100.00	1 793	132	EUR
Windwärts Energie GmbH, Mannheim (previously: MVV Umwelt Alpha drei GmbH, Mannheim) ¹³	100.00	25	0	EUR
ZEDER Verwaltungsgesellschaft mbH & Co. Vermietungs KG, Pullach ^{5, 9}	0.00	-7 391	817	EUR
Associates (fully consolidated subsidiaries)				
International				
Českolipská teplárenská a.s., Česká Lípa, Czech Republic	94.99	20 616	19 278	CZK
Českolipské teplo a.s., Prague, Czech Republic	100.00	128 348	27 905	CZK
CTZ s.r.o., Uherské Hradiště, Czech Republic	50.96	118 299	17 365	CZK
e.services s.r.o., Děčín, Czech Republic	100.00	246	-282	CZK
ENERGIE Holding a.s., Prague, Czech Republic	100.00	366 290	57 279	CZK
G-LINDE s.r.o., Prague, Czech Republic	100.00	11 934	2 506	CZK
G-RONN s.r.o., Prague, Czech Republic	100.00	70 533	13 220	CZK
IROMEZ s.r.o., Pelhřimov, Czech Republic	100.00	57 648	11 938	CZK
MVV Energie CZ a.s., Prague, Czech Republic	100.00	2 244 236	382 697	CZK
MVV enservis a.s.i.l., Česká Lípa, Czech Republic	100.00	-8 687	-2 148	CZK
MVV Environment Devonport Limited, Plymouth, UK ⁷	100.00	27 841	167	GBP
MVV Environment Ridham Limited, Leeds, UK	100.00	42 957	1 898	GBP
MVV Environment Services Limited, London, UK (previously: Lightning Energy Supply Company Limited, London, UK) ¹³	100.00	426	-274	GBP
OPATHERM a.s., Opava, Czech Republic	100.00	62 229	7 945	CZK
POWGEN a.s., Prague, Czech Republic	100.00	138 637	24 474	CZK
Teplárna Liberec a.s., Liberec, Czech Republic	70.00	309 395	17 899	CZK
TERMIZO a.s., Liberec, Czech Republic	100.00	526 893	85 094	CZK
TERMO Děčín a.s., Děčín, Czech Republic	96.91	208 492	47 013	CZK
Zásobování teplem Vsetín a.s., Vsetín, Czech Republic	100.00	182 399	31 746	CZK

Scope of consolidation of the MVV Energie Group at 30 September 2014

	Share of capital ¹ in %	Equity ¹ 000s (LC)	Annual net income ¹ 000s (LC)	Local currency (LC)
Other majority shareholdings				
Germany				
Erschließungsträgersgesellschaft Weeze mbH, Weeze ⁹	75.00	189	68	EUR
MVV Enamic Regioplan GmbH, Mannheim ^{6, 9}	100.00	1 023	0	EUR
MVV Insurance Services GmbH, Mannheim ⁹	100.00	25	2	EUR
MVV Windpark Verwaltungs GmbH, Mannheim ⁹	100.00	29	1	EUR
Other majority shareholdings				
International				
BFE Institut für Energie und Umwelt GmbH, Romanshorn, Switzerland ⁹	100.00	33	4	CHF
EMB Instituut voor Energie en Milieu B.V., Oosterhout, Netherlands ⁹	100.00	-562	-45	EUR
MVV Environment Limited, London, UK ⁹	100.00	245	18	GBP
Jointly owned companies (proportionate consolidation)				
Germany				
Stadtwerke Ingolstadt Beteiligungen GmbH, Ingolstadt ^{4, 15}	48.40	46 455	20 348	EUR
Stadtwerke Ingolstadt Energie GmbH, Ingolstadt ^{6, 11, 15}	100.00	1 548	13 076	EUR
Stadtwerke Ingolstadt Netze GmbH, Ingolstadt ^{6, 11, 15}	100.00	25 834	12 543	EUR
Jointly owned companies (at equity)				
International				
luminatis S.à.r.l., Luxembourg, Grand Duchy of Luxembourg ^{12, 13}	26.00	—	—	EUR
Solutions Européennes de Valorisation Énergétique S.A.S., Paris, France ^{12, 13}	50.00	—	—	EUR
Associates (at equity)				
Germany				
Biomasse Rhein-Main GmbH, Flörsheim-Wicker ⁹	33.33	11 175	56	EUR
ESN EnergieSystemeNord GmbH, Schwentimental ⁸	25.00	3 852	618	EUR
Fernwärme Rhein-Neckar GmbH, Mannheim ⁸	50.00	4 594	2 805	EUR
Gemeinschaftskraftwerk Kiel GmbH, Kiel ⁸	50.00	16 873	-464	EUR
Grosskraftwerk Mannheim Aktiengesellschaft, Mannheim ⁸	28.00	114 142	6 647	EUR
iwo Pellet Rhein-Main GmbH, Offenbach am Main ^{2, 9}	24.92	-1 811	69	EUR
Naturenergie Main-Kinzig GmbH, Gelnhausen ^{9, 13, 14}	50.00	-22	-47	EUR
Naunhofer Transportgesellschaft mbH, Parthenstein-Großsteinberg ⁸	50.00	1 405	185	EUR
Netzgesellschaft Edingen-Neckarhausen GmbH & Co. KG, Edingen-Neckarhausen ^{12, 13}	24.00	—	—	EUR
Stadtwerke Buchen GmbH & Co. KG, Buchen-Odenwald ⁸	25.10	6 648	1 746	EUR
Stadtwerke Sinsheim Versorgungs GmbH & Co. KG, Sinsheim ⁸	30.00	11 816	-289	EUR
TradeSoft RM GmbH, Cologne ⁸	50.00	1 233	2	EUR
W.T.A. Wertstoff Transport Agentur GmbH, Parthenstein-Großsteinberg ⁸	50.00	1 253	226	EUR
ZVO Energie GmbH, Timmendorfer Strand ⁸	49.90	52 950	8 333	EUR
Zweckverband Wasserversorgung Kurpfalz (ZWK), Heidelberg ^{3, 8}	51.00	7 071	0	EUR

