

DONG ENERGY IN THE UK

– supporting clean and reliable energy

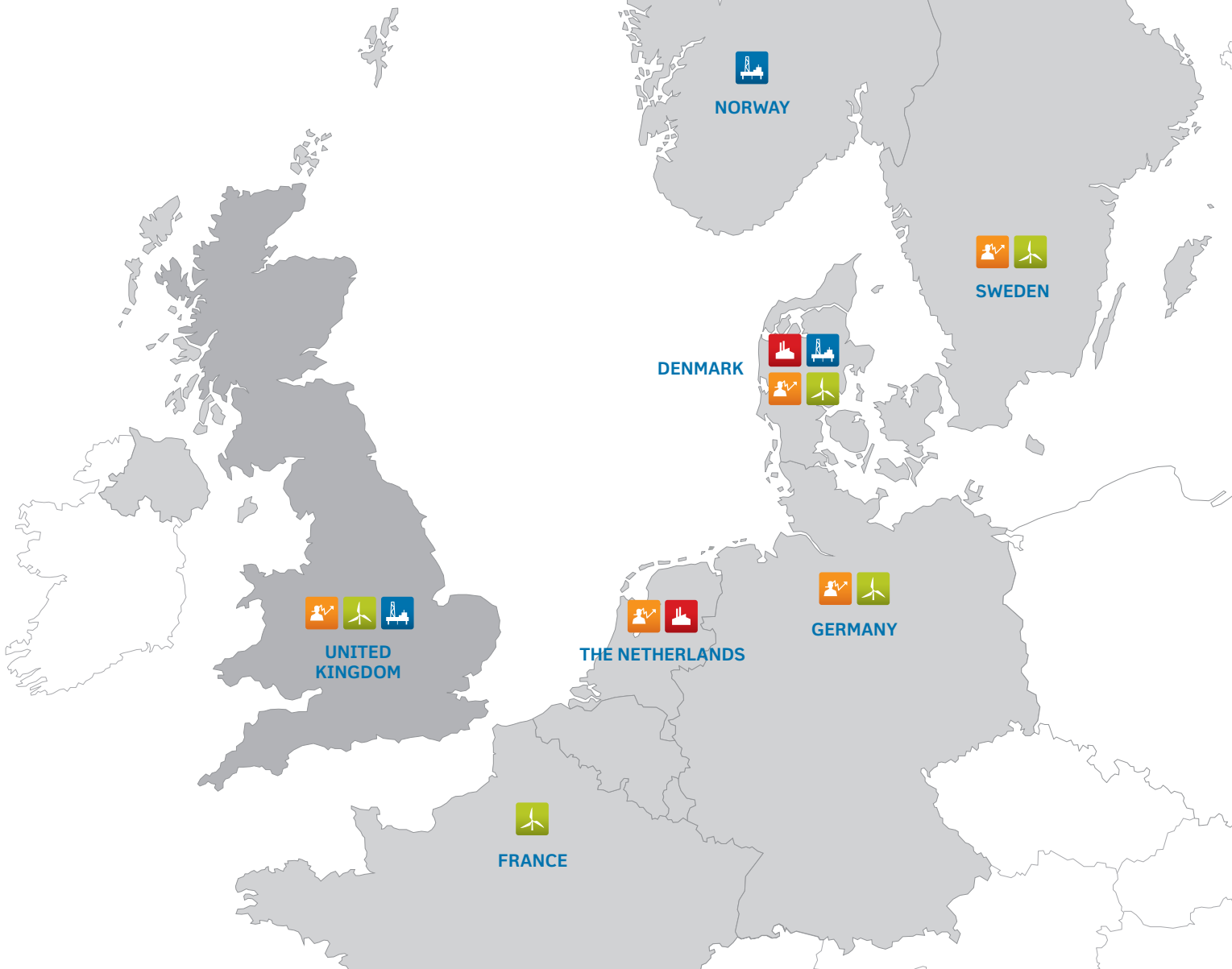


DONG Energy at a glance

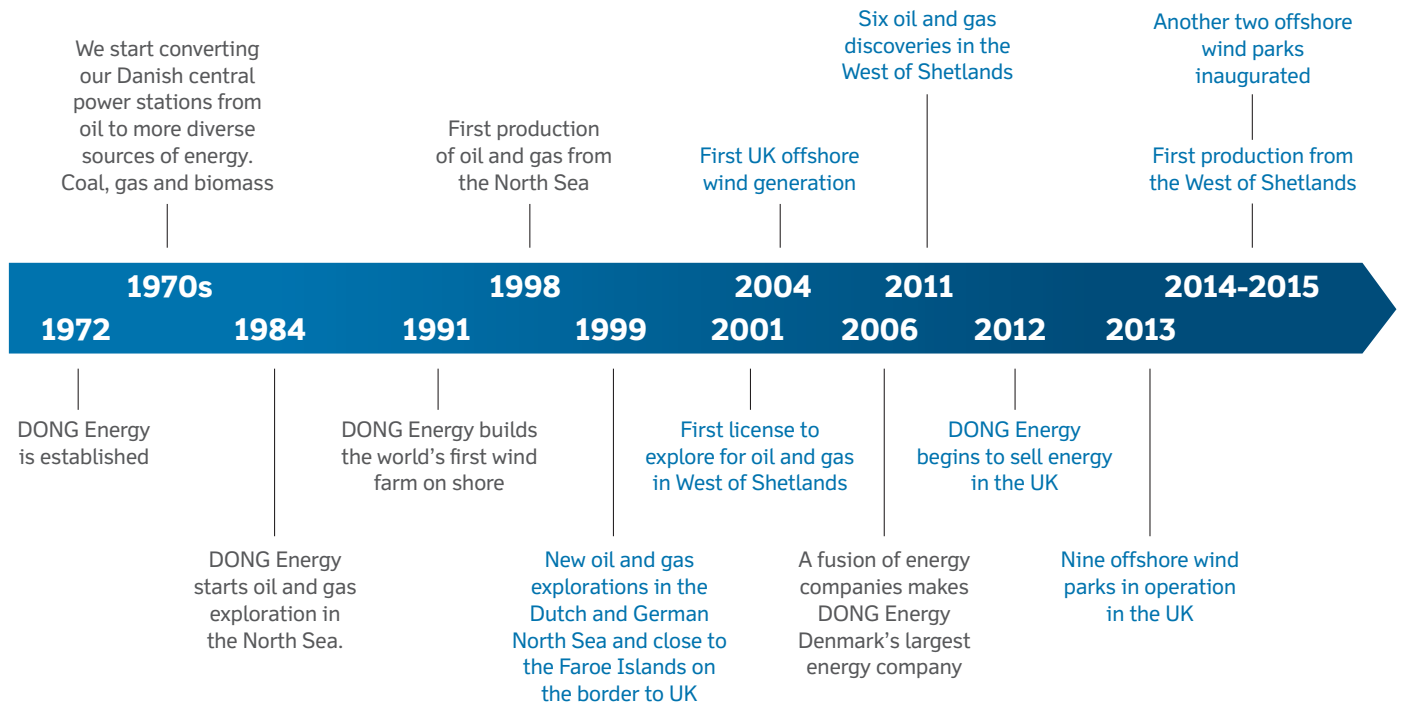
DONG Energy is one of the leading energy groups in Northern Europe, headquartered in Denmark. Around 6,500 ambitious employees are engaged in exploring and producing oil and gas, developing, constructing and operating offshore wind farms, generating electricity and heat from our offshore wind farms and power stations, and providing energy to residential customers and business customers on a daily basis.

DONG Energy in the UK

DONG Energy is expanding at a rapid pace in the UK; with fewer than ten employees in 2004, we have grown to around 500 today. Our activities in the UK include offshore wind power projects, exploration and, in 2014, production of oil and gas, as well as retail gas and electricity sales.



Our history



Our performance 2013

REVENUE

73.1 DKK bn

OPERATING PROFIT

15.0 DKK bn

INVESTMENTS

21.2 DKK bn

EMPLOYEES

6,496



Exploration and production of oil and gas



Development, construction and operation of offshore wind farms



Electricity and heat generation from power stations



Sales of electricity and gas in the wholesale and retail markets and optimisation and hedging of the Group's overall energy portfolio



Chairman's foreword

On a daily basis, we take energy for granted. We expect power to be available at the flick of a switch, natural gas for heating and fuel for the car when we need it – and this is how it should be.

At the moment the UK faces an investment challenge: More than half of today's electricity generating capacity will be closed by 2030 and additional capacity needs to be built to meet rising demands for power. At the same time, the UK's own domestic supplies of oil and gas are declining.

