



MVV ENERGIE
ENERGISING THE FUTURE

2014/15 Financial Year

FINANCIAL REPORT 1ST QUARTER

KEY FIGURES

from 1 October 2014 to 31 December 2014

Key figures of the MVV Energie Group

Euro million	1 Oct 2014 to 31 Dec 2014	1 Oct 2013 to 31 Dec 2013	% change
Sales and earnings			
Sales excluding energy taxes ¹	941	1 051	- 10
Adjusted EBITDA ^{1,2}	102	115	- 11
Adjusted EBIT ^{1,2}	64	76	- 16
Adjusted EBT ^{1,2}	54	63	- 14
Adjusted net income for period ^{1,2}	38	45	- 16
Adjusted net income for period after minority interests ^{1,2}	32	40	- 20
Adjusted earnings per share ^{1,2} (Euro)	0.48	0.61	- 21
Cash flow			
Cash flow from operating activities	9	- 15	—
Cash flow from operating activities per share (Euro)	0.14	- 0.22	—
Capital structure			
Adjusted total assets (at 31 Dec 2014/30 Sep 2014) ^{1,3}	3 937	3 915	+ 1
Adjusted equity (at 31 Dec 2014/30 Sep 2014) ^{1,3}	1 428	1 396	+ 2
Adjusted equity ratio (at 31 Dec 2014/30 Sep 2014) ^{1,3}	36.3 %	35.7 %	+ 2
Net financial debt (at 31 Dec 2014/30 Sep 2014) ¹	1 245	1 063	+ 17
Investments			
Total investments ¹	191	82	> + 100
of which growth investments ¹	157	66	> + 100
of which investments in existing business ¹	34	16	> + 100
Employees			
Number of employees (at 31 Dec 2014/31 Dec 2013) ¹	5 207	5 105	+ 2
Full-time equivalents (at 31 Dec 2014/31 Dec 2013) ¹	4 753	4 612	+ 3

1 previous year's figures adjusted. Details can be found in ► *Business Performance on Page 11*

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

3 excluding non-operating measurement items for financial derivatives

CONTENTS

2 . To Our Shareholders

2 . Letter from CEO

3 . MVV Energie AG Share

4 . Interim Group Management Report

4 . Business Model

4 . Corporate Strategy

5 . Business Framework

5 . Energy Policy Changes

6 . Market Climate and Competition

6 . Weather Conditions

7 . Business Performance

7 . Major Developments

8 . Earnings Performance

13 . Net Asset and Financial Position

15 . Employees

15 . Research and Development

16 . Opportunity and Risk Report

16 . Events After Balance Sheet Date

17 . Outlook

20 . Interim Consolidated Financial Statements

20 . Income Statement

20 . Statement of Comprehensive Income

21 . Balance Sheet

22 . Statement of Changes in Equity

23 . Cash Flow Statement

24 . Notes to Interim Consolidated Financial Statements

31 . Responsibility Statement

Financial Calendar, Imprint

1st Quarter of 2014/15 at a Glance

1 October to 31 December 2014

► The City of Mannheim is maintaining its proven partnership with MVV Energie when it comes to supplying the city with electricity, gas, water and district heating. Based on a unanimous resolution adopted by the City Council, the respective contracts were signed in December 2014. Back in 2011 already, the neighbouring municipality of Ilvesheim granted us its electricity concession from 1 January 2014 onwards. In November 2014, it decided to award its gas concession as well to MVV Energie once again. Further details can be found ► *on Page 8*.

► By offering innovative services and products for smart, decentralised energy management, MVV Energie aims to further promote the energy turnaround. To this end, it founded BEEGY GmbH in November 2014. BEEGY offers one-stop solutions for renewable energies and their system integration. Further information can be found ► *on Pages 7 and 16*.

► Following the takeover of the project developer Windwärts as of 1 October 2014, in December 2014 we acquired a 50.1 % stake in Juwi AG, the market leader in the development of renewable energies in Germany, thus creating a framework for partnership. Further information can be found ► *on Pages 7 and 17*.

► At its meeting on 4 December 2014, the Supervisory Board of MVV Energie AG endorsed the proposal made by the Executive Board to propose a dividend at the previous year's level of Euro 0.90 per share once again for the 2013/14 financial year for approval by the Annual General Meeting on 13 March 2015.

LETTER FROM CEO

*Dear Shareholders,
Dear Ladies and Gentlemen,*

Last summer's amendment to the German Renewable Energies Act (EEG) represented a first major and correct step towards transforming our energy system. This will have to be followed by further steps to press ahead with converting the energy supply without losing sight of the key objectives of supply reliability, economic viability and environmental protection. Renewable energies have assumed the leading role in our energy system. We will nevertheless be unable to do without conventional energies for the foreseeable future. It is therefore all about combining renewable and highly efficient conventional energies. Further energy policy decisions – such as providing the electricity market design with a forward-looking structure and the targeted amendment to the German Combined Heat and Power Generation Act (KWKG) – still have to be taken.

As the "Energiser of the Future", MVV Energie is unreservedly committed to the energy supply conversion – with a strategic alignment that combines renewable and conventional energies under one roof, an extensive investment programme that is consistently building on renewable energies and energy efficiency and with the development of new business models.

In our onshore wind power business, our partnership with Juwi AG and our takeover of Windwärts Energie GmbH have enabled us to consistently extend our value chain in the field of renewable energies project development and to expand our operations management competencies. With a view to developing new business models for smart, decentralised energy management, we will be charting new territory with our cross-sector joint venture BEEGY GmbH. Together with our strong partners Baywa r.e., Glen Dimplex and GreenCom Networks, we are pooling competencies and expertise to develop a one-stop provider in this newly emerging market segment.

We will be consistently pursuing this strategic course, and that although external conditions led to a difficult start to the 2014/15 financial year. Unusually mild weather conditions, a significant year-on-year reduction in wind volumes and persistently low wholesale electricity prices adversely affected our business in the 1st quarter. Our operating earnings (adjusted EBIT) therefore decreased by Euro 12 million compared with the previous year's quarter. The achievement of our earnings targets for the 2014/15 financial year has thus become more ambitious.

The Executive and Supervisory Boards are upholding their continuity-based dividend policy. For the 2013/14 financial year, we will once again be proposing a dividend of Euro 0.90 per share, and thus at the same level as in the previous year, for approval by the Annual General Meeting on 13 March 2015.

Yours faithfully,



Dr. Georg Müller, CEO

MVV ENERGIE AG SHARE

DAX index at high

The DAX closed at 9 806 points on 31 December 2014. Germany's lead index rose year-on-year by 2.6 % and thus witnessed a moderately successful trading year. Given the numerous crisis areas in the past year, however, a poorer performance might well have been conceivable. Not only that, on 5 December 2014 the DAX reached 10 087 points – its highest closing balance in 2014.

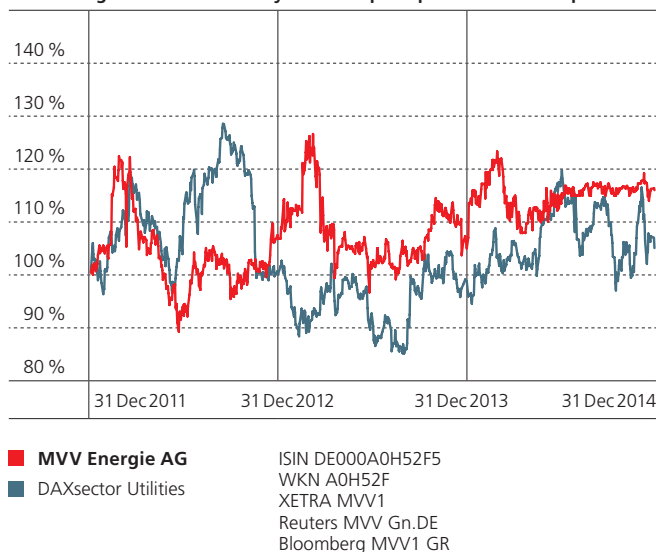
The development in share prices in 2014 was influenced above all by the expected stabilisation in the global economy in conjunction with ongoing loose monetary policy on the part of central banks. What's more, base rates also remained persistently low. Investments in shares thus offered higher returns than other forms of investment.

With regard to 2015, most stock market experts are predominantly optimistic: Forecasts for the future DAX performance range from 9 500 to 11 800 points. On average, the DAX is forecast to rise to 10 706 points, with this 8.2 % increase nevertheless being accompanied by great fluctuations in share prices. The stock market performance will be affected by various opposing factors. On the one hand, there is the increasing strength of the dollar, which will benefit exporters, low euro area interest rates that are set to remain stable given the government bond purchases by the European Central Bank (ECB) and the oil price, which is listed at a five-year low and should have the same effect as a small economic stimulus package. On the other hand, the turnaround in US interest rate policy is edging nearer.

Share price performance

The MVV Energie AG share price was listed at Euro 23.82 on 31 December 2014, corresponding to an increase of 6.7 % compared with its price of Euro 22.32 on 31 December 2013. Including the distribution of the dividend of Euro 0.90 per share in March 2014, our share price even rose year-on-year by 10.8 %. In the share price performance chart we have included the dividend payments made in 2012, 2013 and 2014. Over these three years, our share posted growth of 16.0 %, while the DAXsector Utilities index only increased by 4.8 %.

MVV Energie AG share: Three-year share price performance comparison



Market capitalisation rises, trading volumes fall

The slight increase in our share price led our market capitalisation to rise to Euro 1 570 million as of 31 December 2014 (previous year: Euro 1 471 million). 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 106 000 MVV Energie AG shares were traded across all German stock markets in the months of October to December 2014. This corresponds to a 40.7 % reduction compared with the previous year's period. The equivalent value of trading volumes amounted to around Euro 3 million (previous year: Euro 4 million). Approximately 58 % of stock market trading with our share took place in XETRA trading.

BUSINESS MODEL

Organisation 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		

The publicly listed MVV Energie Group is one of Germany's leading energy companies. With around 100 consolidated companies, the Group has municipal and regional roots at its locations in Mannheim, Kiel, Offenbach, Ingolstadt and Köthen, among others, as well as in France, the UK, and the Czech Republic.

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. We are one of the leading operators of energy from waste and biomass plants and have extensive competence in the development of wind energy projects. In our energy-related services business, we offer consulting and contracting services to industrial and commercial customers. We also provide industrial parks in Germany with an extensive range of infrastructure, supply and disposal services.

Organisation of the MVV Energie Group

We manage the MVV Energie Group in line with five reporting segments which we also refer to in our external reporting. Business fields structured along the energy industry value chain are allocated to the 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 and biomethane plants, 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 **SALES AND SERVICES** reporting segment includes 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, the energy-related services businesses at the MVV Enamic GmbH and Energieversorgung Offenbach AG subgroups, as well as the New Ventures business field with our activities in the field of decentralised energy management.

The **STRATEGIC INVESTMENTS** reporting segment consists of the Köthen Energie GmbH und MVV Energie CZ a.s. subgroups.