Scope of consolidation of the MVV Energie Group at 30 September 2014

	Share of capital ¹ in %	Equity ¹ 000s (LC)	Annual net income ¹ 000s (LC)	Local currency (LC)
Other shareholdings				
Germany				
24sieben Nordwatt GmbH, Kiel ⁹	50.00	40	-12	EUR
HEN HolzEnergie Nordschwarzwald GmbH i.L., Nagold ⁸	30.00	0	0	EUR
Klimaschutzagentur Mannheim gemeinnützige GmbH, Mannheim ⁸	40.00	25	0	EUR
Kommunaler Windenergiepark Schleswig-Holstein GbR, Neumünster ¹⁰	20.00	641	129	EUR
Main-Kinzig-Entsorgungs- und Verwertungs GmbH, Hanau ⁸	49.00	253	3	EUR
Maintal-Werke Gesellschaft mit beschränkter Haftung, Maintal ^{6, 8}	24.90	15 986	0	EUR
Management Stadtwerke Buchen GmbH, Buchen-Odenwald ⁸	25.20	39	1	EUR
Stadtwerke Langen Gesellschaft mit beschränkter Haftung, Langen ^{6, 8}	10.00	30 472	0	EUR
Stadtwerke Schwetzingen GmbH & Co. KG, Schwetzingen ⁸	10.00	15 682	2 833	EUR
Stadtwerke Schwetzingen Verwaltungsgesellschaft mbH, Schwetzingen ⁸	10.00	30	-2	EUR
Stadtwerke Sinsheim Verwaltungs GmbH, Sinsheim ⁸	30.00	24	1	EUR
Stadtwerke Walldorf GmbH & Co. KG, Walldorf ⁸	25.10	12 839	-611	EUR
Stadtwerke Walldorf Verwaltungs GmbH, Walldorf ⁸	25.10	27	1	EUR
Umspannwerk Nassau GmbH & Co. KG, Weikersheim ^{8, 13}	6.91	9	-1	EUR
Wasserversorgungsverband Neckargruppe, Edingen-Neckarhausen ⁸	25.00	377	0	EUR
Windpark Oberwesel II GmbH & Co. KG, Aachen ^{8, 11, 13}	41.00	3 560	226	EUR
Windpark Oberwesel III GmbH & Co. KG, Aachen ^{8, 11, 13}	41.00	3 458	122	EUR
Windpark Riegenroth GmbH & Co. KG, Aachen ^{8, 11}	41.00	6 007	350	EUR
WVE Wasserversorgungs- und -entsorgungsgesellschaft Schriesheim mbH, Schriesheim ⁸	24.50	6 592	0	EUR

1 share of capital at 30 September 2014 pursuant to § 16 (4) AktG;
equity and annual net income pursuant to HGB

2 majority of voting rights

3 no voting right majority

4 joint management pursuant to contractual arrangement

5 special purpose entity

6 profit transfer agreement

7 annual financial statements at 31 March 2014

8 annual financial statements at 31 December 2013

9 annual financial statements at 30 September 2013

10 annual financial statements at 31 December 2012

11 subsidiary of proportionately consolidated companies

12 no data available

13 added in financial year

14 financial statements for short financial year

15 preliminary figures

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 2013/14 financial year:

Auditor's fees		
Euro 000s	2013/14	2012/13
Audit	920	965
Other auditing services	288	488
Tax advisory services	59	97
Other services	182	492
	1 449	2 042

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 2013/14 financial year:

- BFE Institut für Energie und Umwelt GmbH, Mühlhausen
- 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 19 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 services must be taken over by the municipalities upon payment of commensurate compensation.

