We inspire
with energy.

Financial Report 1st Half

Financial Year 2019

MVV in Figures

	1 Oct 2018 to 31 Mar 2019	1 Oct 2017 to 31 Mar 2018	% change
Sales excluding energy taxes (Euro million)	1,914	2,136	−10
Adjusted EBITDA [1] (Euro million)	253	335	−24
Adjusted EBIT [1] (Euro million)	161	223	−28
Adjusted net income for period [1] (Euro million)	96	140	−31
Adjusted net income for period after minority interests [1] (Euro million)	78	119	−34
Adjusted earnings per share [1] (Euro)	1.19	1.81	−34
Cash flow from operating activities (Euro million)	−88	58	–
Cash flow from operating activities per share (Euro)	−1.34	0.88	–
Adjusted total assets at 31 March 2019/30 September 2018 [2] (Euro million)	4,384	4,152	+6
Adjusted equity at 31 March 2019/30 September 2018 [2] (Euro million)	1,542	1,550	0
Adjusted equity ratio at 31 March 2019/30 September 2018 [2] (%)	35.2	37.3	−6
Net financial debt at 31 March 2019/30 September 2018 (Euro million)	1,477	1,075	+37
Investments (Euro million)	136	155	−12
of which growth investments	86	65	+32
of which investments in existing business	50	90	−44
Number of employees at 31 March 2019/31 March 2018 (headcount)	5,943	6,010	−1

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

Contents

Highlights
1st Half of 2019

More renewables

We are consistently promoting the expansion of renewable energies. In January, our Juwi subsidiary began work to build four wind turbines in Mohlis in Eastern Thuringia. These will be linked up to the grid in late summer 2019 and make Juwi one of the first German project developers to reach the 1,000 onshore wind turbine mark. Moreover, Juwi also announced its largest US project to date, namely the construction of a 123 MW open-space photovoltaics system in the State of Colorado. In February, our Windwärts subsidiary began work on the Siegfriedeiche wind farm in the district of Grävenwiesbach. This will have a capacity of around 17 MW. We will include the wind farm, which is scheduled for completion in 2020, in our own wind power portfolio. In Bernburg, we are developing our second organic waste fermentation plant, in which Stadtwerke Bernburg is acting as our partner with a 10 % stake. Starting in 2020, this state-of-the-art plant will ferment organic waste and use this to generate energy.

MVV Smart Cities

The energy system of the future – today we are already turning this into reality on conversion sites in the City of Mannheim, implementing networked mobility solutions and developing smart quarters and business and industrial estates. We are contributing this expertise to our new Smart Cities business field: As a system partner, we offer networked solutions for the cities of the future. Our product portfolio is structured in five divisions: Smart City Management, Smart Energy, Smart Mobility, Smart Infrastructure and Smart Living. We are building on grids and networks already available on location and deploying the latest IT technologies, such as cloud and edge computing, to make these fit for the Internet of Things (IoT). This way, we are enabling residents to make their living space more efficient, sustainable and livable.

Consistent dividend

Our Annual General Meeting on 8 March 2019 was attended by 1,300 shareholders and guests, with 96 % of share capital represented. Shareholders once again approved a dividend of Euro 0.90 per share for the 2018 financial year and thus followed the recommendation made by the Executive and Supervisory Boards. Based on 65.9 million shares in total, this led to the distribution of Euro 59.3 million, equivalent to a further high payout ratio of 63 %.

Foreword

Dear Shareholders,
Dear Readers,

By consistently aligning our business to the energy system of the future and investing accordingly, we are underlining our role as a pioneer of the energy turnaround while also boosting our position as one of Germany's leading energy companies. Our customers are our key focus. We aim to convince and inspire them with our products and solutions that provide a sustainable, environmentally-compatible, climate-friendly and economical energy supply. We already enable our customers to participate directly in the energy turnaround – and draw here on our competence, experience and power of innovation.

Tomorrow's energy today

A successful energy turnaround will require not only a sustainable electricity turnaround but – as a further crucial component – a heating energy turnaround as well. Heating energy generation accounts for around a third of Germany's total CO_2 emissions. To meet the climate protection targets set for 2030, we also have to make heating energy more renewable. Environmentally friendly combined heat and power generation is and will remain a key technology in this respect. That is just as true for the highly efficient combined heat and power plants we have operated for years already as for the integration of renewable energies. Consistent with this approach, we are making the district heating supply in the Rhine-Neckar metropolitan region even more environmentally friendly by connecting our combined heat and power plant on Friesenheimer Insel to the existing district heating grid from the 2019/20 heating period. In addition, we will be working in partnership with Stadtwerke Merseburg in future and using waste heat from our energy from waste plant in Leuna to supply heating energy to the neighbouring city of Merseburg.

We are going even further when it comes to developing new solution packages. One example here is e-mobility, for which our retail customers can individually compile their own sustainable energy packages – comprising a photovoltaics system, battery storage facility, smart control and an electric car and charging point. E-mobility is also an integral component of our Smart Cities business field, where we act as a system partner to local authorities to offer networked solutions for the cities of the future, and of our broad range of products for our business customers.

We are investing in the future

We will consistently maintain this course so as to exploit the opportunities resulting from the energy system conversion to generate long-term growth. This way, we are developing our company along sustainable lines and with a view to the future.

After four years of earnings growth, due above all to weather and plant-related factors we expect adjusted EBIT for 2019 to fall slightly short of the previous year's figure. This is mainly due to the first quarter of the current financial year, in which earnings fell short of the previous year's figure as a result of positive one-off items in the previous year's quarter. Second-quarter earnings, by contrast, were in line with expectations – despite the overly mild weather conditions – but were insufficient to make up for the shortfall in the first quarter. This current earnings assessment will in no way change MVV's focus on the energy world of the future.

Yours faithfully,

Dr. Georg Müller
CEO
MVV Energie AG

Interim Group Management Report

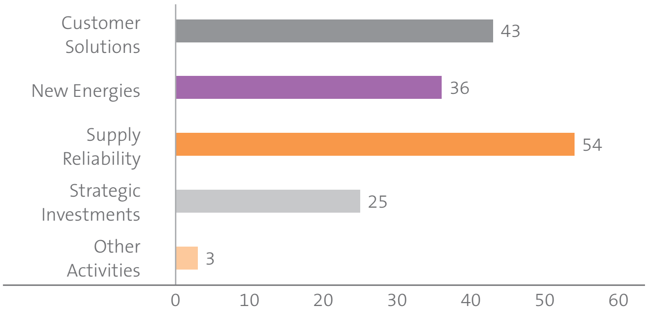
1st Half 2019

Adjusted EBIT

161

Euro million

ADJUSTED EBIT BY REPORTING SEGMENT
Euro million

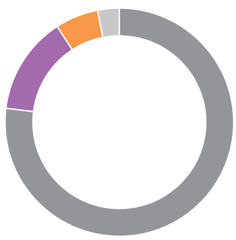


Sales

1.9 Euro billion

SALES BY REPORTING SEGMENT
Shares (%)

	1st Half FY 2019
Customer Solutions	77
New Energies	14
Supply Reliability	6
Strategic Investments/Other Activities	3



Investments

136

Euro million

BUSINESS FRAMEWORK

Energy policy climate

Recommendations by the Commission on Growth, Structural Change and Employment on coal exit

The Commission on Growth, Structural Change and Employment presented its final report at the end of January 2019. This sketches out the exit from coal and provides a basic roadmap for further decarbonising the energy industry.

The report envisages a two-stage process for the coal exit. The first stage provides for the voluntary decommissioning of plants and the establishment of a tender process to determine the compensation paid to operators of hard coal plants.

Should the performance targets not be reached, a regulatory solution involving compensation payments bound by "legal requirements" is recommended for the second stage. In this, power plants with capacities of less than 150 MW_e should be subject to a "de minimis" regulation.

We welcome the fact that the Commission has now created a basis for building broad-based consensus for the coal exit. Lawmakers will now have to provide a specific framework that also accounts for practical and appropriate compensation schemes.

Legal amendment corrects design faults in EEG tenders

The German Consolidated Energy Act (EnSaG) provides for special tender rounds to be held for open-space photovoltaics plants and onshore wind turbines in the years from 2019 to 2021, with capacities totalling 4 GW thereby tendered for each energy form. The omnibus legislation introduced to accelerate energy line expansion has amended the German Renewable Energies Act (EEG) in such a way as to ensure that the special onshore wind tender rounds will also be free of any market distortions resulting from special privileges.

The special tender rounds are one of several steps needed to offset at least part of the delay which has already arisen in the expansion of renewable energies as a result of inappropriately structured tendering terms.

EU Clean Energy Package about to be approved

Sections of the EU's Clean Energy Package legislation, the "Winter Package", were formally adopted in December 2018. The remaining sections of the legislation were accepted by the EU Parliament in March 2019. Final approval by the EU's Council of Ministers is still outstanding but is deemed likely. We welcome the fact that the entry into force of the "Winter Package" will boost the EU's internal electricity market and enhance the terms of competition both within and between member states. The new requirements align the internal electricity market to the growing share of renewable energies and create a basis for ensuring a reliable and affordable supply of electricity for all EU citizens.

