

# First half 2008 results



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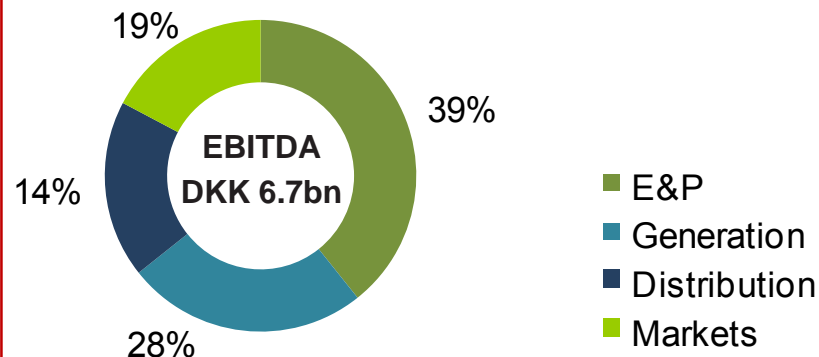
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Should one or more of these risks or uncertainties materialise or should any underlying assumptions prove to be incorrect, our actual financial condition or results of operations could materially differ from that described herein as anticipated, believed, estimated or expected.

## Financial highlights:

- ▶ Revenue of DKK 27.8 billion
- ▶ EBITDA of DKK 6.7 billion
- ▶ Profit after tax of DKK 3.1 billion
- ▶ One-off effect of DKK 477 million

## EBITDA per segment



## Key events since Q1

### Investments

- **26 May:** Decision to develop the Nini East field, expecting to increase the lifespan of the Siri area until 2020.
- **2 June:** Decision to exercise pre-emption right, increasing stake in the Norwegian oil field Ula, from 5% to 20%.
- **24 June:** Decision to build and operate Karnice I, a 30 MW onshore Polish wind farm, expected to be operational in 2009.
- **14 July:** Increase of existing Hejre field stake with 10% to a total of 60%, strengthening the position of the company on the Danish continental shelf.

### Divestments

- **12 June:** Greek wind activities sold to Mytilineos Holdings. Expected closing H2 2008 – effect on profit after tax DKK 50 million.
- **26 June:** Water and district heating activities in EGJ sold to EnergiMidt. Expected closing H2 2008 – effect on profit after tax DKK 90 million.
- **June:** Final closing of sale of 132 kV transmission grid to Energinet.dk. Recognised profit after tax gain of DKK 477 million in H1 2008.

# Significant EBITDA increase fuelled by production ramp up and continued high oil and gas prices

## Operational figures

	H1-08	H1-07
Oil & gas production (MMboe)	8.7	5.1
- Oil production (MMbbl)	5.0	4.5
- Gas production (MMboe)	3.7	0.6
Transport of oil (MMbbl)	45.9	49.8

## Financial development

DKK million	H1-08	H1-07
Revenue	3,848	2,094
EBITDA	2,673	897
EBIT	2,064	522
Investments	1,192	3,307

- Gas production 6 times higher than H1 2007 – primarily driven by Ormen Lange ramp up – and now accounts for 43% of total production (previously 12%)
- Oil production 10% higher compared to H1 2007 - production from Danish fields on level with last year
- 67% of total production now comes from Norway - driving up corporate tax level
- Revenue and earnings impacted positively by increased oil and gas production as well as higher oil prices (up by 73% compared to H1 2007)
- Investments primarily related to new wells on producing fields (Siri and Alve). Lower investment level compared to H1 2007, which was affected by the acquisition of the Hejre field from ConocoPhillips.



# Drop in EBITDA due to lower thermal production and unfavourable production margins

## Production

	H1-08	H1-07
Power production (GWh)	8,914	9,720
- Thermal (GWh)	7,495	8,174
- Renewable (GWh)	1,419	1,546
Heat production (TJ)	25,956	24,760

## Financial development

DKK million	H1-08	H1-07
Revenue	6,736	6,493
- Renewable	692	664
EBITDA	1,876	2,410
- Renewable	391	336
EBIT	1,205	1,206
Investments	2,227	1,876

- Thermal power production down by 8%
- The Nord Pool system price averaged EUR 36.4/MWh, 48% up on the first half of 2007 (Danish price areas DK West and DK East 94% and 80% higher). However, Coal and gas prices were 108% and 129% higher, respectively, and the price of CO<sub>2</sub> certificates was EUR 23.6/tonne compared with EUR 1.2/tonne in H1 2007.
- Production from Iberian activities sold in 2007 were, to a large extent, compensated for by newly installed renewables capacity in UK and Poland
- Thermal power impacted by lower production and less favourable hedging, which was DKK 0.5 billion in H1 2008 compared to DKK 1.4 billion in H1 2007
- Investments primarily related to the gas-fired power plant in Norway, offshore wind projects (Gunfleet Sands + Horns Rev) and general maintenance of the Danish thermal power plants

# Increased earnings from regulated activities, caused by lower costs in the period



## Operational figures

	H1-08	H1-07
Distribution of power (GWh)	4,725	4,640
Distribution of gas (mbbl)	469	441

- Distributed power and distributed gas on level with H1 2007.