45 Events after balance sheet date

On 15 October 2014, the Supervisory Board of MVV Energie AG approved the company's acquisition of a shareholding in Juwi AG, Wörrstadt. By way of a capital increase at Juwi AG, MVV Energie AG will acquire a 50.1 % stake in the German renewable energies market leader. The respective conditions precedent should be satisfied by the end of 2014.

At the beginning of October 2014, Mannheim City Council approved the extension of the concession agreements with MVV Energie AG for electricity, gas and water and the licence agreement for district heating. The new agreements have terms running until 2034.

On 6 November 2014, the company agreements were signed for a joint venture in which MVV Energie AG holds a 34.8% stake. The joint venture will operate under the name BEEGY GmbH and pool decentralised renewable energy generation together with associated services and information technology components. This company offers all-round solutions and services for private, retail, commercial and industrial customers.

Mannheim, 11 November 2014

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, 11 November 2014

MVW 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

Dr. Werner Dub

Technology

Ralf Klöpfer

Sales

•

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 • Jürgen Wiesner
New Authorised Capital Creation Committee	<ul style="list-style-type: none"> • Dr. Peter Kurz (Chairman) • Peter Dinges • Ralf Eisenhauer • Peter Erni • Christian Specht • Dr. Dieter Steinkamp • Carsten Südmersen • Prof. Heinz-Werner Ufer

•
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 (since 15 November 2013 – Deputy Chairman) • MVV Trading GmbH, Mannheim (until 26 November 2013 – Chairman) • MVV Umwelt GmbH, Mannheim (Chairman) • Saarschmiede GmbH, Völklingen • Stadtwerke Kiel AG, Kiel (Chairman) 	<ul style="list-style-type: none"> • Soluvia GmbH, Mannheim (until 23 October 2013)
Udo Bekker	<ul style="list-style-type: none"> • Energieversorgung Offenbach AG, Offenbach • MVV Enamic GmbH, Mannheim (until 15 November 2013 – Chairman) • Stadtwerke Ingolstadt Beteiligungen GmbH, Ingolstadt • Stadtwerke Kiel AG, Kiel 	<ul style="list-style-type: none"> • Soluvia GmbH, Mannheim (Chairman) • MVV Energie CZ a.s., Prague, Czech Republic
Dr. Werner Dub	<ul style="list-style-type: none"> • Energieversorgung Offenbach AG, Offenbach • Grosskraftwerk Mannheim AG, Mannheim • MVV Trading GmbH, Mannheim (until 26 November 2013) • MVV Umwelt GmbH, Mannheim (Deputy Chairman) • Netrion GmbH, Mannheim (Chairman) • Stadtwerke Ingolstadt Beteiligungen GmbH, Ingolstadt (Deputy Chairman) • Stadtwerke Kiel AG, Kiel 	<ul style="list-style-type: none"> • MVV Energie CZ a.s., Prague, Czech Republic (Chairman) • Soluvia GmbH, Mannheim
Ralf Klöpfer	<ul style="list-style-type: none"> • Energieversorgung Offenbach AG, Offenbach (since 22 October 2013) • IDOS Software AG, Karlsruhe • MVV Enamic GmbH, Mannheim (since 15 November 2013 – Chairman) • MVV Trading GmbH, Mannheim (since 26 November 2013 – Chairman) • Stadtwerke Kiel AG, Kiel (since 15 November 2013) 	<ul style="list-style-type: none"> • Soluvia GmbH, Mannheim (since 24 October 2013) • VfB Stuttgart 1893 e.V., Stuttgart (until 28 July 2014)

•
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 – mannheim:congress 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 	<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"> • m:con – mannheim:congress GmbH, Mannheim (until 22 July 2014) • Sparkasse Rhein Neckar Nord, Mannheim • Stadtmarketing Mannheim GmbH, Mannheim
<p>Peter Erni Trade Union Secretary at ver.di Rhine/Neckar</p>		