Acceptance and Energy Turnaround Workgroup takes up work

By resolution of the Federal Parliament, an Acceptance and Energy Turnaround Workgroup comprising representatives of the governing parliamentary groups has been established. Among other tasks, this workgroup is intended to address measures to improve acceptance for onshore wind power, deal with the renewable energies expansion path through to 2030 and assess a "South" bonus for onshore wind turbines in renewable energies tenders. The workgroup met for the first time in January 2019. No specific results are yet available.

Market climate

Increase in wholesale prices

Wholesale prices (average): 1st Half, 1 October to 31 March

	FY 2019	FY 2018	+/– change
Crude oil [1] (US$/barrel)	66.25	64.32	+ 1.93
Natural gas [2] (Euro/MWh)	21.08	17.52	+ 3.56
Coal [3] (US$/tonne)	83.71	80.28	+ 3.43
CO_2 rights [4] (Euro/tonne)	22.02	8.71	+ 13.31
Electricity [5] (Euro/MWh)	48.52	34.97	+ 13.55

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

Overall, energy prices were firmer, in some cases significantly so, in the 1st half of the 2019 financial year than in the same period in the previous year.

Clean dark spread at low level

The clean dark spread (CDS) for the front-year (2020 calendar year), i.e. the difference between wholesale market electricity revenues on the one hand and electricity generation costs on the other, was slightly lower in the period under report than in the first two quarters of the previous year. Due to the sharp rise in emission prices, it became more economical to use gas power plants than coal-based generation, leading the CDS to decrease slightly. The CDS impacts in particular on operating earnings in Supply Reliability, the reporting segment to which the marketing of our power plant capacities is allocated.

DEVELOPMENT IN CLEAN DARK SPREAD 2020

Impact of weather conditions

Unusually mild weather and lower wind volumes

Higher outdoor temperatures lead to lower heating energy requirements at our customers – and thus to lower degree day figures, which act as an indicator of temperature-related heating energy consumption. Temperatures were significantly higher in the 2nd quarter of the 2019 financial year than in the previous year's period (– 11 % degree day figures). Overall, degree day figures for the 1st half of 2019 were 8 % lower than the previous year's figure.

The volume of usable wind power in the regions relevant to our business was around 18 % higher overall than the long-term average in the first two quarters of 2019. The wind yield nevertheless fell short of the previous year's figure, which exceeded the long-term average by around 30 % in the same period. For this comparison, we use the "EMD-ConWx Mesoscale Wind Index" with a reference period (20-year average). The series for the 1st half of 2019 comprises the months from October 2018 to February 2019. As the data for March was not yet available upon preparation of this report, we have assumed a variance to the reference period of 0 %.

BUSINESS PERFORMANCE

Presentation of earnings performance

The period under report comprises the 1st half of the 2019 financial year – from 1 October 2018 to 31 March 2019. Unless otherwise indicated, the following comments refer to the MVV Energie Group (MVV), i.e. to all fully consolidated companies.

Our Juwi subsidiary has already been fully consolidated since mid-December 2015. All of the shares in Juwi were attributable to us at the reporting date. Consequently, none of the shares is recognised any longer under minority interests.

MVV Energie Group

MVV: 1st Half, 1 October to 31 March

Euro million	**FY 2019**	FY 2018	+/– change	% change
Development in turnover				
Electricity (kWh million)	10,784	13,387	−2,603	−19
Heating energy (kWh million)	4,674	4,909	−235	−5
Gas (kWh million)	15,571	13,945	+1,626	+12
Water (m³ million)	19.8	19.4	+0.4	+2
Sales excluding energy taxes	1,914	2,136	−222	−10
of which electricity revenues	879	1,103	−224	−20
of which heating energy revenues	239	241	−2	−1
of which gas revenues	446	360	+86	+24
of which water revenues	42	42	0	0
Adjusted EBIT	161	223	−62	−28

The reduction in electricity turnover was chiefly due to lower electricity trading volumes. Mainly as a result of weather conditions, heating energy turnover also fell short of the previous year's figure. The rise in gas turnover was due, among other factors, to higher volumes marketed for individual portfolio customers.

Customer Solutions reporting segment

Customer Solutions: 1st Half, 1 October to 31 March

Euro million	**FY 2019**	FY 2018	+/– change	% change
Sales excluding energy taxes	1,464	1,576	−112	−7
Adjusted EBIT	43	61	−18	−30

The reduction in sales by Euro 112 million to Euro 1,464 million was due on the one hand to the unusually mild weather conditions in the period under report. Furthermore, since the beginning of the current financial year one IFRS 15-related amendment has involved netting items between sales and cost of materials in the context of compensation paid under the German Renewable Energies Act (EEG). This netting did not have any impact on earnings.

The year-on-year reduction in adjusted EBIT was attributable to positive one-off items in the 1st quarter of the previous year. These had resulted from the sale of assets relating to multi-utility contracts. Moreover, operating earnings for the period under report were adversely affected by mild weather conditions.

New Energies reporting segment

New Energies: 1st Half, 1 October to 31 March

Euro million	**FY 2019**	FY 2018	+/– change	% change
Sales excluding energy taxes	273	356	−83	−23
Adjusted EBIT	36	54	−18	−33

Mainly as a result of lower sales in our project development business, sales fell by Euro 83 million to Euro 273 million.

The adverse impact on adjusted EBIT was also attributable above all to the project development business, where earnings contributions fell markedly short of the previous year's figures, particularly in the 1st quarter of the period under report. In Germany, this development was chiefly due to excessive privileging in the first onshore wind power tender rounds in 2017. Politically unintended, this market distortion substantially reduced the volume of newly added wind turbine capacities. Earnings for the 2nd quarter of the previous year were also negatively affected by impairment losses at Juwi. We expect our project development business to report positive developments in the further course of the year.

Earnings in the New Energies segment were additionally held back in the period under report by lower wind volumes compared with the previous year.

Supply Reliability reporting segment

Supply Reliability: 1st Half, 1 October to 31 March

Euro million	FY 2019	FY 2018	+/– change	% change
Sales excluding energy taxes	116	132	−16	−12
Adjusted EBIT	54	77	−23	−30

Sales fell year-on-year by Euro 16 million to Euro 116 million. This was mainly due to the netting of items between sales and cost of materials in the context of compensation paid under the German Renewable Energies Act (EEG). This amendment, which does not impact on earnings, is due to IFRS 15 and has taken effect since the beginning of the financial year.

The main reason for the decrease in adjusted EBIT was the non-recurrence of the positive one-off effect resulting from the sale of fibre optic networks in the previous year. Earnings were also adversely affected in the period under report by low-water surcharges, which raised fuel transport costs, as well as by follow-up costs for the joint power plant in Kiel (Gemeinschaftskraftwerk Kiel – GKK), which is being replaced by a modern gas-powered CHP plant.

Reconciliation with adjusted EBIT

Reconciliation of EBIT (income statement) with adjusted EBIT: 1st Half, 1 October to 31 March

Euro million	FY 2019	FY 2018	+/– change
EBIT as reported in income statement	96	224	−128
Financial derivative measurement item	+63	−3	+66
Structural adjustment for part-time early retirement	< 1	< 1	0
Interest income from finance leases	+2	+2	0
Adjusted EBIT	**161**	**223**	**−62**

We refer to adjusted EBIT for our value-based management. To calculate this key figure, we adjust our operating earnings before interest and 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 – 63 million as of 31 March 2019 and Euro 3 million as of 31 March 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.

Development in key income statement items

Cost of materials fell by Euro 112 million to Euro 1,470 million and thus less sharply than sales. This development was due above all to our project development business, the first-time application of IFRS 15 and higher prices for CO_2 emission rights. Furthermore, the increase in gas trading volumes is also reflected in the cost of materials.

At Euro 215 million, **adjusted employee benefit expenses** were Euro 4 million higher than in the previous year. This was chiefly due to an increase in the number of employees in the UK, as well as to collectively agreed pay rises.

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

The **income from companies recognised at equity**, amounting to Euro 21 million, results from the subsequent measurement of joint ventures and of companies over which MVV has only significant influence.

Depreciation and amortisation increased by Euro 3 million to Euro 92 million.

At Euro – 21 million, the **adjusted financial result** was Euro 2 million higher than in the previous year.

The lower level of earnings also reduced current tax expenses. Furthermore, deferred tax income decreased. Together, these factors led to a substantial reduction in taxes on income.

Further information in Income Statement on Page 17 and Notes to Income Statement from Page 31 onwards

Presentation of asset position

The reductions in non-current other receivables and assets by Euro 211 million and in current other receivables and assets by Euro 257 million were mainly due to items resulting from the measurement of energy trading transactions as of the reporting date.

Non-current assets fell by Euro 81 million to Euro 3,412 million, while **current assets** decreased by Euro 211 million to Euro 1,436 million.

At Euro 1,540 million, MVV's **equity** including non-controlling interests was Euro 85 million lower than the figure at the previous year's balance sheet date.