## Financial development

DKK million	H1-08	H1-07
Revenue	2,178	2,220
EBITDA	966	807
EBIT	553	335
Investments	648	617

- Earnings impacted positively by lower cost level than in H1 2007
- Investments on level with H1 2007 and primarily related to cable laying in North Zealand as well as maintenance of the power distribution network



# Significant growth compared to weak H1 2007

## Operational figures

	H1-08	H1-07
Power sales (GWh)	5,773	5,473
Gas sales (million m <sup>3</sup> )	4,554	3,431

- Power sales 5% up with increasing sales outside Denmark
- Gas sales significantly up, due to higher sales on gas hubs as well as to export customers

## Financial development

DKK million	H1-08	H1-07
Revenue	18,451	11,480
EBITDA	1,264	790
EBIT	1,009	583
Investments	583	490

- Earnings impacted by lower margins on gas sales as sales prices have been offset by increased purchase prices
- Gas purchase allocation and time lag was DKK (350) million and DKK 590 million compared to DKK (60) million and DKK (210) million in H1 2007
- Investments relate to outdoor lighting and fiber optic network and infrastructure activities in Germany

## Selected financial figures

DKK million	H1-08	H1-07 <sup>(1)</sup>	Change
Revenue	27,820	20,177	38%
EBITDA	6,651	4,754	40%
Depreciation	1,969	2,296	(14%)
EBIT	4,682	2,458	90%
Financial items	(364)	(249)	(46%)
Taxes	(1,768)	(146)	-
Profit after tax	3,082	2,103	47%
Assets <sup>(1)</sup>	106,722	89,710	
Equity <sup>(1)</sup>	41,767	42,211	
Net interest bearing debt <sup>(1)</sup>	14,502	14,792	
Cash flow from operating activities	4,973	5,708	
Cash flow from investing activities	(2,790)	(10,364)	
EBITDA margin	24%	24%	
EBIT margin	17%	12%	
Earnings per share (DKK)	9.4	6.0	

- Depreciations down by 14%, primarily because depreciations in 2007 included amortisation of CO<sub>2</sub> allocation
- Net financial expenses increased due to slightly higher interest rate expenses and smaller gain on exchange rate adjustments
- Increase in taxes following increased oil and gas production in Norway, where total taxation is 78%. Total tax 36% - against 7% in H1 2007
- Profit after tax includes one-off of DKK 477 million. Underlying tax rate 41% corrected for a.o. one-off tax free gain
- Increase in assets from year end 2007, primarily due to an increase in trade receivables and market value of financial instruments
- Net interest bearing debt on level with end of year 2007
- Investments in H1 2007 negatively affected by KE and ConocoPhillips, whereas H1 2008 is positively affected by the sales of 132 kV transmission network
- Flat EBITDA margins with increasing results from E&P and Distribution, offsetting significantly lower margins in Generation and flat margin development in Markets
- EPS, corrected for one-off of DKK 477 million, was DKK 7.7



## Commodity prices

- Average price for the remainder of 2008:
  - Oil: USD **100** per barrel (changed from USD 90 per barrel)
  - Natural gas (TTF): EUR **25** per MWh (changed from EUR 24 per MWh)
  - Power (Nord Pool): EUR **42** per MWh (changed from EUR 44 per MWh)
  - Coal (API2): USD **145** per ton (changed from USD 129 per ton)
  - CO<sub>2</sub> certificates: EUR **24** per ton (changed from EUR 19 per ton)
  - USD exchange rate: DKK **4.75** to the dollar (unchanged)

## Extraordinary items

- The sale of the 132 kV transmission grid to Energinet.dk was concluded in 2007 with final closing in June 2008. Accounting gain after tax of DKK 477 million, which was recognised in H1 2008
- Divestment of Greek activities and Energi Gruppen Jylland . Expected closing H2 2008 – total effect on profit after tax DKK 140 million.

## Project development and research

- Costs to research and project development are expected to be approximately DKK 750 million for FY 2008 distributed as follows:
  - Research costs of DKK 350 million relating to carbon capture and storage, bioethanol, improvement in offshore wind turbine foundations, etc.
  - Project development costs of DKK 400 million, of which DKK 250 relate to Greifswald. The remaining relates to wind farm project and other projects in Generation
- In H1 2008 DKK 265 million were expensed

## Capex

- Net capex is expected to be approximately DKK 12 billion in 2008 of which DKK 2.8 billion was invested in H1 2008
- The net capex figure included DKK 2 billion from the sale of the 132 kV transmission grid to Energinet.dk which was realized in H1 2008

## Interest bearing debt

- The anticipated capital expenditures will increase net interest bearing debt to approximately DKK 17 billion by end of 2008. Combined with expected higher interest rate on anticipated new loans, we expect to incur net financial expenses of approximately DKK 900 million<sup>(1)</sup> in FY 2008 compared to DKK 740 million in 2007

**Expected EBITDA and profit after tax significantly higher than 2007**

Note (1): Excluding interest on hybrid capital

# Q & A