We inspire
with energy.

Quarterly Statement 3M

Financial Year 2020

MVV in Figures

	1 Oct 2019 to 31 Dec 2019	1 Oct 2018 to 31 Dec 2018	% Change
Adjusted sales excluding energy taxes (Euro million) [1]	1,042	997	+ 5
Adjusted EBITDA [2] (Euro million)	128	114	+ 12
Adjusted EBIT [2] (Euro million)	81	67	+ 21
Adjusted net income for period [2] (Euro million)	47	38	+ 24
Adjusted net income for period after minority interests [2] (Euro million)	39	32	+ 22
Adjusted earnings per share [2] (Euro)	0.59	0.48	+ 23
Cash flow from operating activities [1] (Euro million)	– 36	12	–
Cash flow from operating activities per share [1] (Euro)	– 0.55	0.18	–
Adjusted total assets at 31 December 2019 / 30 September 2019 [3] (Euro million)	4,614	4,472	+ 3
Adjusted equity at 31 December 2019 / 30 September 2019 [3] (Euro million)	1,590	1,544	+ 3
Adjusted equity ratio at 31 December 2019 / 30 September 2019 [3] (%)	34.5	34.5	0
Net financial debt at 31 December 2019 / 30 September 2019 (Euro million)	1,473	1,345	+ 10
Investments (Euro million)	92	71	+ 30
Number of employees at 31 December 2019 / 31 December 2018 (headcount)	6,141	5,981	+ 3

1 Previous year's figures adjusted
2 Excluding non-operating measurement item for financial derivatives, excluding structural adjustment for part-time early retirement and including interest income from finance leases
3 Excluding non-operating measurement item for financial derivatives

Contents

Highlights

Growth in renewable energies

Our Juwi subsidiary successfully implemented a further renewable energies expansion project by planning and launching operations at Freisen-Rothsberg Windfarm in Saarland. With installed capacity of around 7 MW, the two wind turbines generate more than 18 million kilowatt hours of electricity a year, enough to cover the annual electricity consumption of more than 5,800 three-person households. When operations were launched in November 2019, we added the windfarm to our own generation portfolio, taking total installed capacity at our renewable energies plants to 481 MW.

Energy turnaround in Kiel

Having successfully completed its trial operations, the new gas-powered CHP plant in Kiel took up commercial operations at the end of November 2019. The new plant, whose investment volume of around Euro 290 million makes it the single largest investment in our company's history, sets standards in terms of flexibility, efficiency and sustainability. It achieves a primary energy use rate of more than 90 %. Its 20 gas motors can go from zero to 190 MW of electricity capacity in just five minutes. At the same time, when in operation the plant has heating energy capacity of 192 MW. The gas-powered CHP plant in Kiel will help substantially reduce CO_2 emissions and forms the basis for providing the state capital of Schleswig-Holstein with an environmentally-friendly supply of heating energy. It is therefore all the more pleasing that our Stadtwerke Kiel subsidiary will continue to operate the district heating grid in Kiel in future as well. The concession agreement, which runs until 2038, was concluded in December.

Foreword

Dear Ladies and Gentlemen,

Alongside economic efficiency and supply reliability, two indispensable aspects of our strategy for many years now have been climate protection and sustainability. Not least for that reason, at the start of the current financial year we added a long-term target to our decarbonisation strategy: We will become climate-neutral as a company by 2050 at the latest.

To this end, we will consistently maintain the course already taken in the past. We will press further ahead with expanding renewable energies and cutting emissions at our conventional generation positions. At the same time, we will make our own generation portfolio gradually greener. However, climate neutrality also means us acting as a competent and experienced partner to our customers as they themselves head for climate neutrality – by offering solutions for greater energy efficiency, renewable proprietary generation and innovative products and services.

2020 will be a special year

Many of the seeds we planted in recent years will bear fruit in the 2020 financial year. Our new gas-powered CHP plant in Kiel launched commercial operations at the end of November 2019 already. This plant sets new standards in terms of its flexibility, efficiency and sustainability. With its 20 gas motors, it will secure the supply of environmentally-friendly heating energy to the state capital of Schleswig Holstein and help substantially cut CO_2 emissions.

Our Green Heat, launched at the beginning of February 2020, marks the beginning of a new chapter in the success story of supplying district heating to Mannheim and the region. Here, we connected Mannheim’s waste-powered CHP plant on Friesenheimer Insel to the regional heating energy grid. This way, up to 30 percent of future heating energy needs in Mannheim and the municipalities connected to the district heating grid will be covered by renewable energies. We are implementing comparable concepts at other locations as well.