Name Occupation	Positions held on other statutory supervisory boards of German companies	Membership of comparable German and foreign company supervisory boards
Detlef Falk Chairman of Works Council of Stadtwerke Kiel AG	<ul style="list-style-type: none"> • Stadtwerke Kiel AG, Kiel 	<ul style="list-style-type: none"> • Soluvia GmbH, Mannheim
Reinhold Götz 1 st Representative IG Metall Mannheim	<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 • Caterpillar Energy Solutions GmbH, Mannheim (previously MWM GmbH, Mannheim)
Prof. Dr. Egon Jüttner Member of Federal Parliament (MdB)		<ul style="list-style-type: none"> • Haus-, Wohnungs- und Grundeigentümergeverein Mannheim e.V., Mannheim
Heike Kamradt Member of Works Council of MVV Energie AG	<ul style="list-style-type: none"> • MVV Trading GmbH, Mannheim • MVV Umwelt GmbH, Mannheim 	<ul style="list-style-type: none"> • MVV Insurance Services GmbH, Mannheim
Daniela Kirchner (since 2 October 2013) Director of Accounting and Tax Division at MVV Energie AG	<ul style="list-style-type: none"> • MVV Trading GmbH, Mannheim 	<ul style="list-style-type: none"> • MVV Energie CZ a.s., Prague, Czech Republic • Stadtwerke Sinsheim Versorgungs GmbH & Co. KG, Sinsheim
Gunter Kühn (until 2 October 2013) Director of Personnel, Social and Welfare Services Division at MVV Energie AG		
Dr. Antje Mohr Trade Union Secretary at ver.di Kiel	<ul style="list-style-type: none"> • Stadtwerke Kiel AG, Kiel 	

Name Occupation	Positions held on other statutory supervisory boards of German companies	Membership of comparable German and foreign company supervisory boards
<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 Ltd., Sliema, Malta • PT Indocement Tunggal Prakarsa Tbk., Jakarta, Indonesia • PHOENIX Pharmahandel GmbH & Co. KG, Mannheim, Germany • RECEM S.A., Luxembourg
<p>Wolfgang Raufelder Member of Baden-Württemberg State Parliament</p>	<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
<p>Christian Specht First Mayor of City of Mannheim</p>	<ul style="list-style-type: none"> • MVV GmbH, Mannheim (until 2 October 2014) • MVV Verkehr GmbH, Mannheim (Chairman) 	<ul style="list-style-type: none"> • GBG Mannheimer Wohnungsbaugesellschaft mbH, Mannheim (until 4 August 2014) • Mannheimer Stadtreklame GmbH, Mannheim (until 24 July 2014) • Rhein-Neckar Flugplatz GmbH, Mannheim (until 24 July 2014) • Rhein-Neckar-Verkehr GmbH, Mannheim

Name Occupation	Positions held on other statutory supervisory boards of German companies	Membership of comparable German and foreign company supervisory boards
<p>Dr. Dieter Steinkamp CEO of RheinEnergie AG, Cologne</p>	<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 (Supervisory Board Chairman) • AVG Abfallentsorgungs- und Verwertungsgesellschaft Köln mbH, Cologne • AWB Abfallwirtschaftsbetriebe Köln GmbH & Co. KG, Cologne • Bergische Licht-, Kraft- u. Wasser-Werke (BELKAW) GmbH, Bergisch Gladbach (until 3 July 2014 – Deputy Supervisory Board Chairman) • BRUNATA Wärmemesser-Gesellschaft Schultheiss GmbH + Co., Hürth • Energieversorgung Leverkusen GmbH & Co. KG (EVL), Leverkusen • Gasversorgungsgesellschaft mbH Rhein-Erft, Hürth • 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, Cologne (Supervisory Board Chairman) • Stadtwerke Lohmar GmbH & Co. KG, Lohmar (Deputy Supervisory Board Chairman) • Stadtwerke Troisdorf GmbH, Troisdorf • Unternehmensverwaltungsgesellschaft Metrona mbH, Hürth • Verwaltungsgesellschaft Schultheiss mit beschränkter Haftung, Hürth • Stromnetz Bornheim GmbH & Co. KG (since 20 March 2014 – Deputy Supervisory Board Chairman)
<p>Carsten Südmersen Management Consultant</p>	<ul style="list-style-type: none"> • MVV GmbH, Mannheim (until 2 October 2014) 	<ul style="list-style-type: none"> • m:con – mannheim:congress GmbH, Mannheim • MWS Projektentwicklungsgesellschaft mbH, Mannheim • Rhein-Neckar Flugplatz GmbH, Mannheim (until 22 July 2014) • Sparkasse Rhein Neckar Nord, Mannheim • Stadt Mannheim Beteiligungsgesellschaft mbH, Mannheim (until 22 July 2014) • Stadtmarketing Mannheim GmbH, Mannheim

Name Occupation	Positions held on other statutory supervisory boards of German companies	Membership of comparable German and foreign company supervisory boards
Katja Udluft Trade Union Secretary at ver.di Rhine/Neckar		
Prof. Heinz-Werner Ufer Graduate in Economics	<ul style="list-style-type: none">• Amprion GmbH, Dortmund (Chairman)	
Jürgen Wiesner Member of Works Council of MVV Energie AG	<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 2013 to 30 September 2014. 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. In addition we have been instructed to express an opinion as to whether the consolidated financial statements comply with full IFRS.