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

CORPORATE STRATEGY

Since 2009, we have consistently been implementing our forward-looking MVV 2020 corporate strategy. We have assumed a pioneering role in transforming the energy system. This is because we combine renewable and conventional energies under one roof, are channelling our extensive investments into renewable energies and energy efficiency and are developing customer-focused business models. With our "Energising the Future" claim, we intend to remain one of Germany's leading energy companies in 2020 and beyond. Further information about our corporate strategy can be found in our ► *2013/14 Annual Report from Page 48 onwards.*

BUSINESS FRAMEWORK

- **Energy Policy Changes**
-

With its Amendment to the German Renewable Energies Act (EEG) in 2014, the Federal Government pressed further ahead with converting the German energy supply system. In the current year, energy policy will focus in particular on structuring the electricity market design and amending the German Combined Heat and Power Generation Act (KWKG).

In October 2014, the Federal Ministry of Economics presented a so-called Green Paper for a new electricity market design. The public consultation process runs through to 1 March 2015. The Green Paper basically compares two models – on the one hand the current electricity market design, the so-called energy-only-market, and on the other hand the current model supplemented by a capacity mechanism. A tendency is emerging to retain the energy-only-market, albeit extended by additional instruments intended to enhance the current market design. One core component of this modified model is the allowance of distinct price peaks. From MVV Energie's perspective, this kind of market-oriented approach is basically to be welcomed, provided that it is also actually feasible in practical terms. Should this not be so, then a decentralised capacity mechanism establishing a capacity provision price mechanism in addition to the energy-only-market would be preferable, as this could be closely aligned to the market and competitively structured. A White Paper containing specific proposals is scheduled for presentation in the course of 2015.

The Amendment to the German Combined Heat and Power Generation Act (KWKG), a process initiated with the KWKG Evaluation Report at the beginning of October 2014, is of great relevance for MVV Energie. We believe that it will be necessary to introduce temporary support to account for the systemic significance of existing CHP plants within the public supply.

With regard to the German Renewable Energies Act (EEG), pilot auctions are currently being designed for photovoltaics. In our opinion, the experience gained from these auctions will only be transferable to wind turbines to a limited extent. From 2017 onwards, capacity is to be exclusively marketed via competitive auctions. In view of this, we believe that it is crucial and urgent for pilot auctions also to be performed for onshore wind turbines in particular.

The specific design of secondary legislation for an optional green electricity marketing model compatible with European law is also of great significance. MVV Energie is campaigning for the creation of a framework enabling energy suppliers to offer electricity products in which the actual origin of the electricity is documentable.

The regulatory implementation of the new EEG requirements is also an important topic for grid operators, for example with regard to how the EEG levy will be measured and collected on proprietary electricity generation for electricity grids. The Federal Network Agency has imposed new accounting rules for the gas supply. These implement EU requirements aimed at enhancing standardisation and transparency in the gas market, but also impose stricter forecasting requirements on distribution grid operators.

Second regulatory period underway

The official procedures for setting permissible revenue caps for the second regulatory period are now largely complete. The second regulatory period already began on 1 January 2013 for gas and on 1 January 2014 for electricity and has a five-year term in each case. Revenue caps are relevant to the setting of grid utilisation fees and form the basis for the prices published at the beginning of the year.

Enhancement of incentive regulation system

On 21 January 2015, the Federal Network Agency presented the incentive regulation evaluation report already expected for the end of 2014. This report was compiled for the Federal Ministry of Economics and Technology and sets out proposals for the further organisation of the incentive regulation system. Within this evaluation, several of the MVV Energie Group's grid operators took part in additional data collections concerning their investment behaviour and the economic situation of the respective companies.

Working with different instruments, the models to enhance the incentive regulation system presented by the Federal Network Agency aim to eliminate the time lag in recognising costs and create additional incentives for innovation and investment. It is apparent that the authority regards changes in the coverage factor, bonuses for especially efficient grid operators, the extension of investment budgets to part of the distribution grid operators and the introduction of an efficiency carryover mechanism as making sense. Furthermore, the report presents potential simplifications independent of the respective models, such as for the regulation account and add-on costs, as well as in the simplified procedure for small grid operators. Overall, the proposals made by the supreme grid authority involve incremental enhancements to the existing model. Any assessment will depend on the specific structure adopted by the regulatory authority.

Market Climate and Competition

The German economy gained notable momentum at the beginning of the 2014 calendar year, with gross domestic product (GDP) growth of 0.8 % in the 1st quarter (January to March 2014) compared with the previous quarter. Following this good start, GDP dipped by 0.1 % in the 2nd quarter (April to June 2014), only to increase by 0.1 % once again in the 3rd quarter (July to September 2014). Based on estimates by the German Institute for Economic Research (DIW), the German economy is thought to have grown by 0.2 % in the final quarter of 2014 (October to December) compared with the 3rd quarter. Information about the developments expected in 2015 as a whole can be found in the ► *Outlook from Page 17 onwards*.

According to initial estimates compiled by the Association of the German Energy and Water Industries (BDEW), renewable energies accounted for a record 25.8 % share of electricity generation in 2014 (previous year: 24.1 %). This increase is due both to the addition of further regenerative energy plants and to weather conditions in 2014. While wind turbine electricity generation volumes witnessed only slight growth of 1 %, photovoltaics electricity generation volumes showed substantial growth of 14 %. Biomass, including biogenic municipal waste, achieved growth of 5 %. Based on these figures, wind power accounted for a 9 % share of electricity generation in 2014, while photovoltaics contributed 6 % and biomass including biogenic municipal waste supplied an 8 % share.

The shares of electricity generation attributable to conventional and nuclear plants showed disparate developments: lignite power plants contributed 26 % (previous year 25 %), while anthracite power plants accounted for 18 % (previous year: 19 %) of electricity generation. Nuclear energy's share amounted to 16 % (previous year: 15 %). The share contributed by natural gas fell to 10 % (previous year: 11 %).

For 2014 as a whole, the BDEW provisionally assumes that electricity consumption in Germany declined by 4 %. The main reasons for this on the one hand include the weaker performance of energy-intensive industries. On the other hand, weather conditions were significantly milder than in 2013. Weather conditions are also reflected in natural gas consumption, which declined year-on-year by 14 %.

Energy prices in the quarter under report (October to December 2014) were lower than in the previous year's quarter. The price of Brent crude oil for supply in the following month (front month) fell sharply. At US\$ 77.07, its average listed barrel price was US\$ 32.28 lower than in the equivalent period in the previous year. At Euro 23.38/MWh, the average natural gas price in the NetConnect Germany market region for supply in the following year decreased by Euro 3.49/MWh. The average coal price per tonne for supply in the following year fell by US\$ 11.55 compared with the previous year's quarter and was listed at US\$ 71.05. By contrast, emission right prices per tonne proved more robust, averaging Euro 6.65 in the quarter under report and thus Euro 1.87 higher than in the previous year's quarter. The average front year electricity price was listed at Euro 34.58/MWh in the quarter under report and thus reduced by Euro 3.03/MWh compared with the previous year's quarter.

Weather Conditions

The business performance of the MVV Energie Group is influenced in particular by weather conditions in the winter months. We use so-called degree day figures as an indicator of our customers' temperature-based heating energy consumption. Low outdoor temperatures lead to higher degree day figures, with these in turn being accompanied by higher heating energy requirements at our customers.

In the 1st quarter of 2014/15, degree day figures at the MVV Energie Group fell 7 % short of the already low figure for the 1st quarter of 2013/14.

BUSINESS PERFORMANCE

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Major Developments

Investments in sustainable growth

Within our corporate strategy, we intend to invest a total of Euro 3 billion by 2020, with half of this sum being channelled into our growth businesses and half into modernising and safeguarding our plants and grids. Since 2009, we have already invested or reached binding decisions for Euro 2.2 billion of this total. Alongside our investment in the new Block 9 at the large power plant in Mannheim (Grosskraftwerk Mannheim AG – GKM), which will commence operations in 2015, we are currently implementing our two largest investment projects in the UK. With an investment volume of around Euro 250 million, we are building a waste-fired combined heat and power plant in Plymouth in south-west England. At Ridham dock, we are investing around Euro 140 million in a biomass power plant with CHP capability. These two plants will also launch operations in 2015.

In our renewable energies business, we are investing both in onshore wind turbines and in selected biomethane plants. Together with Baywa r.e., we are currently building our third biomethane plant in Saxony-Anhalt. This is due for completion by mid-2015.

Our group of companies is already one of the largest players in the German and Czech district heating markets – and we are consistently investing in further expanding district heating based on combined heat and power generation.

Value chain extended in renewable energies business

Onshore wind power is currently the most cost-effective form of renewable energy. Thanks to our takeover of Windwärts Energie GmbH as of 1 October 2014 and our partnership with Juwi AG – in which we acquired a 50.1 % stake in December 2014 – we now cover the entire value chain – from project development via plant operation to electricity marketing – in our renewable energies business as well. That makes us unique in the German energy market.

Smart, decentralised energy management from a single source

Industrial, retail, housing, commercial and private customers can for the first time turn to a single provider for their decentralised renewable energies management. We founded BEEGY GmbH at the beginning of November 2014. This joint venture with the Munich-based company BayWa r.e., the Irish Glen Dimplex Group and Munich-based GreenCom Networks AG will be launching its business operations as soon as the cartel authorities give the go-ahead. BEEGY will mark the arrival of a one-stop solution and system integration provider for smart, decentralised energy management. The company's services range from planning via the provision of sustainable plants, such as photovoltaics collectors, thermal storage facilities, e.g. heat pumps and storage heating or battery storage facilities, through to controlling the energy-optimised deployment of such facilities.

Innovative products and services for our customers

Our sales department is developing innovative products and services aimed at acquiring new customers and retaining existing customers on a long-term basis. MVV Energie offers a location reporting function for electricity and gas that is specially tailored to the needs of industrial companies, chain operators with numerous units or real estate companies with very large numbers of residential units. To help our customers extract the maximum value from this data about their energy requirements, consumption and efficiency, we centrally pool the data compiled from different sources and different formats. Via an internet portal, our customers receive the data for all their locations or accounting units. Planning, requirements, procurement and costs can be viewed in real time either individually or in aggregate form. The data can be analysed and called up and transferred to customers' own systems. By analysing their consumption data, companies can predict and optimise their energy consumption – and thus cut their costs.

Since the end of 2014, MVV Energie's free "Mein Quadrat" app has offered an extensive range of services to private customers in particular in Mannheim. Here, customers can rapidly access key information and services about their energy supply. What's more, the app also offers numerous support functions for everyday life in the city. As well as regional news, for example, it also shows all users the location of the nearest free car park or electricity charging station.

Concessions extended

When it comes to its energy and water supply, the City of Mannheim will be relying on its partnership with MVV Energie AG for the next 20 years as well. In October 2014, Mannheim City Council approved the extension of the concession agreements for electricity, gas and water and the district heating licencing agreement. The new agreements were signed at the beginning of December and have terms running until 2034.

The municipality of Ilvesheim is also continuing to place its trust in MVV Energie. Having already awarded us its electricity concession in 2011, the Town Council granted its gas concession as of 1 January 2015 to MVV Energie AG once again. The concession agreement has a 20-year term.