We have also made progress in expanding our proprietary renewable energies generation portfolio. In November 2019, we took over Freisen-Rothsberg Windfarm, which had been developed and built by Juwi. Overall, our renewable energies plants now have installed capacities of 481 megawatts.

We are heading in the right direction

If we look at our operating performance, we can also see that MVV is pursuing the right strategy. We can report a good start to our new 2020 financial year, with year-on-year growth in adjusted sales and adjusted EBIT in the 1st quarter of 2020. Looking ahead, we can thus confirm our earnings forecast. We expect our adjusted EBIT to slightly exceed the previous year’s figure.

The gas-powered CHP plant in Kiel, Green Heat in Mannheim and the Rhine-Neckar region and the windfarm in Freisen: These are just some examples showing why 2020 will be a special year for MVV, one which will see us newly launching additional initiatives, as well as pressing further ahead with or successfully completing existing projects. In all of these, we will combine sustainability with economic efficiency – in order to make the energy turnaround a reality.

Yours faithfully,

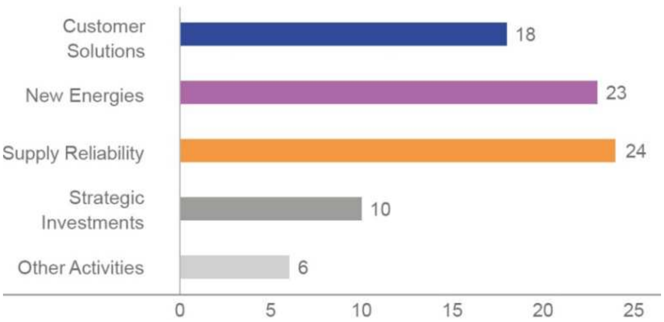
Dr. Georg Müller
CEO

Our First Three Months

Adjusted EBIT

81 Euro million

ADJUSTED EBIT BY REPORTING SEGMENT
Euro million

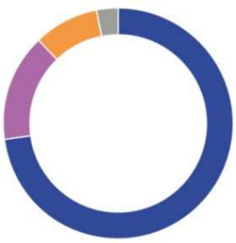


Sales

1.0 Euro billion

ADJUSTED SALES BY REPORTING SEGMENT
Shares %

Customer Solutions	73
New Energies	15
Supply Reliability	9
Strategic Investments	3



Investments

92 Euro million

BUSINESS FRAMEWORK

Energy policy climate

Coal exit resolved by Federal Government

Exactly one year after the recommendations made by the Commission on Growth, Structural Change and Employment (KWSB), at the end of January 2020 the Federal Cabinet approved the draft legislation governing Germany's exit from coal. This provides for phasing out coal use by 2038, with the decommissioning of lignite power plants and mines to be agreed directly with the operators. Hard coal power plants are to be decommissioned by way of a tender mechanism in the period from 2020 to 2026. From 2027 at the latest, they will be decommissioned by regulatory law measures not entailing any compensation. Hard coal plants in a legally defined "southern region", where Mannheim is also located, are only permitted to participate from the second tender round onwards. Plants in this region will also be subject in all rounds to a "grid factor", which will reduce their chances of being awarded tenders. From MVV's perspective, this unequal treatment is not justified. Moreover, the mechanism does not adequately promote the conversion to CO_2-free generation of electricity and heating energy.

German Climate Protection Package adopted

The Federal Government adopted its Climate Protection Package in December 2019. This marks the beginning of CO_2 pricing for the transport and heating sectors, which are not included in the existing European emissions trading system. The CO_2 emission price is due to start at Euro 25 in 2021 and rise to Euro 55 by 2025. This will be countered by a reduction in the electricity levy charged under the German Renewable Energies Act (EEG). Furthermore, the Federal Government will subsidise energy-related building refurbishment, the replacement of building heating systems and the conversion to e-mobility. From MVV's perspective, introducing the national CO_2 price is a positive step that will support the conversion to renewable energies for building heating and mobility as well. This will create opportunities to supply heating energy from efficient and sustainable generation and to expand e-mobility, as electricity-based applications will become more competitive compared with fuel-based solutions for heating (such as oil) and mobility (petrol, diesel).