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 HGBa and full IFRS 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, 11 November 2014

PricewaterhouseCoopers
Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft



Folker Trepte
German Public Auditor



Carolin Schütt
German Public Auditor

Translation of the auditor's report issued in German on the consolidated financial statements and the combined management report prepared in German by the management of MVV Energie AG, Mannheim.



182 . Ten-Year Overview

188 . Glossary

193 . Index of Tables and Charts



OTHER DISCLOSURES



TEN-YEAR OVERVIEW

Ten-year overview of the MVV Energie Group					
	2013 / 14¹	2012/13 ¹	2011/12 ¹	2010/11 ¹	2009/10 ¹
Income statement (Euro million)					
Sales excluding energy taxes	3 793	4 044	3 895	3 600	3 359
Adjusted EBITDA	338	376	399	404	406
Adjusted EBIT	173	208	223	242	243
Adjusted EBT	130	143	151	179	165
Adjusted annual net income	92	101	98	125	105
Adjusted annual net income after minority interests	85	85	80	108	95
Sales excluding energy taxes (Euro million)					
Generation and Infrastructure	403	390	354	327	329
Trading and Portfolio Management	910	1 054	976	800	684
Sales and Services	2 278	2 356	2 162	2 096	1 984
Strategic Investments	198	243	398	373	356
Other Activities/Consolidation	4	1	5	4	6
Total	3 793	4 044	3 895	3 600	3 359
Adjusted EBIT (Euro million)					
Generation and Infrastructure	124	149	141	138	122
Trading and Portfolio Management	-22	-16	3	24	40
Sales and Services	31	40	21	39	39
Strategic Investments	31	32	38	35	37
Other Activities/Consolidation	9	3	20	6	5
Total	173	208	223	242	243
Investments (Euro million)					
Generation and Infrastructure	271	337	224	148	151
Trading and Portfolio Management	9	9	4	4	—
Sales and Services	15	14	33	21	60
Strategic Investments	13	17	17	84	34
Other Activities	13	15	16	24	22
Total	321	392	294	281	267
of which growth investments	212	301	191	177	156
of which investments in existing business	109	91	103	104	111

2008/09 ¹	2007/08	2006/07	2005/06	2004/05
3 161	2 636	2 259	2 170	1 864
385	398	344	370	287
239	249	199	201	158
165	181	123	128	80
112	123	126	64	41
98	110	109	50	28
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
3 161	2 636	2 259	2 170	1 864
—	—	—	—	—
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—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
239	249	199	201	158
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
255	241	255	219	214
—	—	—	—	—
—	—	—	—	—

1 since 2006/07 financial year: excluding non-operating measurement items for financial derivatives; since 2008/09 financial year: also excluding restructuring expenses; since 2010/11 financial year: also including interest income from finance leases; since 2013/14 financial year: also excluding structural adjustment for part-time early retirement (previous year's figures adjusted)

Ten-year overview of the MVV Energie Group

	2013 / 14 ¹	2012/13 ¹	2011/12 ¹	2010/11 ¹	2009/10 ¹
Balance sheet figures (Euro million)					
Non-current assets	3 111	3 032	2 868	2 965	2 684
Current assets	1 029	1 207	1 211	910	953
Share capital	169	169	169	169	169
Capital reserve	455	455	455	455	455
Accumulated net income	580	547	517	512	452
Accumulated other comprehensive income	-74	-74	-48	-3	16
Non-controlling interests	205	206	207	213	95
Equity	1 335	1 303	1 300	1 346	1 187
Non-current debt	1 750	1 751	1 882	1 555	1 500
Current debt	1 055	1 185	897	974	950
Total assets	4 140	4 239	4 079	3 875	3 637
Net financial debt ²	1 088	1 111	1 028	1 011	1 202
Key balance sheet figures and ratios					
Cash flow from operating activities (Euro million)	418	372	285	376	356
Adjusted equity ratio ³ in %	35.1	34.5	36.1	37.7	35.7
ROCE ⁴ in %	6.8	8.3	9.0	9.7	9.1
WACC ⁵ in %	7.4	7.4	8.6	8.5	8.5
Value spread ⁶ in %	-0.6	0.9	0.4	1.2	0.6
Capital employed ⁷	2 556	2 507	2 486	2 489	2 688
Share and dividend					
Closing price ⁸ on 30 September (Euro)	23.89	22.35	21.39	23.86	29.00
Annual high ⁸ (Euro)	26.05	28.00	27.96	29.90	33.00
Annual low ⁸ (Euro)	21.85	20.50	19.50	18.85	29.00
Market capitalisation at 30 September (Euro million)	1 575	1 473	1 410	1 573	1 911
Average daily trading volume (no. of shares)	2 882	4 121	6 707	8 431	6 108
No. of individual shares at 30 September (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
Dividend total (Euro million)	59.3 ⁹	59.3	59.3	59.3	59.3
Adjusted earnings per share ¹⁰ (Euro)	1.29	1.29	1.21	1.63	1.44
Cash flow from operating activities per share ¹⁰ (Euro)	6.35	5.64	4.33	5.70	5.40
Adjusted carrying amount per share ^{10, 11} (Euro)	18.06 ¹²	17.89 ¹²	17.80 ¹²	17.61 ¹²	16.94 ¹²
Price/earnings ratio ^{10, 13}	18.5	17.3	17.7	14.6	20.1
Price/cash flow ratio ^{10, 13}	3.8	4.0	4.9	4.2	5.4
Dividend yield ¹³ (%)	3.8 ⁹	4.0	4.2	3.8	3.1