Non-current debt fell by Euro 2 million to Euro 1,924 million, while **current debt** decreased by Euro 209 million to Euro 1,384 million.

Further information in Balance Sheet on Page 19 and Notes to Balance Sheet from Page 33 onwards

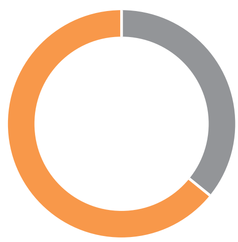
For Group management purposes, we adjust our consolidated balance sheet as of 31 March 2019 to eliminate cumulative items resulting from IFRS 9 measurement as of the reporting date. On the asset side, we eliminate the positive fair values of derivatives and allocable deferred taxes, amounting to Euro 464 million (30 September 2018: Euro 988 million). On the equity and debt side, we eliminate negative fair values and allocable deferred taxes, amounting to Euro 468 million, from liabilities (30 September 2018: Euro 912 million). Under equity, we then eliminate the net balance, which amounted to Euro – 4 million (30 September 2018: Euro 76 million). This led to **adjusted equity** of Euro 1,543 million as of 31 March 2019 (30 September 2018: Euro 1,550 million). Based on adjusted total assets of Euro 4,384 million (30 September 2018: Euro 4,152 million), the adjusted equity ratio therefore came to 35.2 % as of 31 March 2019 compared with 37.3 % as of 30 September 2018.

Investments

We invested Euro 136 million in total in the 1st half of our 2019 financial year (previous year: Euro 155 million). Of this, Euro 86 million involved growth investments, while Euro 50 million was channelled into modernising our plants and grids.

INVESTMENTS
Shares (%)

	1st Half FY 2019
Investments in existing business	37
Growth investments	63



Investments: 1st Half, 1 October to 31 March

Euro million	FY 2019	FY 2018	+/– change	% change
Customer Solutions	23	19	+ 4	+ 21
New Energies	51	39	+ 12	+ 31
Supply Reliability	48	89	– 41	– 46
Strategic Investments	5	3	+ 2	+ 67
Other Activities	9	5	+ 4	+ 80
Total	**136**	**155**	**– 19**	**– 12**
of which growth investments	86	65	+ 21	+ 32
of which investments in existing business	50	90	– 40	– 44

Our largest investment projects currently involve

- Building the gas-powered CHP plant in Kiel
- Building a new CHP plant in Dundee/Scotland
- Expanding our Friesenheimer Insel location in Mannheim
- Maintaining and renewing our distribution grids
- Expanding and increasing the density of our district heating grids.

We also invested in our shareholdings.

Presentation of Financial Position

Primarily as a result of the first-time application of IFRS 16 and the taking up of new loans, **current and non-current financial debt** rose by Euro 290 million to Euro 1,676 million. **Net financial debt** (current and non-current financial debt less cash and cash equivalents) increased by Euro 402 million to Euro 1,477 million.

MVV posted **cash and cash equivalents** of Euro 199 million as of 31 March 2019 (31 March 2018: Euro 257 million).

Further information in Cash Flow Statement on Page 21 and Note 20 (Cash Flow Statement) on Page 37

Employees

Personnel figures (headcount) at balance sheet date

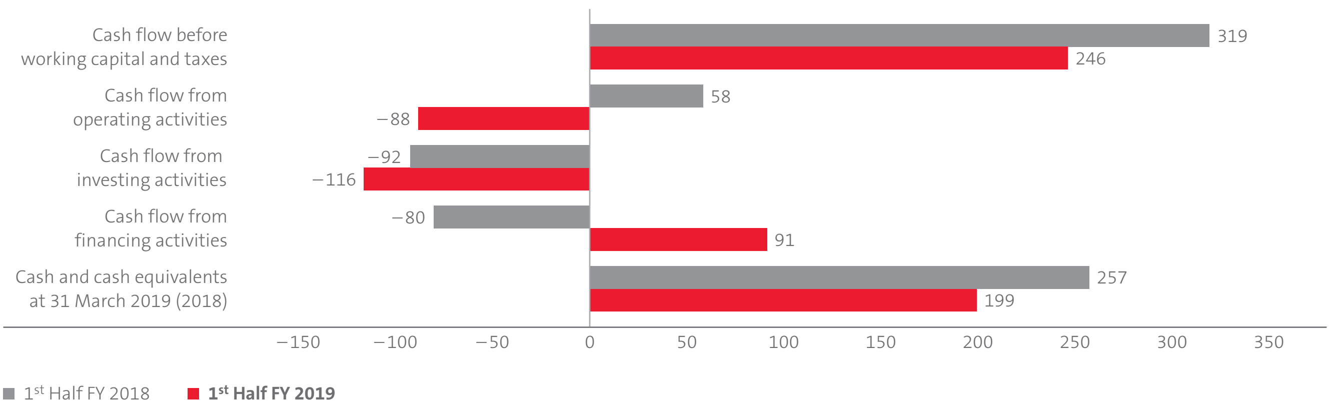
	31 Mar 2019	31 Mar 2018	% change
MVV [1]	5,943	6,010	−1
of which in Germany	5,060	5,140	−2
of which abroad	883	870	+1

1 Including 266 trainees (previous year: 262)

We had 5,943 employees as of 31 March 2019, 67 fewer than one year earlier. A total of 5,060 individuals worked for us in Germany, while our foreign subsidiaries had 883 employees. Of these, 505 worked at our Czech subgroup, 232 at Juwi's international shareholdings and 130 at the UK subsidiaries of MVV Umwelt.

Overall, 266 young people were in training across the Group as of 31 March 2019. This figure also includes training positions for other companies. We also provide the next generation of employees with career perspectives by offering follow-up positions upon completion of their training.

CASH FLOW STATEMENT
Euro million



FORECAST FOR THE 2019 FINANCIAL YEAR

Expected sales performance

Based on the business performance to date, we expect MVV's sales (excluding energy taxes) for the 2019 financial year to fall slightly short of the previous year's figure (Euro 3.9 billion). Our sales performance depends above all on trading activities and commodity prices, project realisation in the renewable energies business, sales activities and availability levels at our plants. In our 2018 Annual Report, we still expected sales to approximately match the previous year's level. The amendment resulting from IFRS 15 means that since the beginning of the current financial year items have been netted between sales and cost of materials in the context of compensation paid under the German Renewable Energies Act (EEG). This amendment has as expected led to a reduction in sales in the 2019 financial year.

Expected Earnings Performance

Given our business model, our earnings performance is – as in previous years – chiefly dependent on weather and wind conditions, electricity and fuel prices, spreads from conventional generation, interest rate and currency items, developments in the competitive climate and targeted cost management. From a technical perspective, our earnings performance is also affected by the availability of our plants and by fuel transport costs which may, for example, be affected by water levels. By its very nature, the wind turbine and photovoltaics plant project development business is subject to greater earnings volatility, and this has increased in recent years.

In the **Customer Solutions reporting segment,** we expect to report a significant reduction in adjusted EBIT, mainly because earnings for the 2018 financial year benefited from sales of non-current assets, i.e. one-off items. Moreover, earnings have been held back by the mild weather conditions in the period under report. In general, the earnings performance is also dependent on the development in taxes and duties and in the market and competitive climate.

Operating earnings in the **New Energies reporting segment** are influenced by the development in waste and biomass prices, the availability of our plants, and weather conditions and wind volumes. We expect to see rising electricity prices, a development that should impact positively on segment earnings. Not only that, the 2018 financial year was characterised by the impairment losses recognised for Juwi. In general, the project development activities mean that the earnings performance is subject to greater volatility. In March, turbine damage occurred at our biomass power plant at Ridham Dock. In view of this, we expect our UK plant availability levels to be lower in the further course of the financial year than in the first half. Overall, we expect adjusted EBIT in the New Energies reporting segment to rise significantly compared with the previous year.

Earnings in the **Supply Reliability reporting segment** are influenced by, among other factors, developments in the clean dark spread (CDS) and the clean spark spread (CSS) – which are in turn affected by procurement costs for coal and for gas and CO_2 emission rights – as well as by the availability of our plants. Segment earnings for the 2018 financial year were shaped by income generated from the sale of fibre optic networks, i.e. one-off items. Our new gas-powered CHP plant in Kiel is no longer expected to launch operations in the current financial year. In our reporting to date, we still expected operations to be launched in the 2019 financial year. Overall, we expect to see a slight increase in adjusted EBIT in the Supply Reliability reporting segment.

Based on the factors outlined above – and in particular the unusually mild weather in the 2018/19 heating period, the delayed launch of operations at our new gas-powered CHP plant in Kiel and the damaged turbine at our biomass plant at Ridham Dock – from an operating perspective we now expect **MVV's** adjusted EBIT to fall slightly short of the previous year's figure (Euro 228 million). In our 2018 Annual Report, we still expected adjusted EBIT to move sideways compared with the previous year.

Planned Investments

Based on the information currently available, we will invest significantly more in our growth and in modernising and maintaining our plants and grids in the 2019 financial year than in the previous year (Euro 290 million).