EU reaches agreement on "Green Deal"

The key focuses of the new EU Commission with regard to accelerating decarbonisation by 2030 were unveiled in December 2019. With the "Green Deal", the EU is set to reduce its CO_2 emissions by at least 50 % by 2030 and to become climate neutral by 2050. The measures aimed at achieving this include extending the European emissions trading system to the transport and heating energy sectors. In the energy sector, the EU will be building on a more marked expansion in renewable energies, greater energy efficiency and new state aid guidelines. European legislation is expected to support our strategic alignment in the years ahead. This is particularly true of the expansion in renewable energies, decarbonisation of the heating energy supply and climate neutrality at customers.

Market climate

Wholesale prices

Wholesale prices (average) 3M, 1 October to 31 December

	FY 2020	FY 2019	+/– change	% change
Crude oil [1] (US$/barrel)	62.42	68.60	– 6.18	– 9
Natural gas [2] (Euro/MWh)	18.07	21.87	– 3.80	– 17
Coal [3] (US$/tonne)	67.78	87.88	– 20.10	– 23
CO_2 certificate [4] (Euro/tonne)	25.29	21.40	+ 3.89	+ 18
Electricity[5] (Euro/MWh)	47.11	49.41	– 2.30	– 5

1 Brent crude oil; front-month
2 Net Connect Germany market region; front-year
3 Front-year
4 Front December contract
5 Front-year

Fuel markets generally weak

Overall, energy prices decreased in the 1st quarter of our 2020 financial year compared with the same period in the previous year. By contrast, the emissions market proved robust in the period under report, with the price of CO_2 rights ahead of the previous year's figure at the end of 2019.

Low spreads from conventional generation

Both the clean dark spread (CDS) and the clean spark spread (CSS) – the margins achieved from conventional generation – were slightly higher than the previous year's figures at the end of the period under report, but nevertheless remained low. Both spreads impact in particular on operating earnings in Supply Reliability, the reporting segment to which we allocate the marketing of generation positions in our combined heat and power generation business field.

DEVELOPMENT IN CLEAN DARK SPREAD AND CLEAN SPARK SPREAD FOR 2021

Impact of weather conditions

Mild weather and higher wind volumes

Higher outdoor temperatures lead to lower heating energy requirements at our customers and are also reflected in lower degree day figures, the key figure used to indicate temperature-based heating energy consumption. Like the same period in the previous year, the 1st quarter of our 2020 financial year was characterised by mild weather conditions. Degree day figures in the period under report were therefore at around the same level as in the previous year.

Just like our customers' heating energy needs, the volume of electricity generated at our renewable energies plants is also affected by weather conditions. Wind volumes are especially significant, as they largely determine the volume of electricity generated by our wind turbines.

The volume of usable wind power in the regions relevant to our business was around 26 % higher overall than the long-term average in the 1st quarter of the 2020 financial year. The wind yield was higher than the previous year's figure, which already exceeded the long-term average by around 17 % over the same period. For this comparison, we use the "EMD-ERA" Wind Index with a reference period (historic average).

BUSINESS PERFORMANCE

Presentation of earnings performance

The period under report comprises the 1st quarter of the 2020 financial year – from 1 October to 31 December 2019. Unless otherwise indicated, the following comments refer to the MVV Energie Group (MVV).

Material operating developments

While electricity and gas turnover were at approximately the same levels as in the previous year, our heating energy turnover showed a year-on-year increase. This was mainly due to the coupling out of a higher volume of steam.

To report our sales, we eliminate IFRS 9 measurement items, amounting to a net total of Euro – 19 million as of 31 December 2019 and of Euro + 45 million as of 31 December 2018.