Tesla Motors relying on MVV Energie

The US electric vehicle manufacturer Tesla Motors will be cooperating with MVV Energie in Germany in future. Tesla is expanding its charging infrastructure – currently 21 public charging stations located along highly-frequented motorway routes in Germany. We will supply superchargers newly installed in Germany with green electricity. The superchargers charge the battery of a Tesla Model S to half-full in around 20 minutes. This cooperation with Tesla shows that cross-sector cooperation between innovative companies is set to play an ever more important role in tomorrow's energy world.

Earnings Performance

Sales performance

SALES excluding energy taxes fell year-on-year by Euro 110 million to Euro 941 million in the 1st quarter of 2014/15 (1 October to 31 December 2014). That corresponds to a 10 % reduction in sales. Of consolidated sales in the quarter under report, 97 % were attributable to the domestic business and 3 % to the foreign business.

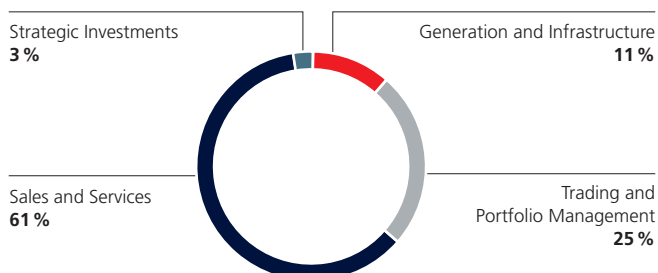
Alongside the sales performance by reporting segment, in the following table we also present sales generated with our core products of electricity, heating energy, gas and water.

**Sales at the MVV Energie Group excluding energy taxes¹
1st quarter, 1 October to 31 December**

Euro million	2014/15	2013/14	% change
Generation and Infrastructure	107	97	+10
Trading and Portfolio Management	231	299	-23
Sales and Services	573	620	-8
Strategic Investments	29	34	-15
Other Activities	1	1	0
Total	941	1051	-10
of which electricity sales	530	591	-10
of which heating energy sales	115	123	-7
of which gas sales	202	240	-16
of which water sales	24	24	0

¹ previous year's figures adjusted

**Sales at the MVV Energie Group excluding energy taxes
by reporting segment, 1st quarter of 2014/15**



Sales in the **GENERATION AND INFRASTRUCTURE** reporting segment grew by Euro 10 million (+ 10 %) to Euro 107 million in the 1st quarter of 2014/15. This growth was chiefly driven by our grid business.

In the **TRADING AND PORTFOLIO MANAGEMENT** reporting segment, both electricity and gas trading volumes in the quarter under report fell short of the equivalent figures for the 1st quarter of 2013/14. This led sales to reduce by Euro 68 million (–23 %) to Euro 231 million.

The mild weather conditions impacted in particular on our district heating and gas businesses with end customers in the **SALES AND SERVICES** reporting segment. Not only that, electricity and gas turnover with industrial and commercial customers/secondary distributors also decreased. Together, these factors led sales to reduce by Euro 47 million (–8 %) to Euro 573 million in the 1st quarter of 2014/15. In the direct marketing business, our sales department currently has renewable energies power plants with capacity of 3 300 MW under contract (previous year: 2 300 MW).

The reduction in sales in the **STRATEGIC INVESTMENTS** reporting segment by Euro 5 million (– 15 %) to Euro 29 million was chiefly due to the mild weather conditions.

Renewable energies generation volumes

Our renewable energies electricity generation volumes (including the biogenic share of waste and refuse-derived fuels) decreased year-on-year by 8 % from 230 million kWh to 211 million kWh in the 1st quarter of 2014/15. This reduction was due on the one hand to lower availability levels at our biomass power plant in Mannheim on account of scheduled inspection work. On the other hand, since mid-2014 our non-recyclable waste incineration and energy generation plant in Leuna (TREA Leuna) has been producing not only electricity, but also process steam which it provides to the chemicals park operator InfraLeuna for supply to its location customers. The coupling out of process steam led to a reduction in electricity generation volumes in the quarter under report.

The following overview presents our electricity generation volumes from renewable energies in the 1st quarter of 2014/15. The generation of electricity using hydropower and photovoltaics only plays a subordinate role at our Group. In view of this, we only record and publish this generation data on a year-end basis.

Electricity generation from renewable energies and biogenic share of waste/RDF at the MVV Energie Group in Germany 1st quarter, 1 October to 31 December

kWh million	2014/15	2013/14	% change
Biomass plants ¹	71	82	– 13
of which biomass power plants ¹	69	80	– 14
of which biomass CHP plants	2	2	0
Biogas plants ¹	6	5	+ 20
Subtotal for biomass	77	87	– 11
Biogenic share of waste/RDF	48	56	– 14
Wind power	86	87	– 1
Total	211	230	– 8

¹ correction in previous year

At 86 million kWh, electricity feed-in volumes from our wind turbines fell slightly short of the previous year's figure in the 1st quarter of 2014/15, and that although ten wind turbines on Hungerberg were connected to the grid during the 2nd quarter of 2013/14. The lower overall wind yield was due to the significant reduction in wind volumes compared with the previous year's quarter. On a like-for-like basis, i.e. excluding feed-in volumes from our Hungerberg wind farm, electricity generation volumes at our wind turbines fell year-on-year by 16 %. As of 31 December 2014, our group of companies had total installed wind turbine capacity of around 174 MW_e.

Our biomass power plants generated 11 % less electricity in the quarter under report than in the 1st quarter of 2013/14. As already mentioned, this was due to scheduled inspection work at the biomass power plant in Mannheim.

The 14 % reduction in electricity generation volumes from the incineration of waste and refuse-derived fuels (biogenic share) was attributable to lower electricity generation volumes at the TREA Leuna plant.

Our two biomethane plants in Saxony-Anhalt produced 33 million kWh of biomethane in the 1st quarter of 2014/15 (previous year: 14 million kWh). This year-on-year increase is due to the fact that our plant in Kroppenstedt has only fed biomethane into the public natural gas grid since the 2nd quarter of 2013/14. The above table refers exclusively to electricity generation volumes and therefore does not include biomethane feed-in volumes.

Development in turnover

We report on the development in our turnover on a product-oriented basis. We allocate the electricity, heating energy, gas and water volumes to reporting segments in line with their respective value creation stage.

Electricity turnover at the MVV Energie Group 1st quarter, 1 October to 31 December

kWh million	2014/15	2013/14	% change
Generation and Infrastructure	92	40	> +100
Trading and Portfolio Management ¹	3 339	3 818	-13
Sales and Services	2 500	2 704	-8
Strategic Investments ¹	65	68	-4
Total	5 996	6 630	-10

¹ previous year's figures adjusted

Overall, our electricity turnover reduced year-on-year by 10 % in the quarter under report. This was due in particular to lower electricity trading volumes at MVV Trading GmbH in the Trading and Portfolio Management reporting segment. This is also the reason for the 13 % reduction in electricity turnover in the Trading and Portfolio Management reporting segment.

As well as conventional electricity generation, the Generation and Infrastructure reporting segment also includes that portion of electricity generation at our wind turbines that is marketed to third parties (external turnover) and electricity generation volumes in our environmental energy business. The increase in electricity turnover in this reporting segment by more than 100 % is due to the fact that, since the current financial year, the electricity supplied by the TREA Leuna plant to the chemicals park operator InfraLeuna has no longer been handled by the sales department at MVV Energie AG, but rather directly via MVV Umwelt Asset GmbH.

Electricity turnover in the Sales and Services reporting segment fell 8 % short of the previous year's figure in the quarter under report. This reduction was due in particular to lower electricity turnover with industrial and commercial customers/secondary distributors and with private and business customers. One main reason for the reduction in turnover with private and business customers was the sale of our SECURA Energie subsidiary in the 4th quarter of 2013/14.

The 4 % reduction in electricity turnover in the Strategic Investments reporting segment was due to weather conditions.

Heating energy turnover at the MVV Energie Group 1st quarter, 1 October to 31 December

kWh million	2014/15	2013/14	% change
Generation and Infrastructure	246	109	> +100
Trading and Portfolio Management	—	—	—
Sales and Services	1 611	1 775	-9
Strategic Investments ¹	238	294	-19
Total	2 095	2 178	-4

¹ previous year's figures adjusted

The mild weather conditions led to a 4 % downturn in heating energy turnover in the 1st quarter of 2014/15 compared with the previous year's quarter. The sharp increase in the Generation and Infrastructure reporting segment was primarily due to the fact that, as already outlined above, since mid-2014 our non-recyclable waste incineration and energy generation plant in Leuna (TREA Leuna) has been producing not only electricity, but also process steam which it supplies to the chemicals park operator InfraLeuna.

Gas turnover at the MVV Energie Group 1st quarter, 1 October to 31 December

kWh million	2014/15	2013/14	% change
Generation and Infrastructure	33	14	> +100
Trading and Portfolio Management ¹	3 754	4 454	-16
Sales and Services ²	1 944	2 046	-5
Strategic Investments ¹	47	53	-11
Total	5 778	6 567	-12

¹ previous year's figures adjusted

² correction in previous year

Gas turnover in the 1st quarter of 2014/15 fell 12 % short of the previous year's figure. This was due above all to lower gas trading volumes at MVV Trading GmbH and to a weather-related reduction in volumes in the end customer business.

The Generation and Infrastructure segment presents the gas turnover from our two biomethane plants in Saxony-Anhalt. The marked year-on-year increase was due the fact that our second biomethane plant has only fed biomethane into the public natural gas grid since the 2nd quarter of 2013/14.

The reductions in the Sales and Services and Strategic Investments reporting segments by 5 % and 11 % respectively were largely attributable to weather conditions.

**Water turnover at the MVV Energie Group
1st quarter, 1 October to 31 December**

m ³ million	2014/15	2013/14	% change
Generation and Infrastructure	—	—	—
Trading and Portfolio Management	—	—	—
Sales and Services	10.8	11.2	-4
Strategic Investments	0.3	0.3	0
Total	11.1	11.5	-2

At 11.1 million m³, water turnover in the 1st quarter of 2014/15 fell slightly short of the figure for the previous year's quarter.

**Combustible waste delivered at the MVV Energie Group
1st quarter, 1 October to 31 December**

tonnes 000s	2014/15	2013/14	% change
Generation and Infrastructure	388	378	+3
Trading and Portfolio Management	—	—	—
Sales and Services	31	40	-23
Strategic Investments	31	34	-9
Total	450	452	0

The volume of waste and timber delivered was at the same level in the 1st quarter of 2014/15 as in the previous year's quarter. At the Generation and Infrastructure reporting segment, which accounts for 86 % of total volumes delivered, the volume of combustible waste delivered increased by 3 %.

The weather-related downturn in district heating requirements at our Czech subsidiary IROMEZ resulted in a year-on-year reduction in timber delivered. Overall, the volume of waste and timber delivered to the Strategic Investments reporting segment declined by 9 %.