OPPORTUNITY AND RISK SITUATION

We presented our opportunity and risk management system from Page 115 onwards of our 2018 Annual Report. In that report, we also comment on the risk categories relevant to our business and the associated opportunities and risks. Unless specified in greater detail above, the overall risk situation as of 31 March 2019 was similar to that as of 30 September 2018.

Interim Consolidated Financial Statements

INCOME STATEMENT

Income statement

Euro 000s	**1 Jan 2019 to 31 Mar 2019**	1 Jan 2018 to 31 Mar 2018	**1 Oct 2018 to 31 Mar 2019**	1 Oct 2017 to 31 Mar 2018	Notes
Sales	1,024,830	1,061,499	2,002,777	2,228,955	
less electricity and natural gas taxes	45,064	50,522	89,031	92,561	
Sales less electricity and natural gas taxes	**979,766**	**1,010,977**	**1,913,746**	**2,136,394**	1
Changes in inventories	4,220	−357	9,368	−19,044	2
Own work capitalised	4,747	4,208	8,282	7,883	
Other operating income [1]	113,674	−175,368	294,703	175,386	4
Cost of materials	738,270	736,737	1,470,368	1,582,764	3
Employee benefit expenses	108,761	106,686	215,241	211,023	
Other operating expenses [1]	133,477	−154,305	371,597	175,912	4
Impairment losses on financial instruments [1]	1,005	1,634	2,424	2,799	
Income from companies recognised at equity	15,500	4,269	20,968	8,209	5
Other income from shareholdings	−33	59	−120	29	5
EBITDA	**136,361**	**153,036**	**187,317**	**336,359**	
Depreciation and amortisation	45,101	44,385	91,554	88,383	
EBITA	**91,260**	**108,651**	**95,763**	**247,976**	
Goodwill amortisation	–	24,000	–	24,000	
EBIT	**91,260**	**84,651**	**95,763**	**223,976**	
of which result of IFRS 9 derivative measurement	−1,967	−4,303	−63,925	2,628	
of which EBIT before result of IFRS 9 derivative measurement	93,227	88,954	159,688	221,348	
Financing income	3,072	3,284	8,342	5,983	6
Financing expenses [2]	13,168	13,866	28,279	28,096	6
EBT	**81,164**	**74,069**	**75,826**	**201,863**	
Taxes on income [2]	25,607	22,051	24,659	60,166	7
Net income for period	**55,557**	**52,018**	**51,167**	**141,697**	
of which non-controlling interests [2]	5,879	5,959	29,569	19,842	
of which earnings attributable to MVV Energie AG shareholders (net income for period after minority interests)	**49,678**	**46,059**	**21,598**	**121,855**	8
Basic and diluted earnings per share (Euro)	**0.75**	**0.70**	**0.33**	**1.85**	

1 Previous year's figures restructured
2 Previous year's figures adjusted due to first-time application of IFRS 9

STATEMENT OF COMPREHENSIVE INCOME

Statement of income and expenses recognised in group equity

Euro 000s	**1 Jan 2019 to 31 Mar 2019**	1 Jan 2018 to 31 Mar 2018	**1 Oct 2018 to 31 Mar 2019**	1 Oct 2017 to 31 Mar 2018
Net income for period	**55,557**	**52,018**	**51,167**	**141,697**
Cash flow hedges [1]	−16,024	−592	−33,799	2,621
Currency translation differences	2,608	816	5,216	2,598
Reclassifiable share of companies recognised at equity	48	–	179	–
Items that may subsequently be reclassified to profit or loss	**−13,368**	**224**	**−28,404**	**5,219**
Actuarial gains and losses	–	112	–	112
Non-reclassifiable share of companies recognised at equity	−1,125	–	−1,125	–
Items that will not be reclassified to profit or loss	**−1,125**	**112**	**−1,125**	**112**
Total comprehensive income	**41,064**	**52,354**	**21,638**	**147,028**
Non-controlling interests	2,589	4,976	23,131	19,514
Total comprehensive income attributable to MVV Energie AG shareholders	**38,475**	**47,378**	**−1,493**	**127,514**

1 Previous year's figures adjusted due to first-time application of IFRS 9

BALANCE SHEET

Balance sheet

Euro 000s	**31 Mar 2019**	30 Sep 2018	1 Oct 2017	Notes
Assets				
Non-current assets				
Intangible assets	300,150	315,923	345,064	
Property, plant and equipment	2,562,138	2,588,247	2,519,369	
Right-of-use assets	143,300	–	–	
Investment properties	2,526	2,451	2,404	
Interests in companies recognised at equity	215,187	189,414	180,015	
Other financial assets	58,598	57,662	56,541	
Other receivables and assets	97,831	309,020	189,270	9
Deferred tax assets	32,493	30,420	33,435	10
	3,412,223	**3,493,137**	**3,326,098**	
Current assets				
Inventories	186,573	160,962	282,529	
Trade receivables	532,379	381,729	351,104	11
Other receivables and assets	508,601	765,978	343,443	9
Tax receivables	9,260	27,586	18,908	
Securities	–	–	7	
Cash and cash equivalents	198,852	310,589	370,301	12
Assets held for sale	–	–	20,498	
	1,435,665	**1,646,844**	**1,386,790**	
	4,847,888	**5,139,981**	**4,712,888**	
Equity and debt				
Equity				13
Share capital	168,721	168,721	168,721	
Capital reserve	455,241	455,241	455,241	
Accumulated net income [1]	743,312	777,833	705,540	
Accumulated other comprehensive income [1]	−45,214	−21,372	−57,284	
Capital of MVV	**1,322,060**	**1,380,423**	**1,272,218**	
Non-controlling interests	217,655	244,791	248,884	
	1,539,715	**1,625,214**	**1,521,102**	
Non-current debt				
Provisions	178,084	181,370	198,689	14
Tax provisions	–	–	4,987	14
Financial debt	1,360,675	1,163,138	1,299,227	15
Other liabilities	231,913	403,883	310,268	16
Deferred tax liabilities	153,646	173,809	162,983	10
	1,924,318	**1,922,200**	**1,976,154**	
Current debt				
Other provisions	79,883	138,988	134,794	14
Tax provisions	60,215	54,879	31,803	14
Financial debt	315,589	222,858	148,413	15
Trade payables	402,493	340,256	351,179	
Other liabilities	523,966	835,147	548,369	16
Tax liabilities	1,709	439	1,074	
	1,383,855	**1,592,567**	**1,215,632**	
	4,847,888	**5,139,981**	**4,712,888**	

1 Previous year's figures adjusted due to first-time application of IFRS 9

STATEMENT OF CHANGES IN EQUITY

Statement of changes in equity

	Equity contributed		Equity generated						
				Accumulated other comprehensive income					
Euro 000s	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	**Capital of MVV**	Non-controlling interests	**Total capital**
Balance at 1 Oct 2017 [1]	**168,721**	**455,241**	**705,540**	**17,497**	**−7,475**	**−67,306**	**1,272,218**	**248,884**	**1,521,102**
Other income and expenses recognised in equity [1]	–	–	–	2,679	2,868	112	5,659	−328	5,331
Result of business operations [1]	–	–	121,855	–	–	–	121,855	19,842	141,697
Total comprehensive income	**–**	**–**	**121,855**	**2,679**	**2,868**	**112**	**127,514**	**19,514**	**147,028**
Dividends paid	–	–	−59,316	–	–	–	−59,316	−16,584	−75,900
Change in scope of consolidation	–	–	–	–	–	–	–	963	963
Other changes	–	–	198	–	–	–	198	−458	−260
Balance at 31 Mar 2018	**168,721**	**455,241**	**768,277**	**20,176**	**−4,607**	**−67,194**	**1,340,614**	**252,319**	**1,592,933**
Balance at 1 Oct 2018 [1, 2]	**168,721**	**455,241**	**798,182**	**18,554**	**12,335**	**−52,262**	**1,400,771**	**249,694**	**1,650,465**
Other income and expenses recognised in equity	–	–	–	4,302	−26,207	−1,186	−23,091	−6,438	−29,529
Result of business operations	–	–	21,598	–	–	–	21,598	29,569	51,167
Total comprehensive income	**–**	**–**	**21,598**	**4,302**	**−26,207**	**−1,186**	**−1,493**	**23,131**	**21,638**
Dividends paid	–	–	−59,316	–	–	–	−59,316	−16,211	−75,527
Capital increase/reduction at subsidiaries	–	–	–	–	–	–	–	20	20
Change in scope of consolidation	–	–	−17,152	−844	61	33	−17,902	−38,979	−56,881
Balance at 31 Mar 2019	**168,721**	**455,241**	**743,312**	**22,012**	**−13,811**	**−53,415**	**1,322,060**	**217,655**	**1,539,715**

1 Previous year's figures adjusted due to first-time application of IFRS 9
2 Opening figures adjusted due to first-time application of IFRS 9, IFRS 15 and IFRS 16

CASH FLOW STATEMENT

Cash flow statement[1]