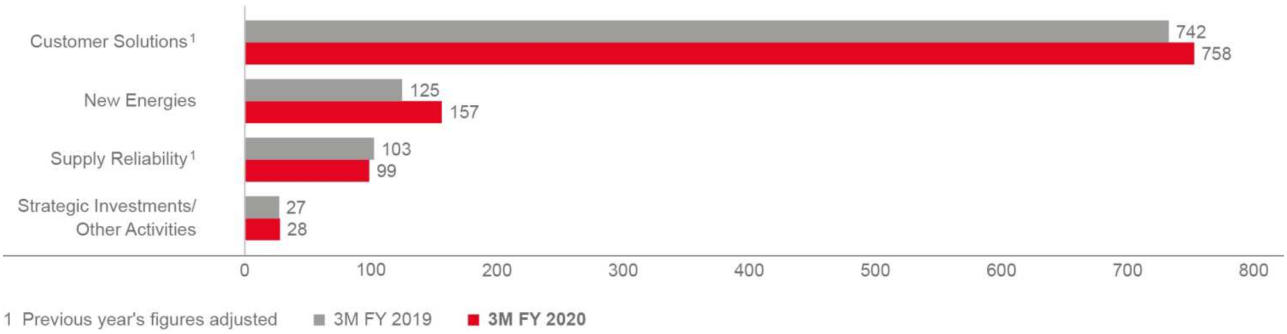
The growth in adjusted sales was due above all to our project development business, the initial consolidation of EnDaNet in the 1st quarter of the period under report and the full consolidation of DC Data Center Group for the first time in the 3rd quarter of the previous year.

MVV 3M, 1 October to 31 December

Euro million	**FY 2020**	FY 2019	+/– change	% change
Development in turnover				
Electricity (kWh million)	5,862	5,793	+ 69	+ 1
Heating energy (kWh million)	2,205	2,077	+ 128	+ 6
Gas (kWh million)	7,634	7,735	– 101	– 1
Water (m³ million)	10.4	10.3	+ 0.1	+ 1
Adjusted sales excluding energy taxes [1]	1,042	997	+ 45	+ 5
of which electricity revenues [1]	450	512	– 62	–12
of which heating energy revenues	116	111	+ 5	+ 5
of which gas revenues	211	207	+ 4	+ 2
of which water revenues	22	22	–	–
Adjusted EBIT	81	67	+ 14	+ 21

1 Previous year's figures adjusted

ADJUSTED SALES BY REPORTING SEGMENT
Euro million



The year-on-year increase in adjusted EBIT was mainly attributable to operations being launched at our new gas-fired CHP plant in Kiel. Moreover, the previous year's earnings were adversely affected by low-water surcharges, which raised fuel transport costs. Our environmental energy business performed positively in the period under report, benefiting here from improved plant availability levels and a positive development in waste and waste timber prices. In November 2019, we added Freisen-Rothsberg Windfarm, which had been developed and built by Juwi, to our generation portfolio. This takeover was executed at cost. Overall, we expect our project development business to perform positively in the further course of the year.

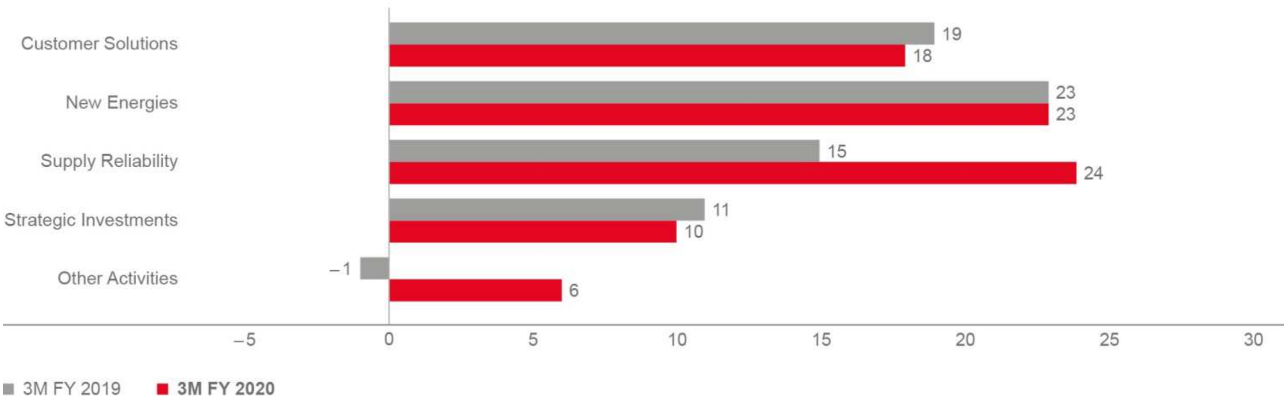
Reconciliation with adjusted EBIT

Reconciliation of EBIT (income statement) with adjusted EBIT: 1 October to 31 December

Euro million	FY 2020	FY 2019	+/– change
EBIT as reported in income statement	52	4	+ 48
Financial derivative measurement item	+ 28	+ 62	– 34
Structural adjustment for part-time early retirement	< 1	< 1	–
Interest income from finance leases	+ 1	+ 1	–
Adjusted EBIT	**81**	**67**	**+ 14**