Development in further key income statement items

The International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRS IC) have amended and newly adopted some standards and interpretations requiring mandatory application for the first time in the 2014/15 financial year. Among others, MVV Energie AG has implemented the IFRS 10 and IFRS 11 standards for the first time since 1 October 2014. This has resulted in a change in the consolidation method at the companies in our Ingolstadt subgroup. These companies are no longer consolidated proportionately, but have rather been included in the consolidated financial statements using the equity method. This amendment requires retrospective application, as a result of which the previous year's figures have been adjusted. Further information about the amendments can be found under ► *Notes to Interim Consolidated Financial Statements from Page 24 onwards.*

At Euro 738 million, the **COST OF MATERIALS** was 11 % lower than in the previous year's quarter and thus developed largely in line with sales.

ADJUSTED EMPLOYEE BENEFIT EXPENSES grew to Euro 87 million in the quarter under report, up Euro 6 million on the previous year's quarter. The increase was primarily due to higher staff totals. Further information about the development in personnel totals can be found on ► *Page 15.*

Excluding IAS 39 items, **OTHER OPERATING INCOME** fell year-on-year by Euro 3 million to Euro 30 million in the 1st quarter of 2014/15. This was mainly the result of lower reversals of impairments and receipts of retired receivables, as well as lower reversals of provisions.

Benefiting above all from lower expenses for the acquisition of emission rights, **OTHER OPERATING EXPENSES**, also excluding IAS 39 measurement items, fell to Euro 52 million, down Euro 23 million on the 1st quarter of the previous year.

In the income statement, the IAS 39 measurement items are included under other operating income and other operating expenses. Their net balance resulted in a negative measurement item of Euro -6 million in the 1st quarter of 2014/15, contrasting with a positive measurement item of Euro 22 million in the previous year. The IAS 39 items reflect the development in market prices on the commodities and energy markets. As of 31 December 2014, market prices were lower than when the respective hedging transactions were concluded. IAS 39 measurement has no impact on payments, neither does it affect our operating business or dividend.

At Euro 38 million, **DEPRECIATION** was virtually unchanged compared with the previous year's quarter.

Reconciliation with adjusted EBIT

For our value-based internal management we refer to adjusted EBIT. To calculate this key operating earnings figure before interest and taxes on income we on the one hand eliminate the positive and negative earnings items resulting from the fair value measurement of financial derivatives required by IAS 39 as of the reporting date. The net balance of these items amounted to Euro –6 million as of 31 December 2014 and Euro 22 million as of 31 December 2013. Furthermore, we eliminate the item resulting from structural adjustments for part-time early retirement, amounting to Euro –1 million both in the quarter under report and in the previous year's quarter. We add the interest income from finance leases reported below EBIT in the income statement to our adjusted EBIT. 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 1st quarter of 2014/15 with the more meaningful adjusted EBIT figure.

Reconciliation of EBIT (income statement) with adjusted EBIT 1st quarter, 1 October to 31 December

Euro million	2014/15	2013/14	+/- change
EBIT as reported in income statement ¹	56	96	–40
Financial derivative measurement items ¹	+6	–22	+28
Structural adjustment for part-time early retirement	+1	+1	0
Interest income from finance leases ¹	+1	+1	0
Adjusted EBIT	64	76	–12

¹ previous year's figures adjusted

Earnings performance

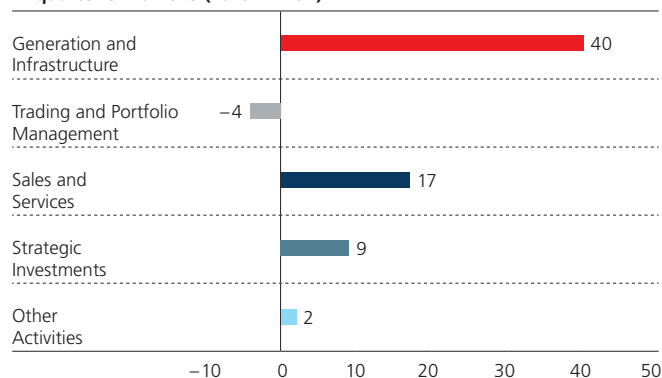
ADJUSTED EBIT reduced to Euro 64 million in the 1st quarter of 2014/15, equivalent to a year-on-year reduction of Euro 12 million (–16%). Overall, this earnings performance reflects the difficult market and underlying conditions in the energy industry and the above-average mild weather conditions.

Adjusted EBIT of the MVV Energie Group 1st quarter, 1 October to 31 December

Euro million	2014/15	2013/14	+/- change
Generation and Infrastructure	40	36	+4
Trading and Portfolio Management	–4	–4	0
Sales and Services	17	25	–8
Strategic Investments ¹	9	15	–6
Other Activities ¹	2	4	–2
	64	76	–12

¹ previous year's figures adjusted

Adjusted EBIT of the MVV Energie Group by reporting segment 1st quarter of 2014/15 (Euro million)



Adjusted EBIT in the Generation and Infrastructure reporting segment rose by 11 % and was mainly driven by the grid business. While the earnings of Euro –4 million in the Trading and Portfolio Management reporting segment were at the previous year's level, the earnings performance of the Sales and Services reporting segment was significantly affected by the mild weather conditions. Overall, adjusted EBIT in the Sales and Services reporting segment fell by 32 %. The downturn in earnings in the Strategic Investments reporting segment was also largely the result of weather conditions.

Year-on-year, the **ADJUSTED FINANCIAL RESULT**, which portrays the net balance of financing income and financing expenses, improved from Euro –13 million to Euro –10 million. One key reason for this positive development was the lower volume of interest expenses on new borrowing.

Net of the adjusted financial result, **ADJUSTED EBT** amounted to Euro 54 million in the 1st quarter of 2014/15, compared with Euro 63 million in the previous year's quarter. Based on the tax rate expected for the 2014/15 financial year as a whole, we have applied a tax rate of 29.2 % to adjusted EBT (previous year: 28.4 %).

Adjusted taxes on income amounted to Euro 16 million in the quarter under report (previous year: Euro 18 million). Net of these taxes, **ADJUSTED NET INCOME FOR THE PERIOD** amounted to Euro 38 million in the 1st quarter of 2014/15 (previous year: Euro 45 million).

Net of the adjusted share of earnings attributable to minority interests, the MVV Energie Group generated **ADJUSTED NET INCOME FOR THE PERIOD AFTER MINORITY INTERESTS** of Euro 32 million for the quarter under report (previous year: Euro 40 million). Calculated on this basis, **ADJUSTED EARNINGS PER SHARE** amounted to Euro 0.48 in the 1st quarter of 2014/15 (previous year: Euro 0.61). The number of shares was unchanged at 65.9 million. An overview of the adjusted key earnings figures can be found in the ► *Key Figures Table in this Financial Report*.

Net Asset and Financial Position

The International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRS IC) have amended and newly adopted some standards and interpretations. Detailed information about the amended standards can be found under ► *Notes to Interim Consolidated Financial Statements from Page 24 onwards*.

As of 31 December 2014, **TOTAL ASSETS** at the MVV Energie Group amounted to Euro 4.28 billion and were thus Euro 212 million higher than the figure as of 30 September 2014.

On the asset side, **NON-CURRENT ASSETS** rose to Euro 3.21 billion, up Euro 153 million compared with 30 September 2014. At Euro 2.51 billion, property, plant and equipment remained virtually unchanged and thus accounted for around 59 % of total assets. Due in particular to the acquisition of a 50.1 % stake in Juwi AG, interests in companies recognised at equity grew by Euro 127 million to Euro 314 million.

CURRENT ASSETS increased to Euro 1.07 billion, up Euro 59 million compared with the balance sheet date on 30 September 2014, and thus accounted for 25 % of total assets.

The increase in trade receivables by Euro 89 million to Euro 465 million was driven by seasonal factors, as the instalments received do not fully compensate for higher heating energy consumption volumes in the winter months. Based on past experience, the volume of receivables gradually reduces as the financial year progresses. Current other receivables and assets rose to Euro 355 million, up Euro 165 million compared with 30 September 2014. This development was largely due to the higher market valuation of energy trading transactions recognised under IAS 39. Receivables for security deposits to reduce counterparty risk amounted to Euro 37 million as of 31 December 2014, as against Euro 55 million on 30 September 2014. The reduction in cash and cash equivalents by Euro 207 million to Euro 164 million largely related to the acquisition of a 50.1 % stake in Juwi AG and the takeover of Windwärts Energie GmbH. This item was also affected by the exercising of a purchase option for the non-recyclable waste incineration and energy generation plant in Leuna (TREA Leuna).

On the equity and liabilities side of the balance sheet, the **EQUITY** of the MVV Energie Group, including non-controlling interests, rose to Euro 1.36 billion, up Euro 29 million compared with 30 September 2014. This development was due to the higher volume of accumulated net income.

For group management purposes, we adjust our consolidated balance sheet to eliminate cumulative IAS 39 measurement items. We reduce the asset side by the positive fair values of derivatives and allocable deferred taxes, which amounted to Euro 346 million as of 31 December 2014 (30 September 2014: Euro 156 million). On the capital side, we eliminate negative fair values and allocable deferred taxes from liabilities. As of 31 December 2014, these amounted to Euro 410 million (30 September 2014: Euro 216 million). We eliminate the resultant net balance from equity. This totalled Euro –64 million as of 31 December 2014 (30 September 2014: Euro –60 million). Calculated on this adjusted basis, adjusted equity amounted to Euro 1.43 billion as of 31 December 2014, as against Euro 1.40 billion on 30 September 2014. As a percentage of the adjusted total assets of Euro 3.94 billion (30 September 2014: Euro 3.91 billion), the adjusted equity ratio amounted to 36.3 % as of 31 December 2014, compared with 35.7 % as of 30 September 2014.

Compared with 30 September 2014, **NON-CURRENT DEBT** increased by Euro 5 million to Euro 1.72 billion. The reductions in non-current financial debt by Euro 29 million and deferred tax liabilities by Euro 12 million compared with 30 September 2014 were offset by the Euro 43 million increase in non-current other liabilities. The reduction in non-current financial debt mainly resulted from the lower drawdown of loans to finance investments. The increase in other liabilities was due to higher market prices and the resultant increase in the fair values of energy trading transactions recognised under IAS 39.

CURRENT DEBT rose to Euro 1.20 billion, up Euro 179 million compared with 30 September 2014. This was chiefly attributable to the increase in current other liabilities by Euro 184 million, a development in turn due to higher market prices and the resultant increase in the fair values of energy trading transactions recognised under IAS 39. Current other liabilities as of 31 December 2014 included security deposits of Euro 2 million to reduce counterparty risks (margins), compared with Euro 1 million as of 30 September 2014.

Investments

The MVV Energie Group invested a total of Euro 191 million in the 1st quarter of 2014/15 (previous year: Euro 82 million). Of total investments, Euro 157 million (82 %) related to growth investments, while Euro 34 million (18 %) was channelled into investments in our existing business, i.e. into modernising our plants and grids.

Our largest investment projects in the quarter under report included:

- the construction of the energy from waste plant in Plymouth and the biomass power plant at Ridham Dock, both in the UK
- the acquisition of a 50.1 % stake in Juwi AG
- the takeover of Windwärts Energie GmbH
- the construction of our biomethane plant in Stassfurt
- measures to expand and increase the density of our district heating grids.