Euro 000s	**1 Oct 2018 to 31 Mar 2019**	1 Oct 2017 to 31 Mar 2018
Net income for period before taxes on income[2]	75,826	201,863
Amortisation, depreciation and write-ups of intangible assets, property, plant and equipment and investment properties	91,554	112,382
Financial result[2]	19,937	22,113
Interest received	4,925	3,879
Change in non-current provisions	−1,783	2,720
Other non-cash income and expenses	55,352	6,043
Result of disposal of non-current assets	−86	−30,484
Cash flow before working capital and taxes	**245,725**	**318,516**
Change in other assets	−249,798	−164,082
Change in other liabilities	−4,598	−11,906
Change in current provisions	−60,929	−59,408
Income taxes paid	−18,843	−25,137
Cash flow from operating activities	**−88,443**	**57,983**
Payments for investments in intangible assets, property, plant and equipment and investment properties	−100,638	−120,350
Proceeds from disposals of intangible assets, property, plant and equipment and investment properties	15,327	51,902
Proceeds from subsidy payments	1,087	8,000
Proceeds from sale of other financial assets	218	209
Payments for acquisition of fully consolidated companies and other business units	−15,514	−18,547
Payments for other financial assets	−16,362	−13,521
Cash flow from investing activities	**−115,882**	**−92,307**
Proceeds from taking up of loans	396,295	136,690
Payments for redemption of loans	−206,959	−116,476
Dividends paid	−59,316	−59,316
Dividends paid to non-controlling interests	−16,211	−16,584
Change due to changes in capital at minorities	311	703
Interest paid	−23,389	−24,554
Cash flow from financing activities	**90,731**	**−79,537**
Cash-effective changes in cash and cash equivalents	−113,594	−113,861
Change in cash and cash equivalents due to currency translation	1,857	844
Cash and cash equivalents at 1 October 2018 (2017)	310,589	370,301
Cash and cash equivalents at 31 March 2019 (2018)	**198,852**	**257,284**
of which cash and cash equivalents at 31 March 2019 (2018) with restraints on disposal	1,233	1,236

1 See further disclosures on cash flow statement in Note 20
2 Previous year's figures adjusted

Cash flow – aggregate presentation

Euro 000s	1 Oct 2018 to 31 Mar 2019	1 Oct 2017 to 31 Mar 2018
Cash and cash equivalents at 1 October 2018 (2017)	**310,589**	**370,301**
Cash flow from operating activities	−88,443	57,983
Cash flow from investing activities	−115,882	−92,307
Cash flow from financing activities	90,731	−79,537
Change in cash and cash equivalents due to currency translation	1,857	844
Cash and cash equivalents at 31 March 2019 (2018)	**198,852**	**257,284**

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Information about the company

MVV Energie AG has its legal domicile in Mannheim, Germany. It is the parent company of MVV and acts as an energy generator, distributor and service provider in its reporting segments of Customer Solutions, New Energies, Supply Reliability, Strategic Investments and Other Activities.

These condensed interim consolidated financial statements were prepared by the Executive Board on 14 May 2019. 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 financial statements for the period from 1 October 2018 to 31 March 2019 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 2018.

Apart from the new requirements outlined below, the accounting policies applied in the interim consolidated financial statements as of 31 March 2019 are therefore consistent with those applied in the consolidated financial statements as of 30 September 2018.

The International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRS IC) have amended and newly adopted some standards. The following table shows the standard amendments newly applied at MVV.

Newly applied standards and interpretations

	EU endorsement	Effective date [1]
IFRS 9 Financial Instruments	22 Nov 2016	1 Jan 2018
IFRS 15 Revenue from Contracts with Customers	22 Sep 2016	1 Jan 2018
IFRS 15 Clarification to Revenue from Contracts with Customers	31 Oct 2017	1 Jan 2018
IFRS 16 Leases	31 Oct 2017	1 Jan 2019

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

The impact of IFRS 9, IFRS 15 and IFRS 16 conversion effects on the balance sheet, revenue reserves and other comprehensive income is presented in the following tables.

Reconciliation of balance sheet pursuant to IFRS 9, IFRS 15 and IFRS 16

Euro 000s	30 Sep 2018	IFRS 9 effects	IFRS 15 effects	IFRS 16 effects	**1 Oct 2018**
Non-current assets	**3,493,137**	**2,306**	**16**	**88,143**	**3,583,602**
of which property, plant and equipment	2,588,247	–	–	−54,876	2,533,371
of which right-of-use assets	–	–	–	143,019	143,019
of which other financial assets	57,662	2,206	–	–	59,868
of which other receivables and assets	309,020	−41	–	–	308,979
of which deferred tax assets	30,420	141	16	–	30,577
Current assets	**1,646,844**	**−1,461**	**−5,239**	**–**	**1,640,144**
of which inventories	160,962	–	−7,085	–	153,877
of which trade receivables	381,729	−1,276	−15,684	–	364,769
of which other receivables and assets	765,978	−185	17,530	–	783,323
Equity	**1,625,214**	**−2,341**	**22,911**	**–**	**1,645,784**
Non-current debt	**1,922,200**	–	**−38,492**	**80,190**	**1,963,898**
of which non-current financial debt	1,163,138	–	–	80,190	1,243,328
of which non-current other liabilities	403,883	–	−38,492	–	365,391
Current debt	**1,592,567**	**298**	**8,564**	**7,953**	**1,609,382**
of which other provisions	138,988	–	33	–	139,021
of which trade payables	340,257	–	681	–	340,938
of which current financial debt	222,858	–	–	7,953	230,811
of which current other liabilities	835,147	–	−2,013	–	833,134
of which deferred tax liabilities	173,809	298	9,863	–	183,970

Reconciliation of accumulated net income

Euro 000s	**FY 2019**
Accumulated net income at 30 September 2018	777,222
IFRS 9 effects	
Hedging expenses	879
Change in risk provision	−1,075
Adjustments resulting from measurement of equity instruments	1,615
Deferred taxes on first-time application effects	29
IFRS 15 effects	19,512
Accumulated net income at 1 October 2018	**798,182**

Reconciliation of accumulated other comprehensive income

Euro 000s	**FY 2019**
Fair value measurement of financial instruments at 30 September 2018	12,946
Reclassification to revenue reserves	−879
Deferred taxes	268
Fair value measurement of financial instruments at 1 October 2018	**12,335**

MVV applied IFRS 9 “Financial Instruments” for the first time as of 1 October 2018. IFRS 9 has now replaced the existing requirements of IAS 39 “Financial Instruments: Recognition and Measurement”. Consistent with the transitional requirements provided for in IFRS 9, MVV has drawn on the option of continuing to present comparative information in line with IAS 39. One exception involves specific aspects of hedge accounting, which have been retrospectively amended in other comprehensive income.

IFRS 9 includes revised requirements for the classification and measurement of financial instruments, the impairment of financial assets and hedge accounting. The classification and measurement of financial assets in IFRS 9 is based on the company’s business model and the contractual cash flow characteristics of the respective financial instrument. Where the requirements for the “hold” business model and the contractual cash flow characteristics of the respective debt instrument are met, these debt instruments are recognised at amortised cost. Where, in respect of the business model, only the conditions for “hold and sell” and simultaneously the conditions for the contractual cash flow characteristics of the respective debt instrument are met, fair value changes for these debt instruments are recognised in other comprehensive income with the exception of changes resulting from amended loss allowances. All other debt instruments are recognised at fair value, with changes in value being credited or charged to the income statement. Equity instruments require recognition at fair value. Here, fair value adjustments may be recognised either in the income statement or in other comprehensive income. The exception that allowed equity instruments to be recognised at cost in specific circumstances no longer applies. For financial liabilities, the IAS 39 requirements have largely been retained without amendment.

The table below presents financial assets and liabilities with their previous IAS 39 measurement categories, new IFRS 9 measurement categories and the corresponding carrying amounts.

Transition of measurement categories from IAS 39 to IFRS 9

Assets

Euro 000s	IAS 39 measurement categories	IAS 39 carrying amounts at 30 Sep 2018	Change due to measurement at fair value	Changes due to additional impairments under IFRS 9	Changes due to IFRS 15 and IFRS 16	IFRS 9 carrying amounts at 1 Oct 2018	IFRS 9 measurement categories
Financial assets							
of which other shareholdings	Available for sale	7,410	2,273	–	–	9,683	
						8,536	Fair value through profit or loss
						1,147	Amortised cost
of which loans not involving finance leases	Loans and receivables	10,164	–	−42	–	10,122	Amortised cost
of which loans involving finance leases	Not applicable	50,248	–	−49	–	50,199	Not applicable
Trade receivables < 1 year	Loans and receivables	381,729	–	−1,276	−15,684	364,769	Amortised cost
Other assets							
of which derivatives outside hedge accounting	Held for trading	878,817	–	–	–	878,817	Fair value through profit or loss
of which derivatives within hedge accounting	Not applicable	78,414	–	–	–	78,414	Not applicable
of which other operating assets[1]	Loans and receivables	100,296	–	−201	17,530	117,625	
						28,951	Amortised cost
						14,471	Fair value through profit or loss
						53,156	Outside scope of IFRS 7
						21,047	Not applicable
Cash and cash equivalents	Loans and receivables	310,589	–	–	–	310,589	Amortised cost
		1,817,667	**2,273**	**−1,568**	**1,846**	**1,820,218**	

1 Previous year's figures adjusted

Transition of measurement categories from IAS 39 to IFRS 9

Equity and debt

Euro 000s	IAS 39 measurement categories	IAS 39 carrying amounts at 30 Sep 2018	Change due to measurement at fair value	Changes due to additional impairments under IFRS 9	Changes due to IFRS 15 and IFRS 16	IFRS 9 carrying amounts at 1 Oct 2018	IFRS 9 measurement categories
Financial debt							
of which financial debt for finance leases	Not applicable	45,237	–	–	88,143	133,380	Not applicable
of which other financial debt	Amortised cost	1,340,759	–	–	–	1,340,759	Amortised cost
Trade payables < 1 year	Amortised cost	340,256	–	–	681	340,937	Amortised cost
Other liabilities							
of which derivatives outside hedge accounting	Held for trading	797,014	–	–	–	797,014	Fair value through profit or loss
of which derivatives within hedge accounting	Not applicable	52,012	–	–	–	52,012	Not applicable
of which other operating liabilities	Amortised cost	357,218	–	–	−59,405	297,813	
						142,733	Amortised cost
						155,080	Outside scope of IFRS 7
		2,932,496	**–**	**–**	**29,419**	**2,961,915**	

The first-time application of IFRS 9 did not have any implications for financial liabilities.

