

Company announcement

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Announcement of financial results for 2012

27 February 2013

The Board of Directors of DONG Energy has today approved the 2012 annual report with the following financial highlights and outlook:

- EBITDA was DKK 8.6 billion, down DKK 5.1 billion on 2011. In the Energy Markets business unit, EBITDA fell by DKK 6.6 billion from DKK 2.0 billion in 2011 to a loss of DKK 4.6 billion in 2012. EBITDA for the other four business units developed largely in line with expectations, and their combined EBITDA increased by DKK 1.5 billion from 2011 to 2012.
- The loss in Energy Markets partly reflected provisions totalling DKK 2.9 billion for onerous contracts for gas storage capacity and capacity in an LNG terminal. The remainder of the fall in Energy Markets' EBITDA reflected non-recurring income of around DKK 1 billion in 2011 from the renegotiation of gas contracts, lower earnings from gas-fired power stations abroad and a negative effect from a wider spread between oil and gas prices.
- The result for the year was a loss of DKK 4.0 billion compared with a profit of DKK 2.9 billion in 2011. The decline reflected lower EBITDA, impairment losses of DKK 2.9 billion (of which DKK 2 billion on gas-fired power stations), higher depreciation and an increase in net finance costs. On the other hand, a gain on disposal of enterprises had a positive effect of DKK 2.0 billion after tax.
- Cash inflow from operating activities was DKK 7.7 billion in 2012 compared with DKK 12.6 billion in 2011. The decrease was primarily due to the lower EBITDA before provisions for onerous contracts, payment of previously made provisions and higher taxes paid. In addition, the positive cash flow effect from a reduction in net working capital was lower than in 2011.
- Net investments were DKK 14.6 billion in 2012 versus DKK 13.1 billion in 2011. Gross investments amounted to DKK 19.1 billion and related primarily to development of wind activities and oil and gas fields, while disposals primarily related to Oil Terminals and transmission assets related to the Walney 2 offshore wind farm.

DONG Energy is one of the leading energy groups in Northern Europe. Our business is based on procuring, producing, distributing and trading in energy and related products in Northern Europe. DONG Energy has 7,000 employees and is headquartered in Denmark. The Group generated DKK 67 billion (EUR 9.0 billion) in revenue in 2012. For further information, see www.dongenergy.com

- Interest-bearing net debt increased by DKK 9.9 billion, standing at DKK 33.5 billion at the end of 2012.

DKK million	2012	2011	Δ
Revenue	67,243	56,842	10,401
EBITDA	8,632	13,770	(5,138)
Profit (loss) for the year	(4,021)	2,882	(6,903)
Cash flows from operating activities	7,701	12,624	(4,923)
Gross investments	(19,083)	(18,451)	(633)
Net investments	(14,642)	(13,060)	(1,582)
Interest bearing net debt	33,494	23,615	9,879

CEO Henrik Poulsen

“DONG Energy’s financial statements for 2012 are not satisfactory, primarily due to heavy losses and provisions for our gas activities. Our other business activities delivered largely in line with expectations. To restore a robust financial platform for our continued growth, we have initiated an extensive action plan that includes divestment of non-core assets, cost cuts and injection of additional equity of at least DKK 6-8 billion.”

“DONG Energy must have a sharp focus on financial value creation in order to be able to continue its ambitious growth strategy and transformation to green energy. Going forward, the Group will therefore adopt return on capital employed (ROCE) as its core financial target. At the latest from 2016 onwards, the return must be at least 10%. The Group’s new strategy for the period leading up to 2020 will form the basis for this improvement.”

Outlook

- Business performance EBITDA for 2013 is expected to amount to DKK 11.5-12.5 billion.
- Net investments for 2013-2014 are expected to amount to DKK 25-30 billion.
- The ratio adjusted net debt / EBITDA is expected to be reduced to around 2.5 at the end of 2014 compared with 4.1 at the end of 2012 (3.1 excluding the provision for gas storage capacity and LNG terminal capacity).

Conference call and meeting

A conference call and meeting for investors, analysts and media will be held today at 13:00 (CET) at DONG Energy’s office in Gentofte, Nesa Allé 1

(Conference hall). Those wishing to attend can register in advance at signup@dongenergy.dk. Those unable to attend at Nesa Allé can follow the conference via the following telephone numbers:

Denmark: +45 3272 8018

International: +44 145 255 5131

The publication will also be transmitted live at the following address:

<http://www.dongenergy.com/en/investor/presentations/pages/webcasts.aspx>

Presentation slides will be available prior to the conference call at the following address:

http://www.dongenergy.com/en/investor/presentations/pages/financial_presentations.aspx

Download annual report

The annual report can be downloaded at:

<http://www.dongenergy.com/annualreport>

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