Investments of the MVV Energie Group 1st quarter, 1 October to 31 December

Euro million	2014/15	2013/14	+/- change
Generation and Infrastructure	172	75	+97
Trading and Portfolio Management ¹	12	—	+12
Sales and Services	3	3	0
Strategic Investments ²	1	1	0
Other Activities	3	3	0
Total	191	82	+109
of which growth investments ²	157	66	+91
of which investments in existing business ²	34	16	+18

¹ correction in previous year

² previous year's figures adjusted

Financial position and cash flow

Due to lower drawdowns of loans to finance investments, current and non-current financial debt reduced to Euro 1.41 billion, down Euro 25 million compared with 30 September 2014. Net financial debt (current and non-current financial debt less cash and cash equivalents) increased by Euro 182 million compared with the previous year's balance sheet date to Euro 1.24 billion as of 31 December 2014.

Year-on-year, the **CASH FLOW BEFORE WORKING CAPITAL AND TAXES** reduced by Euro 13 million to Euro 100 million in the 1st quarter of 2014/15. This reduction was mainly due to net income for the period before taxes on income, which fell short of the equivalent figure for the previous year following the elimination of IAS 39 measurement items within other non-cash income and expenses. By contrast, non-cash income and expenses improved.

The **CASH FLOW FROM OPERATING ACTIVITIES** increased from Euro –15 million in the 1st quarter of the previous year to Euro 9 million in the 1st quarter of 2014/15. This development was largely driven by the fair value measurement of financial derivatives.

The **CASH FLOW FROM INVESTING ACTIVITIES** reduced by Euro 114 million to Euro –165 million in the 1st quarter of 2014/15. This was chiefly due to the payments made for the investment in Juwi AG and for the takeover of assets in Windwärts Energie GmbH.

The **CASH FLOW FROM FINANCING ACTIVITIES** fell year-on-year by Euro 115 million to Euro –3 million in the 1st quarter of 2014/15. This development was mainly the result of higher net new borrowing.

The MVV Energie Group reported cash and cash equivalents of Euro 164 million as of 31 December 2014 (previous year: Euro 424 million).

Professional financial management

The MVV Energie AG parent company manages a cash pool for itself and 30 further companies within our Group. In this capacity, it procures and secures both its own liquidity and financing funds for the shareholdings included in the cash pool. Capital required for investments is provided in the form of shareholder loans. We have secured the financing of our two largest investment projects – the energy from waste plant in Plymouth and the biomass power plant at Ridham Dock. Given the high volume of investment in the UK, the development in the euro/sterling exchange risk is becoming a more significant factor for our group earnings.

EMPLOYEES

The MVV Energie Group had a total of 5 207 employees as of 31 December 2014, 102 employees more than at the same date in the previous year. This increase in the number of employees was due to the takeover of Windwärts Energie GmbH, Hanover, in the quarter under report and to the boosting of the operations team at our British subsidiary MVV Environment Devonport Limited, Plymouth.

In Germany, we had a total of 4 606 employees as of 31 December 2014, and thus 52 employees more than one year earlier. Outside Germany, the MVV Energie Group had 50 employees more overall on 31 December 2014 than a year ago (previous year: 551). Of the total of 601 employees abroad, 540 worked at our Czech subgroup and 47 at our British subsidiary. A subsidiary of Windwärts Energie GmbH had 14 employees in France.

Compared with the balance sheet date for the 2013/14 financial year (30 September 2014), the MVV Energie Group's total workforce increased by 45 employees in Germany and by 22 employees abroad.

Personnel figure (headcount) at balance sheet date on 31 December

	2014/15	2013/14	+/- change
MVV Energie AG	1 402	1 444	-42
Fully consolidated shareholdings	3 805	3 661	+ 144
MVV Energie Group^{1,2}	5 207	5 105	+102

1 previous year's figure adjusted

2 including 341 trainees (previous year: 340)

RESEARCH AND DEVELOPMENT

"Electricity Bank" investigating on-site storage

Our "Electricity Bank" research project is addressing what is an increasingly important topic given the ever greater volumes of electricity generated on a decentralised basis and from renewable energies. Where the electricity from solar and wind power can be consumed directly at its generation location, this eases the strain on electricity grids and avoids transmission losses. It therefore makes sense to store the electricity on location when more energy is produced than is consumed. This kind of storage facility – the electricity bank – stores surplus electricity from participating households centrally and feeds this back into the grid when needed. The name says it all. An electricity bank functions like any other bank. It accepts capital from savers and subsequently lends this on. As the suppliers and the storage facility in the electricity bank are linked in an online "energy cloud", all participants can view their "electricity accounts" at all times.

A practical trial involving 14 households and four commercial businesses has been underway in Mannheim since December 2014. The participants have been provided with a tablet for the twelve-month project term. This enables them to access their own generation and consumption data, as well as their electricity accounts.

As consortium manager, MVV Energie has been pressing ahead with this project since 2013. It is being promoted by the State of Baden-Württemberg within its BWPLUS programme. The other project participants are the battery manufacturer ads-tec, Nürtingen, the Mannheim-based grid operator Netrion and the Institute for Photovoltaics at Stuttgart University.

OPPORTUNITY AND RISK REPORT

We described our opportunity and risk management system on Pages 94 to 99 of the combined management report in our 2013/14 Annual Report and provided extensive disclosures concerning its structure and process organisation. Furthermore, we presented our risk categories and the measures taken to reduce or transfer risk. Moreover, we also described factors with the potential to significantly influence our earnings.

Opportunity/risk situation in 1st quarter of 2014/15

At the end of the quarter under report (October to December 2014) the overall risk situation was similar to that upon our 2013/14 Annual Report going to print. There were no changes in MVV Energie's risk categories in the 1st quarter of 2014/15.

MVV Energie's operating earnings are significantly influenced by weather conditions, which determine our heating energy and gas sales volumes in the heating period in particular. It was significantly milder than expected in the 1st quarter of 2014/15 and our sales volumes were correspondingly lower. Due to weather conditions, wind power production volumes also fell short of our expectations.

As expected, electricity and waste prices remained persistently low, as did the margin on conventional electricity generation (clean dark spread). Not only that, competitive pressure remained intense in the electricity and gas markets. We are countering these factors by offering innovative products with substantial customer benefits.

Plant operation and progress with plant construction are further factors of great relevance to our earnings performance. The 1st quarter of 2014/15 did not see any unscheduled downtime. Construction work on the biomass power plant at Ridham Dock in the UK, Block 9 at the large power plant in Mannheim (Grosskraftwerk Mannheim AG – GKM) and the biomethane plant in Stassfurt progressed on schedule. Delays arose in the construction of the energy from waste plant in Plymouth.

In the 2013/14 financial year we decided not to participate in financing a gas-powered combined heat and power plant at Stadtwerke Kiel AG. We are still negotiating the next steps.

We are pressing consistently ahead with the activities currently in the process of being developed in the fields of decentralised energy management and onshore wind turbine project development.

Executive Board assessment

The Executive Board assesses the overall opportunity and risk situation as balanced. There were no indications in the 1st quarter of 2014/15 that the company's continued existence could be threatened, whether now or in future, by any individual risks or the aggregate total of all risks

EVENTS AFTER BALANCE SHEET DATE

Major plants in commissioning phase

The boiler at our biomass power plant at Ridham Dock in the UK has been fired with timber for the first time – 21 months after construction work began. This key step on the way towards launching operations at the plant was taken at the beginning of 2015. The plant subsequently has to be tested for four weeks and then electricity generation can begin. After the plants in Mannheim, Königs Wusterhausen and Flörsheim-Wicker, the Ridham Dock plant is the fourth biomass power plant at MVV Umwelt GmbH. Our second major construction project in the UK, the new energy from waste plant in Plymouth, is at an early commissioning stage. Here too, firing is due shortly, although we are behind the project schedule.

At our third biomethane plant in Saxony-Anhalt, work began at the end of December 2014 on initiating the fermentation process. From mid-2015, this plant in Stassfurt should generate biomethane and feed this into the public natural gas grid, as is already the case at our plants in Klein Wanzleben and Kroppenstedt.

BEEGY begins first projects

BEEGY GmbH launched its operating business in the 1st quarter of 2014/15 (initially as a wholly-owned subsidiary of MVV Energie AG through to approval by the cartel authorities). As a one-stop provider for decentralised energy management and system integration, the company is currently developing and implementing an e-mobility software platform for BMW's smart charging services. In the further course of 2015, BEEGY will offer comparable solutions to homeowners and thus enhance their decentralised energy management. The first pilot homes at private customers have already been equipped with suitable technology. The aim is to provide customers with instruments assisting them in optimising their own consumption of the energy they produce themselves.

Other than the matters outlined above, no other events of material significance for MVV Energie's business occurred between the balance sheet date on 31 December 2014 and the preparation of the interim consolidated financial statements for the 1st quarter of 2014/15.

OUTLOOK

German economy to generate tangible growth in 2015

In its forecast dated December 2014, the Berlin-based German Institute for Economic Research (DIW) predicted a further revival in the German economy. It expects gross domestic product to grow by 1.5 % in 2015. The economy should be driven above all by domestic demand, accompanied by a robust overall export performance. There are nevertheless substantial risks. The Russia crisis could threaten the stability of financial markets. The expected rise in base rates in the United States could also give rise to increasing nervousness, as could the ongoing lack of agreement concerning the continuation of reforms in the European Currency Union.

Numerous energy policy decisions pending

The economic performance of energy industry companies continues to be influenced by energy policy discussions and decisions. Particularly influential factors include how the electricity market design will be structured, the Amendment to the German Combined Heat and Power Generation Act (KWKG) and the specific auction design selected to determine the compensation paid for electricity from renewable energies on a competitive basis. Further information can be found in the chapter ► *Business Framework from Page 5 onwards*.

Energy system of the future calls for new business models

The expansion in renewable energies means that the energy supply is becoming more decentralised. In the new energy world, customers are increasingly evolving into so-called “prosumers” characterised by both proprietary energy generation and smart energy consumption. For the energy industry, this means that it will have to develop innovative products, new business models and smart services to do justice to customers’ changing needs.

Future markets, products and services

Within renewable energies, we are focusing in particular on expanding **ONSHORE WIND POWER**. Our partnership with Juwi AG and the takeover of Windwärts Energie GmbH have enabled us to significantly boost our expertise in the field of wind farm project development and to extend our operations management competencies. We are drawing on these skills by stepping up our project development and implementation activities. Our primary aim is to market these projects or, where appropriate, to include them in the wind power portfolio at MVV Energie AG and thus further expand our portfolio.

Together with BayWa r.e., we are currently building our third **BIO-METHANE PLANT**, in this case in Stassfurt (Saxony-Anhalt). The new plant will feed biomethane into the public natural gas grid from mid-2015 onwards.

We are continually expanding **DISTRICT HEATING BASED ON COMBINED HEAT AND POWER GENERATION** and increasing grid density at our locations in Mannheim, Kiel, Offenbach and Ingolstadt. Construction work on the state-of-the-art, highly efficient Block 9 at the large power plant in Mannheim (Grosskraftwerk Mannheim AG – GKM) is almost complete. Trial operations have gradually been launched since the end of 2014. In the course of 2015, this plant will replace the older Blocks 3 and 4 and thus secure the region’s electricity and heating energy 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 AG – 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.