We refer to adjusted EBIT for our value-based management. To calculate this key figure, we adjust our operating earnings before interest and income taxes to eliminate, among other items, the positive and negative earnings items resulting from fair value measurement as of the reporting date of financial derivatives recognised pursuant to IFRS 9, which came to a net total of Euro – 28 million as of 31 December 2019 and of Euro – 62 million as of 31 December 2018. These measurement items reflect the development in prices on the commodities and energy markets. They have no impact on payments, neither do they affect our operating business or dividend.

ADJUSTED EBIT BY REPORTING SEGMENT
Euro million



Development in other key income statement items

Adjusted **cost of materials** rose by Euro 27 million to Euro 791 million. This development was due above all to the initial consolidation of EnDaNet in the period under report, as well as to the full consolidation of DC Data Center Group in the 3rd quarter of the previous year. Furthermore, the increase also reflects the development in our project development business.

At Euro 113 million, **adjusted employee benefit expenses** were Euro 7 million higher than in the previous year. The main reasons for this increase were consolidation items relating to EnDaNet and DC Data Center Group, as well as collectively agreed pay rises.

The changes in **other operating income and other operating expenses** were mainly attributable to the recognition of derivatives measured in accordance with IFRS 9.

Depreciation and amortisation amounted to Euro 47 million and were thus at the same level as in the previous year.

At Euro – 14 million, the **adjusted financial result** was Euro 2 million lower than in the previous year, a development principally due to lower interest income.

See Income Statement on Page 14

Presentation of asset position

The increase in current other receivables and assets by Euro 315 million primarily resulted from the higher level of market prices and resultant rise in the positive fair values of energy trading transactions recognised under IFRS 9. The growth in inventories by Euro 46 million mainly reflects the development in our project development business. Overall, **non-current assets** rose by Euro 23 million to Euro 3,487 million, while current assets grew by Euro 384 million to Euro 1,742 million.

At Euro 1,551 million, MVV's **equity** including non-controlling interests was Euro 16 million higher than the figure at the previous year's balance sheet date.

The reduction in current other provisions by Euro 27 million was due above all to utilisations of CO_2 and employee-related obligations. The increase in current and non-current other liabilities by Euro 335 million mainly resulted from higher market prices and the resultant rise in the fair values of energy trading transactions recognised under IFRS 9. **Non-current debt** rose by Euro 52 million to Euro 2,161 million, while current debt grew by Euro 339 million to Euro 1,517 million.

For Group management purposes, we adjust our consolidated balance sheet as of 31 December 2019 to eliminate cumulative items resulting from IFRS 9 measurement as of the reporting date. On the asset side, we eliminate the positive fair values of derivatives and allocable deferred taxes, amounting to Euro 614 million (30 September 2019: Euro 350 million).

On the equity and debt side, we eliminate negative fair values and allocable deferred taxes, amounting to Euro 653 million, from liabilities (30 September 2019: Euro 358 million). Under equity, we then eliminate the net balance, which amounted to Euro – 39 million (30 September 2019: Euro – 8 million). This led to **adjusted equity** of Euro 1,590 million as of 31 December 2019 (30 September 2019: Euro 1,544 million). Based on adjusted total assets of Euro 4,614 million (30 September 2019: Euro 4,472 million), the adjusted equity ratio amounted to 34.5 % as of 31 December 2019, as against 34.5 % as of 30 September 2019.

See Balance Sheet on Page 15

Presentation of financial position

Chiefly due to new loans taken up to finance projects, **current and non-current financial debt** rose by Euro 49 million to Euro 1,751 million. The reduction in **cash and cash equivalents** by Euro 80 million mainly resulted from outgoing payments made for major projects and for inventories in our project development business. **Net financial debt** (current and non-current financial debt less cash and cash equivalents) rose by Euro 128 million to Euro 1,473 million.

The **cash flow before working capital and taxes** increased, also after the elimination of non-cash income and expenses and the non-operating result, by Euro 14 million, with this being due to the year-on-year improvement in net income for the period before taxes on income (EBT).