2008/09 ¹	2007/08	2006/07	2005/06	2004/05	
2 795	2 725	2 479	2 361	2 339	
1 159	1 062	799	792	579	
169	169	143	143	130	
455	455	255	255	178	
371	506	383	324	315	
15	24	17	10	9	
103	116	116	105	105	
1 113	1 270	914	837	737	
1 698	1 445	1 377	1 366	1 397	
1 143	1 072	987	950	784	
3 954	3 787	3 278	3 153	2 918	
1 192	1 139	1 314	1 312	1 279	
258	262	353	138	216	
33.9	35.5	27.9	26.5	25.3	
9.0	10.2	8.4	9.7	6.9	
8.5	8.5	7.5	7.5	7.5	
0.5	1.7	0.9	2.2	-0.6	
2 649	2 444	2 390	2 293	2 263	
30.83	33.20	29.49	23.23	19.29	
34.04	33.75	34.24	25.40	19.50	
26.55	28.00	22.00	17.40	13.90	
2 032	2 188	1 645	1 295	978	
19 162	29 575	32 396	27 289	18 149	
65 907	65 907	55 767	55 767	50 704	
65 907	65 907	55 767	55 767	55 704	
0.90	0.90	0.80	0.80	0.75	
59.3	59.3	52.7	44.6	41.8	
1.48	1.69	1.96	0.91	0.55	
3.91	4.01	6.33	2.50	4.25	
16.52 ¹²	16.53	14.32	13.29	12.46	
20.8	19.6	15.0	25.5	35.1	
7.9	8.3	4.7	9.3	4.5	
2.9	2.7	2.7	3.4	3.9	

1 since 2006/07 financial year: excluding non-operating measurement items for financial derivatives; since 2008/09 financial year: also excluding restructuring expenses; since 2010/11 financial year: also including interest income from finance leases; since 2013/14 financial year: also excluding structural adjustment for part-time early retirement (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 13 March 2015

10 weighted number of individual shares:
since 2008/09 financial year: 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 measurement items for financial derivatives

13 basis: closing price in XETRA trading on 30 September

Ten-year overview of the MVV Energie Group

	2013/14	2012/13	2011/12	2010/11	2009/10
Sales volumes					
Electricity turnover (kWh million)	23 188	25 817	28 283	26 093	23 891
of which Generation and Infrastructure (kWh million)	142	61	93	155	334
of which Trading and Portfolio Management (kWh million)	11 950	14 489	15 750	12 855	10 771
of which Sales and Services (kWh million)	10 678	10 733	11 071	11 678	11 510
of which Strategic Investments (kWh million)	418	534	1 369	1 405	1 276
Heating energy turnover (kWh million)	6 497	7 510	6 888	7 289	7 586
of which Generation and Infrastructure (kWh million)	496	402	274	141	305
of which Trading and Portfolio Management (kWh million)	—	—	673	669	721
of which Sales and Services (kWh million)	5 076	5 901	4 772	5 226	5 239
of which Strategic Investments (kWh million)	925	1 207	1 169	1 253	1 321
Gas turnover (kWh million)	23 075	25 078	17 418	10 888	11 775
of which Generation and Infrastructure (kWh million)	103	60	4	—	—
of which Trading and Portfolio Management (kWh million)	15 640	16 313	7 762	1 700	2 313
of which Sales and Services (kWh million)	6 393	7 482	7 567	7 759	7 356
of which Strategic Investments (kWh million)	939	1 223	2 085	1 429	2 106
Water turnover (m ³ million)	47	47	53	54	54
Combustible waste delivered (tonnes 000s)	1 865	1 888	1 897	1 835	1 762
Employees (headcount)					
Number of employees (at 30 September)					
MVV Energie AG	1 411	1 460	1 476	1 455	1 495
Fully consolidated shareholdings	3 729	3 694	3 775	3 785	3 882
MVV Energie AG with fully consolidated shareholdings	5 140	5 154	5 251	5 240	5 377
Proportionately consolidated shareholdings	304	305	290	679	682
MVV Energie Group	5 444	5 459	5 541	5 919	6 059
External personnel at Mannheim CHP plant	—	—	—	4	9
	5 444	5 459	5 541	5 932	6 068
Full-time equivalents (at 30 September)					
	4 804	4 785	4 898	5 085	5 181