The long-term goal is to move to low carbon energy sources, while providing a secure supply, and to use energy more efficiently. The transition must take place in an economically sound manner that provides affordable energy.

These are the challenges that the UK is facing and DONG Energy is working concertedly on all fronts to deliver. We are expanding our offshore wind portfolio, focusing on oil and gas activities in the West of Shetlands, and increasing energy efficiency and service for our business customers.

The UK is now a key market for DONG Energy's future growth. As well as investing in energy that will provide more secure, low carbon supplies to the UK, we are also working hard to add value – through reducing the costs of offshore wind, job creation and supply chain opportunities.



Brent Cheshire
UK Country Chairman, DONG Energy UK

A lower carbon and reliable energy supply

The UK's energy system faces a great deal of change as existing power stations close, domestic fossil fuel reserves decline and the system adapts to meet low-carbon objectives.

The transition towards low carbon energy at an affordable price will be a long process and there is no silver bullet. We believe that concentrating on a mix of domestic resources and reducing costs of renewable energy is the right solution.

This is why DONG Energy is focussed on two areas for growth – offshore wind and oil and gas exploration and production.



Oil and natural gas – reliable sources

The energy mix in the UK in 2020 is still likely to be dominated by oil and gas, especially for transport and heating.

DONG Energy is one of the leading licence holders in the West of Shetland region, which holds up to around 20 percent of the UK's remaining reserves.

1 million UK households supplied with clean electricity

DONG Energy has more than 20 years' experience in the offshore wind industry. We have achieved a leading market position and developed some of the largest offshore wind farms in Europe, including the London Array. It has given us solid experience in the development, construction and operation of offshore wind farms.

We have a diverse and extensive UK portfolio of projects spanning different regions and licensing rounds. Today, we have installed offshore wind capacity in the UK equivalent to the electricity consumption of 1 million UK households. DONG Energy's overall goal towards 2020 is to reach an installed capacity, so more than 15 million Europeans can get low carbon electricity.

Opening up the West of Shetlands

- DONG Energy is one of the most active explorers and developers in the West of Shetlands and has strong capabilities and expertise in oil and gas exploration.
- We helped seed the growth of gas production in the region and we are one of the largest acreage holders in the West of Shetlands.
- We are partner in the Laggan-Tormore fields that are expected to deliver first gas in 2014.
- In addition to production wells, the Laggan-Tormore development also comprises a large gas treatment facility and pipelines connecting the fields to the UK.
- On an annual basis, this corresponds to the annual consumption of oil and gas in the home and for transport of 3.8 million Europeans.



Development of offshore wind

The wind turbines DONG Energy has installed in the UK to date can power 1 million UK households with clean wind energy.

Electricity to **1 million** UK households in **2013**

Environmental considerations

All types of energy production risks impacting the environment. DONG Energy's objective is to minimise this impact. We always conduct thorough studies of the potential environmental impacts of our activities from project planning and construction to operations and decommissioning.

An example of this is the onshore construction of the gas treatment facility built on the Shetlands to process production from the West of Shetlands fields. Part of the construction involved the removal of 650,000 cubic metres of peat. This is all being stored on site in structures which are the equivalent size of 280 Olympic swimming pools, so it can be put back after the plant is closed down many years from now.

2nd Largest

As well as exploring for oil and gas, DONG Energy is the second largest gas supplier in the UK to a number of business customers.

Energy saved is profit

The less energy we use, the more money we save and the better we look after our climate.

DONG Energy has extensive experience in energy efficiency. We use that knowledge to help our customers use less energy. In the UK we have just launched our Climate Partnership product.

A Climate Partnership enables businesses to develop a climate strategy based on a reduced carbon footprint through energy efficiency and renewables investments.

