

DONG Energy to divest its upstream oil and gas business

Today's speaker



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DONG
energy

Transaction rationale

- Transaction will complete the transformation of DONG Energy into a leading, pure play renewables company
- Full exit of the full Oil & Gas business
- Optimal conditions for the long-term development of the O&G business secured
- Transaction expected to be closed in Q3 2017



Key deal elements

- Unconditional payment of DKK 7.0bn (USD 1,050m)
- Contingent payment of DKK 1.0bn (USD 150m) related to the Fredericia stabilisation plant
- Contingent payment regarding Rosebank of DKK 0.7bn (USD 100m)
- By acquiring DONG E&P A/S INEOS will take over decommissioning liabilities of around DKK 7.0bn
- DONG Energy retain O&G cash flow until 30/6-2017. Q1 2017 free cash flow of DKK 2.1bn
- DONG Energy retain all hedge contracts. Market value at Q1 2017 of DKK 1.9bn
- Gain on sale of enterprises of approx. DKK 2.5bn
- Reduction of accounting net debt of around DKK 5.0bn, at closing



Further details

- Transaction includes vendor loan notes of USD 250m (DKK 1.7bn) to be paid over a three-year period
- Payable taxes and capex costs of around DKK 1.5bn, related to the period before 30/6-2017, to be deducted from gross consideration
- Fredericia stabilisation plant:
 - Contingent payment from INEOS of USD 150m (DKK 1.0bn) over a 10-year period starting in 2019-2021
 - DONG Energy to pay approx. DKK 1.2bn to Oil Pipe for the stabilisation plant, also assumed paid over a 10-year period
 - The net deficit of the two payment streams (DKK 0.2bn) is included in the gain statement
- Transaction conditional upon regulatory approvals and certain third party approvals
- 2017 outlook unchanged



Q & A