While the waste and biomass markets in Germany do not offer any growth potential for new plants, the same markets in the **UK AND FRANCE** harbour growth opportunities for our group of companies. Our two construction projects in the UK – the waste-fired combined heat and power plant in Plymouth and the biomass power plant with CHP capability at Ridham Dock – will commence operations in 2015. In France, Solutions Européennes de Valorisation Énergétique S.A.S. (SEVE) is applying for operations management tenders at energy from waste plants. This company is a joint venture between our subsidiary MVV Umwelt GmbH and the French Semardel Group.

We are consistently working on further developing our **DECENTRALISED ENERGY MANAGEMENT** business models and solutions.

ENERGY SAVING AND ENERGY EFFICIENCY SOLUTIONS are playing an ever more important role for industrial and commercial companies. As an energy-related services provider, our MVV Enamic GmbH subsidiary will seize the opportunities arising as a result.

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

Future research and development activities

MVV Energie is taking part in the C/sells project, an initiative of the Baden-Württemberg Smart Grids Platform (SmartGridsBW). This project aims to show that a secure energy supply can be safeguarded in a way that is both environmentally-friendly and cost-effective by making smart use of energy and networks. C/sells will focus on efficiently integrating solar energy generation. To date, 30 players have joined the consortium. MVV Energie plans to participate in the "Smart Energy Showcase" tender organised by the Federal Ministry of Economics and Energy (BMWi) for solar energy. This way, the company aims to further extend its position as a pioneer and shaper of the energy turnaround. The tender is scheduled for the beginning of 2015.

Expected sales performance

Based on the information currently available, we expect the **SALES (EXCLUDING ENERGY TAXES) OF THE MVV ENERGIE GROUP** in the 2014/15 financial year to show moderate overall growth compared with the previous year (Euro 3.7 billion). Our sales performance is nevertheless dependent in particular on the further development in weather conditions and in the wholesale business. As soon as operations are launched, we expect to see additional sales contributions from our two new plants in the UK – the energy from waste plant in Plymouth and the biomass power plant at Ridham Dock – as well as from our third biomethane plant in Saxony-Anhalt.

Expected earnings performance

Wholesale market electricity prices have declined further in recent months. The margin achieved from conventional electricity generation (clean dark spread) – which is 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 – is at a historically low level. This factor is negatively impacting on our earnings in the 2014/15 financial year. Furthermore, earnings have also been negatively affected by the unusually mild weather conditions and low wind volumes in the 1st quarter of 2014/15.

We are countering these negative factors with cost savings and efficiency enhancements. This way, we are also compensating for part of the start-up costs associated with our growth investments. Our two plants in the UK and the biomethane plant in Stassfurt will gradually start operations, although the delay in Plymouth will have a negative impact.

In our 2013/14 Annual Report, we forecast **ADJUSTED EBIT OF THE MVV ENERGIE GROUP** of between Euro 180 million and Euro 195 million from an operating perspective in the 2014/15 financial year. Given the unusually mild weather and poor wind conditions in the 1st quarter of 2014/15, this target has become more ambitious.

The earnings performance of the **GENERATION AND INFRASTRUCTURE REPORTING SEGMENT** in the current financial year will largely be shaped by the development in electricity prices and wind volumes. Its earnings will also be affected by additional costs resulting from implementation of legal requirements. The takeover of Windwärts Energie GmbH will lead to start-up costs in the current financial year that will negatively affect earnings. 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 full operations launch date, we nevertheless expect earnings in this reporting segment to increase compared with the 2013/14 financial year.

Earnings in the **TRADING AND PORTFOLIO MANAGEMENT REPORTING SEGMENT** will be influenced above all by the development in electricity prices and the clean dark spread (CDS). The CDS remains at a persistently low level and we currently expect it to fall further in 2015. Overall, we expect to see a reduction in earnings in the Trading and Portfolio Management reporting segment.

In the **SALES AND SERVICES REPORTING SEGMENT** we expect to see positive earnings contributions from our nationwide sales activities. By contrast, earnings will be negatively affected by start-up costs for BEEGY GmbH, which is still in the development stage. In general, the earnings performance of the Sales and Services reporting segment is also significantly affected by weather conditions. Overall, we expect segment earnings to fall short of the previous year's figure in the 2014/15 financial year.

Investments of around Euro 500 million planned

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. The largest investments in our future growth are allocated to the Generation and Infrastructure reporting segment and relate to the construction of the energy from waste plant in Plymouth and the biomass power plant at Ridham Dock. Furthermore, these investments also include 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.

Solid capital resources and financing structure

Given its ongoing good access to the financial market, the MVV Energie Group has no difficulty in covering its liquidity requirements.

Thanks to an adjusted equity ratio of 36.3 %, we will be able to maintain our high investment tempo 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 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 of financing, such as the promissory note loan market, as alternatives to the bank market. We have defined key figures 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 AG.

Opportunities and risks

The risk categories and risks relevant to our business are presented in detail in the Opportunity and Risk Report in our 2013/14 Annual Report. From a current perspective, we do not expect to see any changes for 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 further 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 company earnings.

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 continuing existence in the course of the 2014/15 financial year or beyond.

INCOME STATEMENT

from 1 October 2014 to 31 December 2014

Income statement of the MVV Energie Group			
Euro 000s	1 Oct 2014 to 31 Dec 2014	1 Oct 2013 to 31 Dec 2013	Notes
Sales ¹	990 761	1 104 788	
less electricity and natural gas taxes ¹	49 979	53 440	
Sales after electricity and natural gas taxes	940 782	1 051 348	1
Changes in inventories ¹	-894	1 333	
Own work capitalised ¹	2 903	2 965	
Other operating income ¹	111 525	168 742	2
Cost of materials ¹	738 293	826 432	
Employee benefit expenses ¹	87 667	81 622	
Other operating expenses ¹	139 150	188 258	2
Income from companies recognised at equity ¹	5 103	6 618	3
Other income from shareholdings	167	364	
EBITDA	94 476	135 058	
Depreciation ¹	38 274	38 794	
EBITA	56 202	96 264	
EBIT	56 202	96 264	
of which result of IAS 39 derivative measurement ¹	-5 778	21 665	
of which EBIT before result of IAS 39 derivative measurement	61 980	74 599	
Financing income ¹	13 510	2 469	4
Financing expenses ¹	21 673	14 917	4
EBT	48 039	83 816	
Taxes on income ¹	13 963	24 217	5
Net income for period	34 076	59 599	
of which non-controlling interests ¹	3 727	9 232	
of which earnings attributable to MVV Energie AG shareholders (annual net income after minority interests)	30 349	50 367	
Basic and diluted earnings per share (Euro)	0.46	0.76	6

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

STATEMENT OF COMPREHENSIVE INCOME

from 1 October 2014 to 31 December 2014

Statement of income and expenses recognised in group equity of the MVV Energie Group		
Euro 000s	1 Oct 2014 to 31 Dec 2014	1 Oct 2013 to 31 Dec 2013
Net income for period	34 076	59 599
Cash flow hedges	-275	9 049
Currency translation differences	-717	-6 285
Items that may be subsequently reclassified to profit or loss	- 992	2 764
Items that will not be reclassified to profit or loss	—	—
Total comprehensive income	33 084	62 363
Non-controlling interests ¹	4 461	10 017
Total comprehensive income attributable to MVV Energie AG shareholders	28 623	52 346

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

BALANCE SHEET

at 31 December 2014

Balance sheet of the MVV Energie Group

Euro 000s	31 Dec 2014	30 Sep 2014	1 Oct 2013	Notes
Assets				
Non-current assets				
Intangible assets ¹	216 592	201 717	198 275	
Property, plant and equipment ¹	2 506 143	2 504 334	2 395 043	
Investment property	281	284	294	
Interests in companies recognised at equity ¹	314 134	187 518	162 679	
Other financial assets ¹	68 774	63 959	83 478	7
Other receivables and assets ¹	88 312	75 224	119 904	8
Deferred tax assets ¹	14 573	22 572	22 346	9
	3 208 809	3 055 608	2 982 019	
Current assets				
Inventories ¹	78 757	61 881	46 945	10
Trade receivables ¹	464 888	376 019	444 551	11
Other receivables and assets ¹	354 608	189 470	250 882	
Tax receivables	10 728	13 466	23 983	
Securities	1 155	1 293	1 949	
Cash and cash equivalents ¹	163 959	370 694	418 234	12
Assets held for sale	—	2 305	—	
	1 074 095	1 015 128	1 186 544	
	4 282 904	4 070 736	4 168 563	
Equity and liabilities				
Equity				
Share capital	168 721	168 721	168 721	
Capital reserve	455 241	455 241	455 241	
Accumulated net income ¹	612 059	578 979	545 707	13
Accumulated other comprehensive income ¹	-76 310	-73 597	-73 936	
Capital of the MVV Energie Group	1 159 711	1 129 344	1 095 733	
Non-controlling interests ¹	204 613	206 291	207 242	
	1 364 324	1 335 635	1 302 975	
Non-current debt				
Provisions ¹	166 076	163 408	144 271	
Tax provisions	2 508	2 508	—	
Financial debt ¹	1 125 770	1 154 602	1 105 474	14
Other liabilities ¹	294 538	251 226	330 074	15
Deferred tax liabilities ¹	126 143	138 558	133 756	9
	1 715 035	1 710 302	1 713 575	
Current debt				
Other provisions ¹	76 346	98 329	103 413	
Tax provisions	20 775	12 948	8 073	
Financial debt ¹	282 850	278 650	394 793	14
Trade payables ¹	406 494	402 201	383 095	
Other liabilities ¹	416 211	232 040	262 450	15
Tax liabilities	869	631	189	
	1 203 545	1 024 799	1 152 013	
	4 282 904	4 070 736	4 168 563	

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

STATEMENT OF CHANGES IN EQUITY

from 1 October 2014 to 31 December 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	Currency translation differences	Fair value measurement of financial instruments	Actuarial gains and losses			
Balance at 1 Oct 2013¹	168 721	455 241	545 707	16 860	-50 884	-39 912	1 095 733	207 242	1 302 975
Other income and expenses recognised in equity ¹	—	—	—	-5 900	7 879	—	1 979	785	2 764
Result of business operations ¹	—	—	50 367	—	—	—	50 367	9 232	59 599
Total comprehensive income	—	—	50 367	-5 900	7 879	—	52 346	10 017	62 363
Dividends paid	—	—	—	—	—	—	—	-10 573	-10 573
Capital increase/reduction at subsidiaries	—	—	—	—	—	—	—	18	18
Change in scope of consolidation	—	—	9	—	—	—	9	-9	—
Balance at 31 Dec 2013¹	168 721	455 241	596 083	10 960	-43 005	-39 912	1 148 088	206 695	1 354 783
Balance at 1 Oct 2014¹	168 721	455 241	578 979	3 184	-39 796	-36 985	1 129 344	206 291	1 335 635
Other income and expenses recognised in equity	—	—	—	-667	-1 059	—	-1 726	734	-992
Result of business operations	—	—	30 349	—	—	—	30 349	3 727	34 076
Total comprehensive income	—	—	30 349	-667	-1 059	—	28 623	4 461	33 084
Dividends paid	—	—	—	—	—	—	—	-6 879	-6 879
Capital increase/reduction at subsidiaries	—	—	—	—	—	—	—	1 875	1 875
Change in scope of consolidation	—	—	2 731	—	-987	—	1 744	-1 135	609
Balance at 31 Dec 2014	168 721	455 241	612 059	2 517	-41 842	-36 985	1 159 711	204 613	1 364 324