2008/09	2007/08	2006/07	2005/06	2004/05
19 582	18 188	14 302	14 343	13 022
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
7 217	7 006	6 299	7 343	7 446
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
10 851	9 166	9 456	11 513	11 096
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
53	55	55	58	58
1 599	1 550	1 409	1 229	872
—	—	—	—	—
—	—	—	—	—
1 523	1 527	1 559	1 569	1 728
3 833	3 661	3 765	3 156	3 114
5 356	5 188	5 324	4 725	4 842
681	685	1 031	1 562	1 550
6 037	5 873	6 355	6 287	6 392
16	28	39	51	57
6 053	5 901	6 394	6 338	6 449
—	—	—	—	—
5 171	4 936	5 168	4 961	5 173

GLOSSARY

A

Adjusted earnings per share

Adjusted earnings per share represent adjusted annual net income after minority interests divided by the number of shares. 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 non-operating measurement items for financial derivatives, the structural adjustment for part-time early retirement and restructuring expenses and including interest income from finance leases.

► *Please also see Page 65.*

Adjusted equity ratio

For internal management purposes, we adjust both sides of our balance sheet to eliminate the cumulative measurement items for financial 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 67.*

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.

B

Barrel

Global trading unit for crude oil. 1 US barrel = 158.987 litres.

Base load electricity

Base load is the term used to describe the level below which electricity demand does not fall even at times of very weak demand. Over the course of a day, consumers have very different levels of demand. As the volumes of electricity fed into the electricity grid and consumed have to be in equilibrium practically all the time, there

are special power plants for base load electricity as well as plants only added during periods of higher demand. Since the 2nd quarter of 2011, the price of base load electricity on the energy exchange has shown a downward trend.

Beta factor

The beta factor (B) 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 51.*

Biogas

The German Renewable Energies Act (EEG 2014) 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. MVV Energie's biomass power plants, biomass heating energy plants and biomass combined heat and power plants are mostly fuelled by waste timber, wood chips and wood pellets.

Biomethane

Biogas has to be refined 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.

C

Capacity mechanism

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 are set to discontinue operations at their plants. 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.

► *Please also see Page 53.*

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 emission 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 electrical energy and heating energy usable 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 using CHP by 2020.

Commodity

Designation for a standardised tradable good, such as electricity, gas, coal or CO₂ emission rights.

Compliance

Adherence to all legislative and legal requirements, guidelines and ethical standards relevant to the company. ► *Please also see Page 34.*

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. ► *Please also see Page 13.*

D

Decentralised energy management

Designation for the decentralised management of energy generation plants and consumption. Unlike centrally managed electricity generation, in which electrical energy is fed into the high-voltage grid, decentralised electricity generation uses the medium and low-voltage grids. Energy management systems are deployed to manage on-site generation optimisation and demand-side management among consumers on a decentralised basis. To facilitate the effective integration of decentralised energy management into the overall system, it is controlled via central information flows, such as feed-in and procurement rates. ► *Please also see Page 7.*

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 59.*

Demand-side management (DSM)

Term used to refer to the management of energy demand at industrial, commercial and private household customers. The aim is to postpone the time at which energy is consumed, i.e. only to take electricity from the grid when it is available in sufficient or even excess quantities, and therefore more economically priced. DSM offers one way of countering fluctuations in electricity feed-in volumes from renewable energies. ► *Please also see Pages 55 and 106.*

Direct marketing

Term used to designate the direct sale of electricity from renewable energy sources either on the energy exchange (e.g. the EEX in Leipzig) or to large customers. One direct marketing instrument on the energy exchange is the market premium model. ► *Please also see Page 191.* Without direct marketing, operators of renewable energies plants sell their electricity to the relevant regional grid operator, which in turn makes this available to the electricity exchange.

Dividend yield

Key figure portraying the dividend distribution made by a stock corporation as a percentage of its share price.

E

EEG levy

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 settlement mechanism ordinance.

The transmission grid operators responsible for managing the EEG settlement mechanism set the EEG levy at a uniform cent per kWh price on 15 October of each year for the following calendar year. As the EEG levy 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 or surpluses have to be accounted for in the recalculation of the EEG levy in subsequent years. After years of increases, the EEG levy is set to reduce for the first time from 6.240 cents per kWh to 6.170 cents per kWh as of 1 January 2015.