Unlike IAS 39 requirements, the new IFRS 9 impairment model accounts not only for losses that have already materialised, but also for expected losses (expected credit loss model). This means that impairments of financial assets are recognised at an earlier point in time. Moreover, when determining loss allowances greater reference is made to prospective information. This will mainly affect trade receivables. Loss allowances for trade receivables without significant financing components and for contract assets are calculated using the simplified approach set out in IFRS 9.

The effects resulting from first-time application of the new impairment model are presented in the following table. The resultant item has been recognised directly in equity in the opening balance sheet for 2019.

Reconciliation of IFRS 9 risk provision

Euro 000s	Trade receivables	Receivables and other financial assets	Loans	Other financial assets
Impairments pursuant to IAS 39 at 30 September 2018	35,258	3,348	2,271	–
Change in impairments due to IFRS 9	1,276	185	41	66
Impairments pursuant to IFRS 9 at 1 October 2018	**36,534**	**3,533**	**2,312**	**66**

The revised hedge accounting requirements are intended to create a closer relationship between a company's risk management strategy and the conclusion of a hedging relationship. Furthermore, IFRS 9 has extended the range of hedged items qualifying for hedge accounting and simplified the effectiveness measurement and thus the conditions governing eligibility for hedge accounting. MVV is able to maintain its existing hedge relationships under IFRS 9. Moreover, under IFRS 9 changes in the fair value of an option designated as a hedge have to be recognised as hedging expenses in other comprehensive income. The amounts recognised in other comprehensive income are subsequently reflected in the hedged item on either a transaction or a period basis. This adjustment was applied retrospectively.

For forward transactions requiring physical settlement that are recognised pursuant to IFRS 9 as derivatives through profit or loss, the existing measurement is withdrawn upon settlement, with the resultant amounts being recognised through profit or loss as other operating income or expenses. Sales and the cost of materials are recognised in the amount of the agreed forward prices. We are currently investigating the implications of the decision taken by the IFRS Interpretations Committee (IFRS IC) on the "Physical settlement of contracts to buy or sell a non-financial item (IFRS 9)" and plan to implement the decision as of 30 September 2019, and thus within the current financial year. Accordingly, upon settlement sales and the cost of materials will in future be recognised in the amount of current spot prices.

Furthermore, MVV applied IFRS 15 "Revenue from Contracts with Customers" for the first time as of 1 October 2018.

IFRS 15 replaces the existing standards and interpretations IAS 11 "Construction Contracts", IAS 18 "Revenue", IFRIC 13 "Customer Loyalty Programmes", IFRIC 15 "Agreements for the Construction of Real Estate", IFRIC 18 "Transfers of Assets from Customers" and SIC-31 "Revenue – Barter Transactions Involving Advertising Services". MVV has applied IFRS 15 using the cumulative retrospective method.

For allocations in the renewable energies business, the clarifications relating to the constellation of principal or agent will lead in future to a reduction in sales and an equivalent reduction in the cost of materials. MVV acts as an agent when the following criteria are met: Another party is primarily responsible for fulfilling the contract, no inventory or default risks are assumed, MVV does not have discretion to establish the pricing and the consideration takes the form of a commission.

The amount netted for sales and cost of materials depends on future developments in the market premium and in the compensation paid under the EEG legislation. In the 1st half of 2019, this netting led to a contraction of Euro 120 million in the income statement. This amendment did not have any impact on earnings.

Reclassifications have arisen in the balance sheet between the assets and contract assets and the liabilities and contract liabilities recognised in the past. These mainly related to construction subsidies and prepayments received.

Application of IFRS 15 has resulted in the capitalisation of contract acquisition costs. This has led to a slight extension in the balance sheet. Customer acquisition costs of Euro 254 thousand have been incurred in the financial year to date. These costs are amortised over the average contract term. Costs relating to contract terms of less than one year are directly expensed.

Furthermore, upon the introduction of IFRS 15 the period over which construction subsidies for electricity and gas connections are reversed has been amended to 20 years. The resultant increase in equity amounts to Euro 23 million.

MVV has made premature first-time application of the new IFRS 16 standard for the financial year beginning on 1 October 2018, as IFRS 15 has also been applied for the first time from this date. With regard to the transitional requirements, MVV has applied the modified retrospective approach. Comparative figures for the previous year's periods have not been adjusted.

Upon the first-time application of IFRS 16, the previous classification of leases at the lessee as operating or finance leases was abolished and replaced by a uniform right-of-use model. Since 1 October 2018, leases have been recognised as right-of-use assets and corresponding lease liabilities from the time when the underlying assets are available for use by the Group. One exception relates to contracts with terms of less than twelve months and low-value assets, which are allowed to be expensed on a straight-line basis. MVV has drawn on this accounting option. Implementation of the new standard means that, from the current financial year, previously existing operating leases as well have triggered capital retention in the form of a right-of-use asset and a liability. This approach is largely comparable with that previously taken to recognise finance leases. The implications for previously existing finance leases do not involve any material amendments. Each lease instalment is divided into principal repayments and financing expenses. Financing expenses are charged to earnings over the term of the lease. The right-of-use asset is subject to straight-line depreciation over the shorter of its useful life and the term of the lease contract. Upon initial recognition, assets and liabilities relating to leases are measured at present value. Lease payments are discounted at the interest rate implicit in the lease if this can be determined. They are otherwise discounted using the lessee's incremental borrowing rate. Upon first-time application, leases were discounted using the lessee's incremental borrowing rate, which was determined based on the contract terms and underlying currencies.

For lessors, the accounting model does not differ to any significant extent from that in IAS 17 "Leases".

The right-of-use assets recognised refer to the following types of assets:

Right-of-use assets

Euro 000s	**31 Mar 2019**	1 Oct 2018
Land and building	102,146	97,513
Technical equipment and machinery	37,001	40,952
Vehicles	3,282	3,496
IT hardware and software	690	829
Plant and operating equipment and other leased items	181	229
	143,300	**143,019**

Upon first-time application of IFRS 16, the Group did not have any onerous leases. As a result, no corresponding allowances had to be recognised for right-of-use assets. The Group opted not to apply the new requirements to leases whose terms expire within twelve months of the date of first-time application. These leases are accounted for in the same way as short-term leases and expensed. The following practical expedients continued to be drawn on upon first-time application: the use of an individual discount rate for portfolios of leases with similar characteristics; waiver of impairment review; exclusion of initial direct costs when measuring right-of-use assets; renewed assessment of termination or extension options upon the lessee obtaining more accurate information.

The lease liabilities refer to buildings, various items of technical equipment and plant and operating equipment and include the present values of the following lease payments:

- Fixed payments less any receivable lease incentives
- Variable lease payments dependent on an index or interest rate
- Expected residual payments from residual value guarantees provided by the lessor
- The exercise price for a purchase option when the lessee is reasonably certain to exercise the option
- Penalties for the termination of the lease when the term already accounts for the possibility of the lessee exercising a termination option

The preparation of the interim consolidated financial statements in some cases required the use of assumptions and estimates which impacted on the amount and statement of recognised assets, liabilities, income and expenses. 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 are included in MVV's interim consolidated financial statements.

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

Scope of consolidation

	Companies fully consolidated	Companies recognised at equity
1 October 2018	172	37
Additions	5	2
Disposals	9	3
31 March 2019	**168**	**36**

Currency translation

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

Currency translation

	Reporting date rate		Average rate	
1 Euro	**31 Mar 2019**	30 Sep 2018	**1 Oct 2018 to 31 Mar 2019**	1 Oct 2017 to 31 Mar 2018
Czech crown (CZK)	25.802	25.731	25.772	25.523
British pound (GBP)	0.858	0.887	0.879	0.885
US dollar (USD)	1.123	1.158	1.138	1.204
South African rand (ZAR)	16.264	16.445	16.094	15.389

Source: European Central Bank

Seasonal influences on business activities

Substantial areas of our business are subject to weather-related seasonality. For this reason, we regularly generate a higher volumes of sales and earnings in the first two quarters of our financial year.