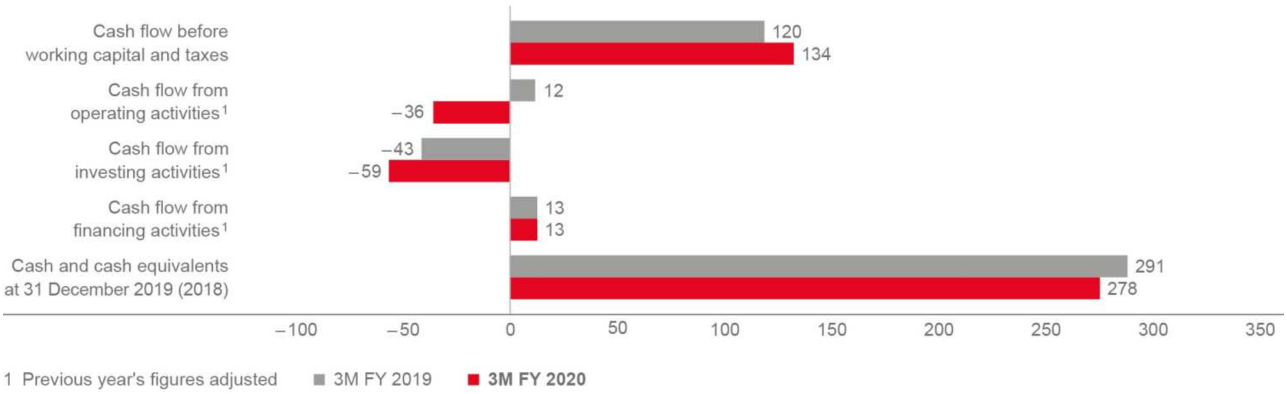
The **cash flow from operating activities** fell Euro 48 million short of the figure for the previous year's period. This was due on the one hand to seasonal changes in trade receivables. On the other hand, the reduction was exacerbated by higher inventories in the project development business. By contrast, this key figure was positively affected in particular by projects settled in our project development business.

The development in the **cash flow from investing activities** was chiefly influenced by higher investments in property, plant and equipment. Furthermore, this key figure was also affected by the outgoing payment made to acquire EnDaNet. These factors were opposed by divestments made in the period under report, which thus had a positive cash flow effect. Overall, the cash flow from investing activities fell year-on-year by Euro 16 million.

The **cash flow from financing activities** hardly changed compared with the 1st quarter of the 2019 financial year. As of 31 December 2019, MVV posted **cash and cash equivalents** of Euro 278 million (31 December 2018: Euro 291 million).

See Cash Flow Statement on Page 16

CASH FLOW STATEMENT
Euro million



1 Previous year's figures adjusted

FORECAST FOR THE 2020 FINANCIAL YEAR

After the 1st quarter, we can confirm our forecast for the 2020 financial year, which we published in our 2019 Annual Report and present in abbreviated form below.

We expect MVV's adjusted sales (excluding energy taxes) to increase slightly compared with the previous year (Euro 3.7 billion). Our sales performance will depend above all on trading activities and commodity prices, project realisation in the renewable energies project development business and sales activities, as well as on weather conditions.

Given our business model, our earnings performance is chiefly dependent on weather and wind conditions, the development in waste and biomass prices, procurement costs for fuel and CO_2 emission rights, spreads from conventional generation, developments in the market and competitive climate and targeted cost management. From a technical perspective, our earnings performance is also affected by the availability of our plants. These factors are accompanied by the high overall degree of volatility in our project development business.

Overall, from an operating perspective we expect MVV's adjusted EBIT for the 2020 financial year to slightly exceed the previous year's figure (Euro 225 million).

OPPORTUNITY AND RISK SITUATION

We presented our opportunity and risk management system from Page 79 onwards of our 2019 Annual Report. In that report, we also present the risk categories relevant to our business and the associated opportunities and risks. The overall risk situation at the end of the 1st quarter of our 2020 financial year was similar to that as of 30 September 2019.

EVENTS AFTER BALANCE SHEET DATE

No events with a material influence on MVV's further course of business have occurred since the balance sheet date on 31 December 2019.