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 futures 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. ► *Please also see Pages 82 and 96.*

Energy trading derivatives

Energy trading derivatives are future 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. MVV Energie mainly trades 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. ► *Please also see Page 84.*

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 dated 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. ► *Please also see Page 79.*

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. ► *Please also see Pages 45 and 96.*

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 revenue 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. ► *Please also see Page 55.*

Intraday market

On the intraday market, i.e. in short-term electricity wholesale, exchange participants continually buy and sell electricity for same-day supply. As a general rule, electricity supplies are traded in both quarter-hourly and hourly contracts. This makes it possible to react at short notice to any variance from consumption forecasts and to reduce operating schedule discrepancies. Intraday markets thus represent an efficient solution for integrating fluctuating production volumes. ► *Please also see Pages 9 and 45.*

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 or DBRS. ► *Please also see Page 69.*

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 consolidated companies and other financial assets. Both cash-effective and non-cash-effective investments are included. Within investments, we make a distinction between growth investments and investments in our existing business. In the cash flow statement, only the outgoing payments for investments are recorded. ► *Please also see Page 68.*

M

Market premium model

Since 1 January 2012, operators of renewable energies plants have been able to market their electricity directly within the market premium model. The financial differences between the electricity price achieved on the exchange and the EEG compensation previously paid for green electricity are offset by the so-called market premium. The average monthly market price on the energy exchange plus the market premium is exactly equivalent to the level of EEG compensation paid prior to direct marketing. 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 previous EEG compensation. Since the EEG Amendment came into effect on 1 August 2014, all new plants with installed capacity in excess of 500 kW have been subject to mandatory direct marketing. ► *Please also see Page 53.*

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.

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 customer requirements and the different types of waste involved. ► *Please also see Pages 64 and 97*

O

OTC market

The OTC (over the counter) market is an off-market trading emporium where trades are agreed directly between trading participants and without stock exchange supervision. ► *Please also see Page 54.*

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 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.

Prime Standard

The Prime Standard is a subsection of the EU-regulated stock market segments Official Market and Regulated Market. Stock corporations in the Prime Standard have to meet high international transparency requirements, such as quarterly reporting in German and English, application of international accounting standards, publication of a financial calendar and the holding of at least one analysts' conference a year. Admission to the Prime Standard is a prerequisite for acceptance into the DAX, MDAX, TecDAX and SDAX indices. ► *Please also see Page 40.*

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. ► *Please also see Pages 69 and 154.*

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 works.

Renewable Energies Act (EEG)

Key item of legislation for expanding the share of renewable energies in electricity generation. The current version of the EEG dated 21 July 2014 took effect as of 1 August 2014. Renewable energies comprise biomass, including 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. ► *Please also see Page 104.*

Risk-free base rate

Represents the interest paid on a market for a cash investment at a debtor generally deemed not to involve any risk of the interest and principal not being paid punctually. It therefore offers an important reference point for comparing investments involving risk and represents the minimum return for interest-bearing investments. ► *Please also see Page 51.*

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. ► *Please also see Page 52.*

Specific savings parameters

Specific savings parameters are based on the so-called avoidance factor. This is a term used to designate the quotients of emissions avoided and electricity provided using renewable energies. It 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 energies. 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. ► *Please also see Page 85.*

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. ► *Please also see Page 56.*

Swap

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). ► *Please also see Page 156.*

An interest swap is an interest derivative in which two contractual parties agree to exchange interest payments on fixed nominal amounts at specified points of time in the future. The interest payments are usually structured such that one party pays a fixed interest rate agreed upon the conclusion of the contract, while the other party pays a floating interest rate. ► *Please also see Pages 153 and 156.*

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 50.*

Virtual power plant

A virtual power plant is a network of interconnected decentralised electricity generation units. Photovoltaics plants, small hydroelectricity plants, biogas plants, wind turbines and mini-/micro-CHP units can be interconnected to form a network. This type of power plant is referred to as virtual because it has several locations. The virtual power plant concept supplements and optimises existing structures in the energy supply system with large central power plants.

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 50.*

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. XETRA 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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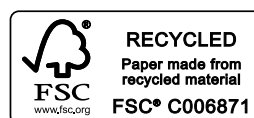
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11 December 2014

Annual Financial Report 2013/14
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11 December 2014

Annual Results Press Conference and Analysts' Conference for 2013/14 Financial Year

12 February 2015

Financial Report for 1st Quarter of 2014/15

13 March 2015

Annual General Meeting

12 May 2015

Financial Report for 1st Half of 2014/15

12 May 2015

Analysts' Conference for 1st Half of 2014/15

14 August 2015

Financial Report for 1st Nine Months of 2014/15

14 August 2015

Analysts' Conference for 1st Nine Months of 2014/15

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