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

CASH FLOW STATEMENT

from 1 October 2014 to 31 December 2014

Cash flow statement of the MVV Energie Group

Euro 000s	1 Oct 2014 to 31 Dec 2014	1 Oct 2013 to 31 Dec 2013
Net income for period before taxes on income ¹	48 039	83 816
Amortisation of intangible assets, depreciation of property, plant and equipment and investment property ¹	38 274	38 794
Financial result ¹	8 163	12 449
Interest received ¹	1 269	1 639
Change in non-current provisions ¹	2 673	7 297
Other non-cash income and expenses ¹	4 124	-28 712
Result of disposal of non-current assets	-2 331	-2 080
Cash flow before working capital and taxes	100 211	113 203
Change in other assets ¹	-478 366	-225 466
Change in other liabilities ¹	415 748	143 416
Change in current provisions ¹	-22 660	-27 670
Income taxes paid ¹	-6 029	-18 252
Cash flow from operating activities	8 904	-14 769
Payments for investments in intangible assets, property, plant and equipment and investment property ¹	-73 508	-82 024
Proceeds from disposals of intangible assets, property, plant and equipment and investment property ¹	21 317	15 626
Proceeds from subsidy payments ¹	7 506	3 149
Proceeds from sale of other financial assets ¹	581	13 153
Payments for acquisition of fully consolidated companies and other business units	-16 256	—
Payments for other financial assets ¹	-104 113	-125
Cash flow from investing activities	-164 473	-50 221
Proceeds from taking up of loans ¹	47 524	141 262
Payments for redemption of loans ¹	-71 941	-43 780
Dividends paid to non-controlling interests	-6 879	-10 573
Change due to changes in capital at minority shareholders	740	9
Interest paid ¹	-12 804	-15 159
Cash flow from financing activities	-43 360	71 759
Cash-effective changes in cash and cash equivalents ¹	-198 929	6 769
Change in cash and cash equivalents due to currency translation	-393	-1 337
Change in cash and cash equivalents due to changes in scope of consolidation	-7 413	48
Cash and cash equivalents at 1 Oct 2014 (2013) ¹	370 694	418 234
Cash and cash equivalents at 31 Dec 2014 (2013)¹	163 959	423 714
of which cash and cash equivalents at 31 Dec 2014 (2013) with restraints on disposal	4 241	1 318
Cash flow – aggregate presentation		
Cash and cash equivalents at 1 Oct 2014 (2013)¹	370 694	418 234
Cash flow from operating activities	8 904	-14 769
Cash flow from investing activities	-164 473	-50 221
Cash flow from financing activities	-43 360	71 759
Change in cash and cash equivalents due to currency translation	-393	-1 337
Change in cash and cash equivalents due to changes in scope of consolidation	-7 413	48
Cash and cash equivalents at 31 Dec 2014 (2013)¹	163 959	423 714

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

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

from 1 October 2014 to 31 December 2014

Information about company

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

These condensed interim consolidated financial statements were prepared by the Executive Board on 10 February 2015. Neither the condensed interim consolidated financial statements nor the interim group management report were subject to any audit review requirement.

Accounting policies

The condensed interim consolidated statements for the period from 1 October 2014 to 31 December 2014 have been prepared in accordance with IFRS accounting requirements as adopted by the EU, and in particular with IAS 34 "Interim Financial Reporting". These interim consolidated financial statements do not include all notes and disclosures required of a complete set of annual financial statements and should therefore be read in conjunction with the consolidated financial statements as of 30 September 2014. No application has been made of published standards and interpretations not yet requiring mandatory application.

Apart from the new requirements outlined below, the accounting policies applied in the interim consolidated financial statements as of 31 December 2014 are therefore consistent with those applied in the consolidated financial statements as of 30 September 2014.

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

Applicable standards and interpretations		EU endorsement	Application date ¹
IAS 36	Disclosures for Non-Financial Assets	19 Dec 2013	1 Jan 2014
IFRIC 21	Levies	13 Jun 2014	17 Jun 2014
IAS 39	Novation of Derivatives and Continuation of Hedge Accounting	19 Dec 2013	1 Jan 2014
IAS 32	Financial Instruments – Presentation Offsetting Financial Assets and Financial Liabilities	13 Dec 2012	1 Jan 2014
IFRS 10	Consolidated Financial Statements	11 Dec 2012	1 Jan 2014
IFRS 11	Joint Arrangements	11 Dec 2012	1 Jan 2014
IFRS 12	Disclosures of Interests in Other Entities	11 Dec 2012	1 Jan 2014
IAS 27	Separate Financial Statements	11 Dec 2012	1 Jan 2014
IAS 28	Investments in Associates and Joint Ventures	11 Dec 2012	1 Jan 2014
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
IFRS 10, IFRS 12, IAS 27	Investment Entities	20 Nov 2013	1 Jan 2014

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

The implications of the relevant applicable standards and interpretations for the condensed interim consolidated financial statements of the MVV Energie Group are explained in greater detail below:

First-time application of IFRS 11 has led to an amendment in the method of consolidation at companies in the Stadtwerke Ingolstadt subgroup. In future, these companies will no longer be recognised proportionately, but will rather be included in the consolidated financial statements using the equity method. The previous year's figures in the "scope of consolidation" table have been adjusted accordingly, a measure which has reduced the number of proportionately consolidated companies at the Group to zero and increased the number of companies recognised at equity by one. The amended method of inclusion has resulted in a reduction in individual assets and liabilities in the consolidated balance sheet, a reduction in individual income statement items and an increase in income from companies recognised at equity. These changes are apparent in summarised form in the following table.

Adjustments to income statement of the MVV Energie Group

Euro 000s	Change on 31 Dec 2013
Sales after electricity and natural gas taxes	-22 080
EBIT	-1 465

Adjustments to balance sheet of the MVV Energie Group

Euro 000s	Change on 30 Sep 2014	Change on 1 Oct 2013
Assets		
Non-current assets	-55 576	-50 184
Current assets	-14 110	-19 927
Equity and liabilities		
Non-current liabilities	-40 027	-37 670
Current liabilities	-29 780	-32 562

Application of IFRS 10 and IFRS 11 did not necessitate any further adjustments in the method of consolidation.

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

Changes in scope of consolidation

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

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

Scope of consolidation

	Companies fully consolidated	Companies recognised at equity
30 Sep 2014 ¹	82	18
Additions	4	1
Disposals	1	—
31 Dec 2014	85	19

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

By way of a capital increase, the MVV Energie Group acquired a 50.1 % stake in the German renewable energies market leader Juwi AG, Wörrstadt, in the 1st quarter of 2014/15. This shareholding is held by MVV Alpha fünfzehn GmbH, Mannheim, a wholly-owned subsidiary of MVV Energie AG, Mannheim, that has been fully consolidated for this purpose. The Juwi subgroup has been consolidated as a joint venture using the equity method.

To enable the Group in future to offer one-stop solutions and services for private, retail, commercial and industrial customers, a wholly-owned subsidiary of MVV Energie AG, Mannheim, was founded with the name BEEGY GmbH, Mannheim. This company has provisionally been reported under other majority shareholdings.

In preparation for the takeover of utility businesses in the context of an asset deal, the company EVO Alpha eins GmbH, Frankfurt am Main, was founded by FRASSUR GmbH Umweltschutz-Dienstleistungen, Mörfelden-Walldorf, in the 1st quarter of 2014/15 and fully consolidated.

The company SWKiel Speicher GmbH, Kiel, was founded by Stadtwerke Kiel AG, Kiel, in the 1st quarter of 2014/15.

The exercising of a purchase option in connection with a lease agreement means that the basis for the full consolidation of ZEDER Verwaltungsgesellschaft mbH & Co. Vermietungs KG, Pullach, no longer applies. This company was therefore deconsolidated in the 1st quarter of 2014/15. This led to earnings of Euro 0.4 million at the Group.

As of 16 October 2014, the assets of the insolvent company Windwärts Energie GmbH, Hanover, were taken over by the newly founded Windwärts Energie GmbH, Mannheim, in the context of an asset deal. In the course of the Windwärts asset deal, 100 % stakes were also acquired in Vents d'Oc Énergies Renouvelables SARL, Montpellier, with its project companies and in Windwärts erste Verwaltungsgesellschaft mbH, Hanover. The French company will be fully consolidated, while the German shareholding is reported under other majority shareholdings and will not be consolidated.

The fair values upon acquisition of the identifiable assets and liabilities acquired in the context of the Windwärts asset deal have been presented in the following table. These involve remeasurements of the assets and liabilities acquired from the insolvency estate.

Identifiable assets and liabilities	
	Windwärts asset deal
Euro 000s	Recognised upon acquisition
Intangible assets	71
Property, plant and equipment	977
Financial assets	1 884
Inventories	9 535
Trade receivables	186
Other receivables	40
Cash and cash equivalents	288
Deferred expenses and accrued income	6
Provisions	233
Trade payables	11
Other liabilities	259
Fair value of net assets	12 484
Goodwill	3 772

Given the uncertainty concerning the measurement of the assets and liabilities taken over, the figures presented are of a preliminary nature.

The purchase price was settled from liquid funds.

Currency translation

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

Currency translation				
	Rate on reporting date		Average rate	
	31 Dec 2014	30 Sep 2014	1 Oct 2014 to 31 Dec 2014	1 Oct 2013 to 31 Dec 2013
1 Euro				
Czech crowns (CZK)	27.735	27.500	27.630	26.658
British pounds (GBP)	0.779	0.777	0.789	0.841

Source: European Central Bank

Seasonal influences on business activities

The seasonal nature of business activities at the companies in the MVV Energie Group means that a higher level of sales and operating earnings is regularly generated in the first two quarters of the financial year than in the 3rd and 4th quarters. The 1st quarter of 2014/15 was negatively affected by warmer weather conditions compared with the previous year.

Notes to Income Statement

1 Sales

A depiction of sales broken down into their respective value creation stages has been provided in the segment report.

Translated into group currency, sales at our foreign subsidiaries amounted to Euro 23 914 thousand.

2 Other operating income and other operating expenses

Other operating income

Euro 000s	1 Oct 2014 to 31 Dec 2014	1 Oct 2013 to 31 Dec 2013
Income from derivatives recognised under IAS 39 ¹	81 670	135 329
Income from emission rights	10 603	9 501
Income from sale of assets ¹	2 403	2 330
Reversal of impairments and receipts of retired receivables ¹	1 976	6 574
Reversal of provisions	263	3 804
Other ¹	14 610	11 204
	111 525	168 742

¹ previous year's figures adjusted.

Further details can be found under ► Accounting policies

Other operating expenses

Euro 000s	1 Oct 2014 to 31 Dec 2014	1 Oct 2013 to 31 Dec 2013
Expenses for derivatives recognised under IAS 39 ¹	87 448	113 664
Expenses for emission rights	11 260	29 537
Expenses for maintenance, repairs and IT services ¹	3 232	4 788
Additions to write-downs and receivable defaults ¹	2 867	5 020
Other ¹	34 343	35 249
	139 150	188 258

¹ previous year's figures adjusted.

