

SAL. OPPENHEIM

MVV Energie

Utilities

2009-02-06

Applied disclosures can be found in the appendix

Reduce

Fair Value EUR28.00

Price EUR30.95 (Closing price as of 2009-02-04)

KEY DATA			
	2008	2009e	2010e
Sales m	2,809.37	2,936.06	3,039.67
Net Profit m	169.96	117.80	130.54
adj. EPS	1.67	1.79	1.98
PER	18.9	17.3	15.6
EV/EBITDA	6.8	8.2	7.6
EBIT margin %	11.7	8.4	8.7
Yield %	2.5	2.9	3.1
EPS CAGR: 08-2011			6.6

4% OPERATING EBIT GROWTH EXPECTED

MVV will release Q1 result on Feb 13. As a result of the sharp drop of commodity prices, we expect substantial negative effects of -€150 due to IAS 39. This, however, has no impact on cash flows and dividend payments. The underlying operating performance in terms of EBIT pre IAS 39 should display some 4% growth for Q1. Expect for Environment, we expect improvements for all divisions. This also confirms our expectation of marginal EBIT growth for FY 2008/09, instead of the marginal decline guided by management. All in all, Q1 should be in line with our full-year projections. Valuation-wise, the stock has remained immune against the financial market crisis. We see this more as a risk than a chance and confirm our Reduce rating.

IMPROVEMENTS IN ALMOST ALL DIVISIONS ...

For electricity, we expect further marginal earnings growth in Q1, ahead of price increases as of Q2. However, MTM effects of derivatives (IAS 39) should be substantially negative (-€140m e) due to the drop in power prices in Q4 from €74/MWh to €58/MWh. District heating should continue to benefit from still risen gas prices and good weather conditions. Natural gas should show similar improvements in Q1, but will be squeezed by price reductions as of Q2. Water should recover from last year's extraordinary high maintenance activities. Services should record further growth, driven by last year's investments.

MARKET DATA

Reuters	MVVGn.DE
Bloomberg	MVV1 GR
Market cap EURm	2,039.8
EV EURm	3,215.3
Free float %	18.7

... EXCEPT FOR WASTE

Environment should be the only division with a decline in operating results: As a result of the economic downturn, we expect lower spot prices and volumes for waste incineration for industrial clients.

NEXT EVENTS

Quarterly results	2009-02-13
AGM	2009-03-31
Quarterly results	2009-05-15

Matthias Heck, CEFA, CFA
+49 (0) 69/71 34 - 52 03
matthias.heck@oppenheim.de
Oppenheim Research GmbH, Frankfurt

Gregor Kirstein, Dipl.-Kfm.
+49 (0) 69/71 34 - 56 23
gregor.kirstein@oppenheim.de
Oppenheim Research GmbH, Frankfurt

(In EUR m)	Q1 2007/08	Q1 2008/09e	+/- %
Sales	662.5	801.0	21%
EBITDA (incl. IAS 39)	161.1	-172.7	n.m.
EBIT (incl. IAS 39)	124.1	-59.3	-148%
Electricity	55.9	-120.0	n.m.
<i>Electricity pre IAS 39</i>	18.9	20.0	6%
District Heating	25.8	28.5	11%
Natural Gas	15.5	7.0	-55%
<i>Natural gas pre IAS 39</i>	15.5	17.0	9%
Water	2.3	4.0	72%
Environment	19.7	18.0	-9%
Services	3.7	4.3	16%
Other	1.3	-1.0	-179%
EBIT (pre IAS 39)	87.1	90.8	4%
Net profit (incl. IAS 39)	58.0	-64.0	n.m.
Net profit (pre IAS 39)	32.1	41.0	28%
EPS (incl. IAS 39)	0.91	-0.97	-207%
EPS (adj, pre IAS 39)	0.49	0.62	28%

Source: Oppenheim Research