INCOME STATEMENT

Income statement

Euro 000s	**1 Oct 2019 to 31 Dec 2019**	1 Oct 2018 to 31 Dec 2018
Sales [1, 2]	1,064,102	1,085,861
less electricity and natural gas taxes	40,258	43,967
Sales after electricity and natural gas taxes	**1,023,844**	**1,041,894**
Changes in inventories	1,250	5,148
Own work capitalised	3,913	3,535
Other operating income [1, 2]	81,860	115,142
Cost of materials [1, 2]	786,195	849,527
Employee benefit expenses	112,587	106,480
Other operating expenses [1]	117,097	162,718
Impairment losses on financial instruments	– 523	1,419
Income from companies recognised at equity	3,883	5,468
Other income from shareholdings	453	– 87
EBITDA	**99,847**	**50,956**
Depreciation and amortisation	47,303	46,453
EBIT	**52,544**	**4,503**
of which result of IFRS 9 derivative measurement	– 27,608	– 61,958
of which EBIT before result of IFRS 9 derivative measurement	80,152	66,461
Financing income	4,272	5,270
Financing expenses	18,353	15,111
EBT	**38,463**	**– 5,338**
Taxes on income	11,789	– 948
Net income for period	**26,674**	**– 4,390**
of which non-controlling interests	673	23,690
of which earnings attributable to MVV Energie AG shareholders (net income for period after minority interests)	**26,001**	**– 28,080**
Basic and diluted earnings per share (Euro)	**0.39**	**– 0.43**

1 Previous year's figures adjusted due to NIFRIC "Physical settlement of contracts to buy or sell a non-financial item (IFRS 9)"
2 Previous year's figures adjusted: accounting method amended in connection with aforementioned NIFRIC.

BALANCE SHEET

Balance sheet		
Euro 000s	**31 Dec 2019**	30 Sep 2019
Assets		
Non-current assets		
Intangible assets	304,328	309,494
Property, plant and equipment	2,685,430	2,633,871
Right-of-use assets	147,737	149,814
Investment properties	2,526	2,606
Interests in companies recognised at equity	183,771	188,816
Other financial assets	73,577	78,931
Other receivables and assets	56,844	70,927
Deferred tax assets	32,336	29,368
	3,486,549	**3,463,827**
Current assets		
Inventories	225,224	179,074
Trade receivables	466,825	365,038
Other receivables and assets	756,131	441,538
Tax receivables	15,911	15,156
Cash and cash equivalents	277,944	357,564
	1,742,035	**1,358,370**
	5,228,584	**4,822,197**
Equity and debt		
Equity		
Share capital	168,721	168,721
Capital reserve	455,241	455,241
Accumulated net income	794,576	768,308
Accumulated other comprehensive income	– 73,309	– 72,554
Capital of MVV	**1,345,229**	**1,319,716**
Non-controlling interests	206,099	215,551
	1,551,328	**1,535,267**
Non-current debt		
Provisions	210,375	211,849
Tax provisions	7	7
Financial debt	1,586,528	1,533,537
Other liabilities	230,037	220,494
Deferred tax liabilities	133,666	143,461
	2,160,613	**2,109,348**
Current debt		
Other provisions	124,816	152,331
Tax provisions	43,070	33,816
Financial debt	164,880	168,632
Trade payables	396,389	361,609
Other liabilities	786,793	461,010
Tax liabilities	695	184
	1,516,643	**1,177,582**
	5,228,584	**4,822,197**

CASH FLOW STATEMENT

Cash flow – aggregate presentation

Euro 000s	**1 Oct 2019 to 31 Dec 2019**	1 Oct 2018 to 31 Dec 2018
Cash and cash equivalents at 1 October 2019 (2018)	**357,564**	**310,589**
Cash flow from operating activities [1]	– 36,476	11,596
Cash flow from investing activities [1]	– 59,405	– 42,774
Cash flow from financing activities [1]	13,342	12,692
Change in cash and cash equivalents due to currency translation	2,919	– 677
Cash and cash equivalents at 31 December 2019 (2018)	**277,944**	**291,426**

1 Previous year's figures adjusted

FINANCIAL CALENDAR

14 February 2020

3M Quarterly Statement
2020 Financial Year

13 March 2020

Annual General Meeting

13 May 2020

H1 Interim Report
2020 Financial Year

14 August 2020

9M Quarterly Statement
2020 Financial Year

10 December 2020

Annual Report
2020 Financial Year

10 December 2020

Annual Results Press Conference
and Analysts Conference
2020 Financial Year

The dates of conference calls to be held with analysts during the financial year will be announced in good time.

This Quarterly Statement was published on the internet on 14 February 2020. The English version of this report is a translation of the legally definitive German version.

All of MVV's financial reports can be downloaded from our websites.

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GRAPHICS

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