Notes to income statement

1. Sales

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

The reduction in sales by Euro 222,648 thousand is chiefly due to the IFRS 15 conversion effect and the associated decrease in sales due to the netting of the market premium and the allocation paid under the German Renewable Energies Act (EEG), as well as to lower project development revenues and a volume-related reduction in electricity. These factors were opposed by price and volume-related growth in gas revenues.

When translated into group currency, sales at our foreign subsidiaries came to Euro 180,969 thousand (previous year: Euro 124,412 thousand).

2. Changes in inventories

Changes in inventories mainly result from unfinished projects and project rights. The change of Euro 28,412 thousand was principally due to the disposal of a wind farm, a substation and an infrastructure company in the previous year's period.

3. Cost of materials

Cost of materials fell by Euro 112,397 thousand compared with the previous year's period. This year-on-year reduction resulted from lower expenses due to the first-time application of IFRS 15 and the associated netting of items received and paid in connection with the market premium and allocation under the German Renewable Energies Act (EEG). This netting now takes place on the level of sales. The reduction in this line item was also due to lower project development expenses in connection with lower sales in the project development business, as well as to higher emission right prices. These factors were countered by price and volume-related increases in gas procurement.

4. Other operating income and other operating expenses

Other operating income

Euro 000s	**1 Oct 2018 to 31 Mar 2019**	1 Oct 2017 to 31 Mar 2018
Income from IFRS 9 derivatives	224,237	83,281
Income from emission rights	35,502	2,643
Reversal of provisions	5,832	31,706
Agency agreements and personnel supplies	4,930	2,429
Exchange rate gains	4,579	1,735
Rental income	2,033	2,014
Income from sales of assets	1,103	282
Income from sales of assets held for sale	–	30,802
Miscellaneous	16,487	20,494
	294,703	**175,386**

Other operating expenses

Euro 000s	**1 Oct 2018 to 31 Mar 2019**	1 Oct 2017 to 31 Mar 2018
Expenses for IFRS 9 derivatives	288,163	80,653
Contributions, fees and duties	16,985	18,010
Expenses for advisory services	10,718	14,562
Maintenance, repair and IT service expenses	10,031	10,041
Other services	7,563	11,179
Rental, leasehold and lease expenses	6,933	11,408
Other employee-related expenses	6,183	6,468
Public relations expenses	5,143	5,392
Operating taxes (including energy taxes)	4,528	5,743
Exchange rate losses	2,261	1,573
Expenses for emission rights	25	198
Miscellaneous	13,064	10,685
	371,597	**175,912**

Due to the introduction of IFRS 9, MVV has implemented follow-up amendments to IAS 1 (Presentation of Financial Statements) under which impairment losses for financial instruments are presented in a separate line item in the income statement. Previously, MVV presented the associated value changes under other operating expenses and other operating income. As a result, MVV has reclassified value changes recognised pursuant to IAS 39 in the previous year out of other operating expenses (Euro 6,049 thousand) and other operating income (Euro 3,250 thousand).

The change in other operating income and other operating expenses is chiefly due to the recognition of derivatives measured in accordance with IFRS 9. The measurement of these items under IFRS 9 resulted in a negative net effect of Euro 63,925 thousand in the 1st half of the 2019 financial year (previous year: positive effect of Euro 2,628 thousand).

The review of provisions and assessment of legitimate items led to reversals of Euro 5,832 thousand (previous year: Euro 31,706 thousand), with the respective amounts being credited to earnings.

In the previous year, the income from sales of assets held for sale resulted from the sale of the fibre optic network at MVV Energie AG and of assets relating to multi-utility contracts at MVV ImmoSolutions GmbH.

Rental, leasehold and lease expenses decreased, with this mainly being due to the amended recognition under IFRS 16 of lease expenses classified pursuant to IAS 17 as operating leases.

5. Income from companies recognised at equity

The income of Euro 20,968 thousand from companies recognised at equity (previous year: Euro 8,209 thousand) is attributable to the subsequent measurement of joint ventures and of companies over which MVV has only significant influence.

6. Financing income and financing expenses

Financing income and financing expenses mainly comprise interest on loans.

Due to the introduction of IFRS 9, changes in the fair value of an option designated as a hedging instrument are accounted for as hedging expenses in other comprehensive income. The retrospective application of this amendment reduced the previous year's financing expenses by Euro 459 thousand.

7. Taxes on income

The change in this item is principally due to the change in deferred taxes for measurement items relating to energy trading transactions recognised under IFRS 9. The effective tax rate amounts to 31.5 % (previous year: 29.8 %).

8. Earnings per share

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

	FY 2019	FY 2018
Share of earnings attributable to MVV Energie AG shareholders (Euro 000s)	21,598	121,855
Number of shares (weighted average in 000s)	65,907	65,907
Earnings per share (Euro)	0.33	1.85

It was not necessary to account for any dilution effects.

Notes to balance sheet

9. Other receivables and assets

The reduction in other receivables and assets compared with 30 September 2018 is mainly attributable to lower market prices and the resultant decrease in the positive fair values of energy trading transactions recognised under IFRS 9.

10. Deferred taxes

The change in deferred tax receivables and deferred tax liabilities is chiefly due to measurement items for energy trading transactions.

11. Trade receivables

In line with the customary seasonal development in energy receivables, trade receivables rose sharply compared with 30 September 2018. This factor was opposed by the development of receivables in the project development business.

12. Cash and cash equivalents

The reduction in cash and cash equivalents is chiefly due to payment of the dividend for the 2018 financial year.

13. Dividends paid

The Annual General Meeting held on 8 March 2019 approved the distribution of a dividend of Euro 0.90 per individual share, and thus unchanged on the previous year, for the 2018 financial year (total distribution: Euro 59, 316 thousand). Furthermore, a total of Euro 16,211 thousand was distributed to minority shareholders on subsidiary level.

14. Provisions

Provisions fell by Euro 57,055 thousand compared with 30 September 2018. This decrease was primarily due to the utilisation of provisions for services not yet invoiced and of provisions for completed projects, as well as the utilisation of personnel-related obligations. These factors were countered by additions to provisions for corporate income and trade taxes.

15. Financial debt

Financial debt rose by Euro 290,268 thousand compared with 30 September 2018. The introduction of IFRS 16 led lease liabilities to increase by Euro 88,143 thousand. Furthermore, the new loans taken up to finance major projects exceeded the opposing impact of regular repayments on existing loans.

16. Other liabilities

The reduction in other liabilities compared with 30 September 2018 was due on the one hand to lower market prices and the resultant reduction in the fair values of energy trading transactions recognised under IFRS 9. On the other hand, upon the implementation of IFRS 15 the period over which construction grants for electricity and gas connections are reversed was lowered to 20 years. This also reduced other liabilities.

17. Contingent liabilities

Contingent liabilities at the Group have not changed materially since the previous year's comparative period.

18. Financial instruments

Depending on their respective classification, financial instruments are recognised either at fair value or at amortised cost. Fair value is the price at which an asset can be sold or a liability settled in an orderly transaction between market participants as of the measurement date. The fair value of financial instruments traded on organised markets is determined by reference to the bidding price listed on the stock exchange at the balance sheet date. The fair value of financial instruments for which there is no active market is determined by applying valuation methods. These methods are based on transactions recently performed on market terms, the current market value of other essentially identical instruments, the analysis of discounted cash flows or option price models. Where no market prices are available, MVV measures specific long-term energy contracts and interest derivatives in particular using recognised valuation methods based on internal fundamental data. Pursuant to IFRS 13, due account is also taken of market and credit risks when calculating fair values.

MVV allocates its financial instruments to the three levels prescribed by IFRS 7. The individual levels are defined as follows:

Level 1: Measurement based on prices listed on active markets and taken over without amendment

Level 2: Measurement based on directly or indirectly observable factors other than those in Level 1

Level 3: Measurement based on factors not observable on the market.

The following table presents the financial assets and liabilities measured at fair value in accordance with their respective measurement hierarchy.

Fair value hierachy at 31 March 2019

Euro 000s	**Level 1**	**Level 2**	**Level 3**	**Cost**
Financial assets				
Other shareholdings	–	–	8,569	–
Derivatives outside hedge accounting	125,698	245,980	441	–
Derivatives within hedge accounting	29,817	29,451	–	–
Financial liabilities				
Derivatives outside hedge accounting	122,576	231,499	353	–
Derivatives within hedge accounting	27,498	49,993	4,611	–
Other operating liabilities	–	–	18,470	–

Fair value hierachy at 30 September 2018

Euro 000s	Level 1	Level 2	Level 3	Cost
Financial assets				
Unconsolidated shareholdings	–	–	–	7,410
Derivatives outside hedge accounting	235,679	642,309	829	–
Derivatives within hedge accounting	74,109	4,305	–	–
Financial liabilities				
Derivatives outside hedge accounting	202,363	594,401	250	–
Derivatives within hedge accounting	31,804	17,704	1,712	792

The derivatives of Euro 4,611 thousand in Level 3 hedge accounting include interest swaps with floor (previous year: Euro 1,712 thousand). The fair value of these derivatives amounts to Euro 4,611 thousand. Any upward or downward change in the volatility factored into the calculation by an absolute figure of 1 would increase the fair value by Euro 151 thousand or reduce it by Euro 147 thousand.