Further details can be found under ► Accounting policies

The change in other operating income and other operating expenses is chiefly due to the recognition of derivatives measured under IAS 39. The measurement of these items under IAS 39 resulted in a negative net effect of Euro 5 778 thousand in the 1st quarter of 2014/15 (previous year: positive effect of Euro 21 665 thousand).

3 Income from companies recognised at equity

The income of Euro 5 103 thousand from companies recognised at equity (previous year: Euro 6 618 thousand) is attributable to the subsequent measurement of companies recognised at equity at the MVV Energie Group.

4 Financing income and financing expenses

Financing income and financing expenses mainly involve interest on loans and finance leases, currency translation income and expenses for financing facilities, as well as IAS 39 measurement items.

5 Taxes on income

Taxes on income		
Euro 000s	1 Oct 2014 to 31 Dec 2014	1 Oct 2013 to 31 Dec 2013
Taxes on income ¹	13 963	24 217
Effective tax rate in %	29.1	28.9

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

6 Earnings per share

Earnings attributable to MVV Energie AG shareholders and earnings per share

	1 Oct 2014 to 31 Dec 2014	1 Oct 2013 to 31 Dec 2013
Earnings attributable to MVV Energie AG shareholders (Euro 000s) ¹	30 349	50 367
No. of shares in 000s (weighted average)	65 907	65 907
Earnings per share (Euro) ¹	0.46	0.76

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

It was not necessary to account for any dilution effects.

Notes to Balance Sheet

7 Other financial assets

The increase in other financial assets in the 1st quarter of 2014/15 is mainly related to the takeover of business fields in the context of asset deals.

8 Other receivables and assets

The increase in other receivables and assets compared with 30 September 2014 is principally due to higher market prices and the resultant increase in the fair values of energy trading transactions recognised under IAS 39. This effect was opposed by the developments in receivables from security deposits for energy trading transactions and input tax receivables.

9 Deferred taxes

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

10 Inventories

Inventories rose by Euro 16 876 thousand compared with 30 September 2014. This increase is chiefly due to the addition of Windwärts Energie GmbH, Mannheim, and Vents d'Oc Énergies Renouvelables SARL, Montpellier, as well as to the adjustment in the business model in line with new market circumstances and the resultant change in the recognition of receivables for existing projects.

11 Trade receivables

The increase in trade receivables in the 1st quarter of 2014/15 largely corresponds to the customary seasonal course of business. Customer instalments received do not compensate in full for increased energy turnover during the winter months and thus led to a seasonal rise in trade receivables.

12 Cash and cash equivalents

The sharp reduction in cash and cash equivalents is primarily due to the investment made in extending the wind power value chain. A further major factor involves the exercising of the purchase option for a non-recyclable waste incineration and energy generation plant.

13 Dividends paid

The Annual General Meeting on 13 March 2015 will decide whether to accept the proposal made by the Executive and Supervisory Boards of MVV Energie AG to distribute a dividend of Euro 0.90 per individual share, and thus unchanged on the previous year, for the 2013/14 financial year (total: Euro 59 316 thousand).

14 Financial debt

Financial debt showed a slight decrease of Euro 24 632 thousand compared with 30 September 2014. This reduction chiefly resulted from lower drawdown volumes for loans taken up to finance investments.

15 Other liabilities

The increase in other liabilities is due to higher market prices and the resultant increase in the fair values of energy trading transactions recognised under IAS 39.

16 Contingent liabilities

There have been no material changes in contingent liabilities since 30 September 2014.

17 Segment report

Income statement of the MVV Energie Group by segment from 1 October 2014 to 31 December 2014

Euro 000s	External sales excluding energy taxes	Intercompany sales excluding energy taxes	Depreciation and amortisation	Adjusted EBIT
Generation and Infrastructure	106 549	165 237	27 897	40 346
Trading and Portfolio Management	230 360	236 023	72	-3 870
Sales and Services	573 306	87 561	3 889	17 041
Strategic Investments	29 370	452	2 622	8 481
Other Activities	1 197	6 450	3 794	1 717
Consolidation	—	-495 723	—	12
	940 782	—	38 274	63 727

Income statement of the MVV Energie Group by segment from 1 October 2013 to 31 December 2013

Euro 000s	External sales excluding energy taxes ¹	Intercompany sales excluding energy taxes ¹	Depreciation and amortisation ¹	Adjusted EBIT ¹
Generation and Infrastructure	96 854	172 734	28 282	36 517
Trading and Portfolio Management	298 586	270 612	72	-3 991
Sales and Services	620 513	102 075	3 987	24 873
Strategic Investments	34 358	339	2 748	14 872
Other Activities	1 037	6 285	3 705	2 027
Consolidation	—	-552 045	—	2 179
	1 051 348	—	38 794	76 477

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

External reporting is consistent with the internal management structure. Units are grouped in such a way that the pooling of specialist competence under one roof forms the basis for stringent portfolio management at the Group. Business fields based on the respective value creation stages have been allocated to the reporting segments of Generation and Infrastructure, Trading and Portfolio Management, Sales and Services, Strategic Investments and Other Activities.

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, wind power portfolio and biomethane plants. Moreover, this segment also includes grid facilities for electricity, heating energy, gas and water, as well as technical service units allocated to the grids business field for grid-based energy and water distribution.
- The **TRADING AND PORTFOLIO MANAGEMENT** reporting segment includes energy procurement and portfolio management and the energy trading business at MVV Trading GmbH.
- The **SALES AND SERVICES** reporting segment consists of the retail and secondary distribution business with electricity, heating energy, gas and water at the Mannheim, Stadtwerke Kiel and Energieversorgung Offenbach subgroups, the energy-related services business at the MVV Enamic and Energieversorgung Offenbach subgroups and the New Ventures business field with our activities in the field of decentralised energy management.
- The **STRATEGIC INVESTMENTS** reporting segment consists of the Köthen Energie and MVV Energie CZ subgroups and the at-equity result of the Stadtwerke Ingolstadt subgroup.
- The **OTHER ACTIVITIES** reporting segment consists in particular of the company Shared-Services-Center and of cross-divisional functions.
- Consolidation involves transactions with other reporting segments that are eliminated for consolidation purposes.

Intercompany sales represent the volume of sales between segments. The transfer prices applied to transfers between the segments correspond to customary market terms. Segment sales before consolidation are equivalent to the total of intercompany and external sales.

Of segment sales with external customers, 97.5 % were generated in Germany (previous year: 97.3 %). The regional breakdown of sales is based on the geographical location of the customers.

No individual customers of the MVV Energie Group account for or exceed 10 % of the Group's total sales.

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

Reconciliation of EBIT (income statement) with adjusted EBIT			
Euro 000s	1 Oct 2014 to 31 Dec 2014	1 Oct 2013 to 31 Dec 2013	+/- change
EBIT as per income statement ¹	56 202	96 264	-40 062
Financial derivative measurement items ¹	5 778	-21 665	27 443
Structural adjustment for part-time early retirement	984	889	95
Interest income from finance leases ¹	763	989	-225
Adjusted EBIT	63 727	76 477	-12 749

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

18 Cash flow statement

The 1st quarter of 2014/15 witnessed a reduction in the cash flow before working capital and taxes compared with the equivalent period in the previous year. This was due among other factors to net income for the period before taxes on income, which fell short of the previous year's figure after elimination of other non-cash income and expenses. Furthermore, the cash flow before working capital and taxes was also affected by lower financing expenses and changes in non-current provisions.

By contrast, the cash flow from operating activities increased significantly in the 1st quarter of 2014/15, a development chiefly due to the recognition of derivative fair value measurements.

The cash flow from investing activities showed a sharp year-on-year reduction in the 1st quarter of 2014/15 due to the outgoing payments for the investment in Juwi AG and the Windwärts asset deal.

The cash flow from financing activities decreased significantly compared with the previous year's period. This in turn was chiefly attributable to net new borrowing.

19 Related party disclosures

Numerous contractually agreed legal relationships are in place between companies of the MVV Energie Group and the City of Mannheim and the companies controlled by the latter (electricity, gas, water and district heating supply agreements, as well as rental, leasing and service agreements). Furthermore, concession agreements are in place between MVV Energie AG and the City of Mannheim.

All business relationships have been concluded on customary market terms and are basically analogous to the supply and service agreements concluded with third parties.

Related party disclosures

Euro 000s	Goods and services provided				Receivables		Liabilities	
	Income		Expenses		31 Dec 2014	30 Sep 2014	31 Dec 2014	30 Sep 2014
	1 Oct 2014 to 31 Dec 2014	1 Oct 2013 to 31 Dec 2013	1 Oct 2014 to 31 Dec 2014	1 Oct 2013 to 31 Dec 2013				
Abfallwirtschaft Mannheim	95	86	45	7	87	76	27	—
ABG Abfallbeseitigungsgesellschaft mbH	4	3	925	940	—	—	658	597
GBG Mannheimer Wohnungsbaugesellschaft mbH	513	520	32	21	1 330	823	37	—
m:con – mannheim:congress GmbH	932	933	102	62	7 098	6 641	48	—
MVV GmbH	22	32	150	—	12	17	—	—
MVV Verkehr GmbH	21	15	—	—	20	12	—	—
Rhein-Neckar-Verkehr GmbH	1 498	1 634	1	2	2 294	983	505	264
Stadtentwässerung Mannheim	658	614	107	115	15	367	12	—
City of Mannheim	3 847	3 613	5 615	673	140	1 156	8 509	4 605
Companies recognised at equity ¹	10 351	25 469	49 266	68 392	1 038	14 700	3 093	16 425
Other related parties	2 367	1 157	553	425	647	636	486	511
	20 308	42 665	56 796	73 656	12 681	28 511	13 375	23 478

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

20 Events after balance sheet date

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

Mannheim, 10 February 2015

MVV Energie AG

Executive Board



Dr. Müller



Bekker



Klöpfer



Dr. Roll

RESPONSIBILITY STATEMENT

“We affirm that, to the best of our knowledge, the interim consolidated financial statements give a true and fair picture of the net asset, financial and earnings position of the Group in accordance with the accounting principles applicable for interim reporting and the interim group management report provides a fair review of the development and performance of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group through to the end of the 2014/15 financial year.”

Mannheim, 10 February 2015

MVV Energie AG

Executive Board



Dr. Müller



Bekker



Klöpfer



Dr. Roll

FINANCIAL CALENDAR

- **12 February 2015**
Financial Report for 1st Quarter of 2014/15
- **13 March 2015**
Annual General Meeting
- **15 May 2015**
Financial Report for 1st Half of 2014/15
- **15 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
- **10 December 2015**
Annual Financial Report 2014/15 (Annual Report)
- **10 December 2015**
Annual Results Press Conference and Analysts' Conference for 2014/15 Financial Year

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All financial reports of the MVV Energie Group can be downloaded from our websites. The German and English editions of the 2013/14 Annual Report can also be accessed in Flash format.

www.mvv-investor.de