Other liabilities in Level 3 include acquisition-related variable purchase price components. The fair value determined would increase or decrease in line with future developments in sales and EBIT.

The following reconciliation presents the development in financial instruments recognised in Level 3.

Development in financial instruments recognised in Level 3

Euro 000s	**Balance at 1 Oct 2018**	**Gains/ losses in income statement**	**Gains/ losses in other comprehensive income**	**Balance at 31 Mar 2019**
Financial assets				
Derivatives outside hedge accounting	829	−388	–	441
Financial liabilities				
Derivatives outside hedge accounting	1,490	−1,137	–	353
Derivatives within hedge accounting	1,712	2,899	–	4,611

Development in financial instruments recognised in Level 3

Euro 000s	Balance at 1 Oct 2017	Gains/ losses in income statement	Gains/ losses in other comprehensive income	Balance at 30 Sep 2018
Financial assets				
Derivatives outside hedge accounting	28	801	–	829
Financial liabilities				
Derivatives outside hedge accounting	516	974	–	1,490
Derivatives within hedge accounting	1,014	698	–	1,712

Gains and losses in income statement for Level 3 financial instruments

FY 2019 Euro 000s	**Total**	of which still held at 31 Mar 2019
Other operating income	–	–
Other operating expenses	−388	–
Financing expenses	−2,899	–
	−3,287	**–**

Gains and losses in income statement for Level 3 financial instruments

FY 2018 Euro 000s	Total	of which still held at 30 Sep 2018
Other operating income	801	–
Other operating expenses	−974	–
Financing expenses	−698	–
	−871	**–**

19. Segment reporting

Income statement by segment from 1 October 2018 to 31 March 2019

Euro 000s	External sales excluding energy taxes	Intercompany sales excluding energy taxes	Depreciation	Goodwill amortisation	Adjusted EBIT
Customer Solutions	1,463,875	64,965	8,051	–	42,480
New Energies	273,212	56,442	40,095	–	36,234
Supply Reliability	115,515	361,070	31,196	–	54,495
Strategic Investments	59,994	789	5,297	–	25,088
Other Activities	1,150	26,747	6,915	–	3,065
Consolidation	–	−510,013	–	–	–
	1,913,746	**–**	**91,554**	**–**	**161,362**

Income statement by segment from 1 October 2017 to 31 March 2018

Euro 000s	External sales excluding energy taxes	Intercompany sales excluding energy taxes	Depreciation	Goodwill amortisation	Adjusted EBIT
Customer Solutions	1,575,798	76,580	7,468	–	61,078
New Energies	356,145	51,757	36,566	24,000	53,926
Supply Reliability	132,471	337,453	32,080	–	76,843
Strategic Investments	71,056	1,668	5,468	–	28,777
Other Activities	924	13,090	6,801	–	2,467
Consolidation	–	−480,548	–	–	–
	2,136,394	**–**	**88,383**	**24,000**	**223,091**

External reporting is based on the internal management structure, thus complying with the management approach pursuant to IFRS 8. 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 energy industry value chain stages have been allocated to the reporting segments of Customer Solutions, New Energies, Supply Reliability, Strategic Investments and Other Activities. The characteristics used to identify and aggregate the segments relate to the type of products and services, the type of production processes, the asset and capital intensity, customer structures and needs, the sales methods used and, where appropriate, the regulatory framework.

Analytically, the business fields can be further broken down by subgroup and individual company with their products.

- The **Customer Solutions** reporting segment is subdivided into the business fields of commodities, retail and business. It comprises the retail and secondary distribution business with electricity, heating energy, gas and water, the solutions business for corporate customers and the service and trading business at MVV Trading GmbH.

  The key focus of aggregation for these business fields relates to the service business and to customer needs. The customer is the key focus of the business, use is made of comparable services methods, activities and marketing processes for the customers are pooled and almost exclusively target external customers (e.g. sales to third parties).

- The energy from waste plants, biomass power plants, wind turbines and biomethane plants are allocated to the **New Energies** reporting segment. Furthermore, this reporting segment also includes the renewable energies project development and operations management activities.

The business fields aggregated in this segment focus on the provision of services, solutions and products in connection with renewable energies. The activities within this reporting segment involve the planning, approval, development, construction and operation of technical plants to generate electricity from sustainable/partly sustainable commodities such as wind, waste timber, non-recyclable forest timber, green cuttings, waste/RDF, biogas and sunshine. The processes are characterised by long planning, approval, construction and operating stages.

- In addition to conventional energy generation, the **Supply Reliability** reporting segment also includes grid facilities for electricity, heating energy, gas and water. It comprises combined heat and power generation, grid facilities and further facilities required to provide our customers with a secure supply of electricity, heating energy, gas and water.

  The business fields aggregated in this segment serve to provide customers with a reliable and stable supply of various products. All facilities are characterised by high asset intensity, long technical lifecycles and long-term financing structures.

- 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 shared service companies and cross-divisional functions.

- Consolidation includes figures for transactions with other reporting segments that are eliminated for consolidation purposes.

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

Of segment sales with external customers, 90.5 % were generated in Germany (previous year: 94.2 %). The regional breakdown of sales is based on the geographical location of the respective companies.

No individual customers of MVV account for or exceed 10 % of 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 2018 to 31 Mar 2019**	1 Oct 2017 to 31 Mar 2018	+/– change
EBIT as per income statement	95,763	223,976	−128,213
Financial derivative measurement items	63,925	−2,628	66,553
Structural adjustment for part-time early retirement	63	165	−102
Interest income in connection with finance leases	1,611	1,578	33
Adjusted EBIT	**161,362**	**223,091**	**−61,729**

20. Cash flow statement

Following the elimination of the positive items attributable to non-cash income and expenses and the non-operating result, the significant year-on-year reduction in net income for the period before income taxes (EBT) led to a **cash flow before working capital and taxes** that was Euro 73 million lower than in the previous year's period. The decrease in the **cash flow from operating activities** by Euro 146 million was due on the one hand to the lower cash flow before working capital and taxes. The effects of this reduction were intensified in particular by the increase in inventories and the change in securities deposited for counterparty default risk. On the other hand, the cash flow from operating activities was positively affected in particular by changes in trade payables.

The development in the **cash flow from investing activities** was largely shaped by the higher inflow of funds in the previous year, which resulted from the sale of non-current assets. Overall, the cash flow from investing activities fell year-on-year by Euro 24 million.

The **cash flow from financing activities** rose by Euro 170 million compared with the 2nd quarter of the 2018 financial year, a development largely due to higher net borrowing.

21. Related party disclosures

Numerous contractually agreed legal relationships are in place between MVV companies 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

	Goods and services provided				Receivables		Liabilities	
	Income		Expenses					
Euro 000s	**1 Oct 2018 to 31 Mar 2019**	1 Oct 2017 to 31 Mar 2018	**1 Oct 2018 to 31 Mar 2019**	1 Oct 2017 to 31 Mar 2018	**31 Mar 2019**	30 Sep 2018	**31 Mar 2019**	30 Sep 2018
City of Mannheim	8,021	8,626	12,639	12,256	138	938	8,025	5,276
Abfallwirtschaft Mannheim	3,530	3,624	898	867	1,331	1,243	608	403
GBG Mannheimer Wohnungsbaugesellschaft mbH	11,988	12,152	25	71	184	841	8	–
m:con – mannheim:congress GmbH	2,047	2,013	180	174	6,231	6,540	–	–
MKB Mannheimer Kommunalbeteiligungen GmbH (previously: MVV GmbH)	19	21	60	60	–	–	–	–
MV Mannheimer Verkehr GmbH (previously: MVV Verkehr GmbH)	10	14	1	6	3	–	–	–
Rhein-Neckar-Verkehr GmbH	3,214	3,601	136	122	1,768	1,208	868	1,522
Stadtentwässerung Mannheim	649	846	170	224	–	74	–	–
Companies recognised at equity	79,912	38,602	164,642	130,557	34,429	21,568	25,778	35,942
Other related parties	13,314	16,508	3,229	1,908	821	5,085	1,280	1,513
	122,704	**86,007**	**181,980**	**146,245**	**44,905**	**37,497**	**36,567**	**44,656**

22. Events after balance sheet date

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

Mannheim, 14 May 2019
MVV Energie AG
Executive Board

Dr. Müller	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 that 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 2019 financial year."

Mannheim, 14 May 2019
MVV Energie AG
Executive Board

Dr. Müller | Klöpfer | Dr. Roll

FINANCIAL CALENDAR

15 August 2019
9M Quarterly Statement
2019 Financial Year

10 December 2019
Annual Report
2019 Financial Year

10 December 2019
Annual Results Press Conference and
Analysts' Conference
2019 Financial Year

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

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