Facts

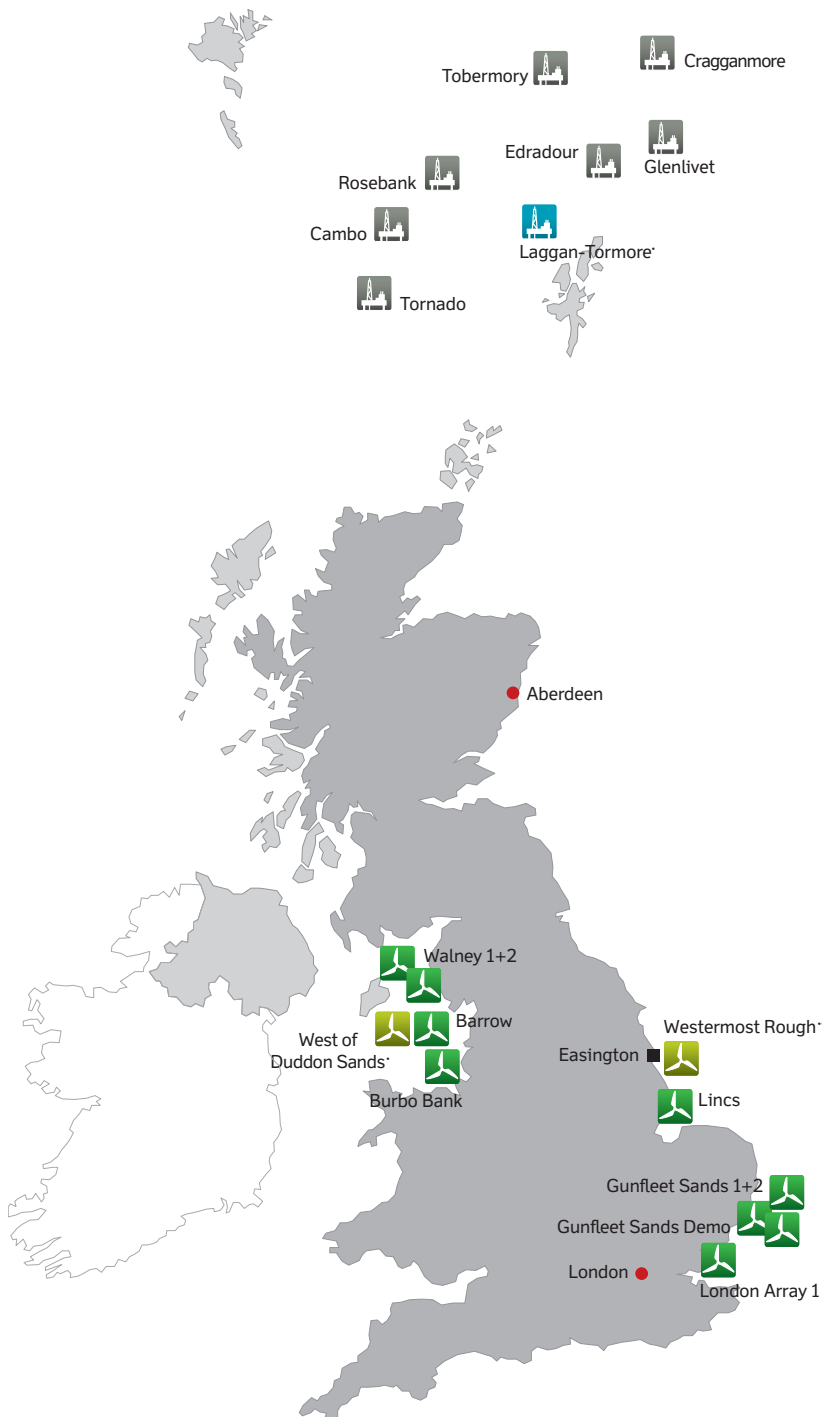
68 percent

Energy efficiency measures have the potential to reduce global CO₂ emissions with 68 percent towards 2035.

1.5 percent

In 2012, energy efficiency worldwide increased by 1.5 percent. By comparison, energy efficiency improved by only 0.4 percent a year from 2000 to 2010.

Source: IEA 2012; 2013



-  Wind in operation
-  Wind project under construction
-  DONG Energy office
-  Oil/gas field under development
-  Oil/gas field under evaluation
- Expected on stream in 2014
- Expected on stream in 2015

Being part of the UK economy

DONG Energy has already committed investments in the UK of £5bn and we are determined to engage with the UK market to create jobs, a supply chain and reduce the cost of offshore wind.



Investing locally in the UK

The DONG Energy and Total financed Laggan-Tormore development in the Shetland Islands has employed more than 1,400 people, and the project has also resulted in many derived jobs outside the area. It is expected that the Laggan-Tormore fields will be producing for 15 years, and the daily operation will require approximately 80 employees plus additional derived jobs generated with suppliers, eg maintenance jobs.

Creating supply chain opportunities

DONG Energy supports the UK Government's ambitions to source more content for wind farms from the UK supply chain. We are already hosting supply chain events with the aim of identifying more local suppliers for our offshore wind projects. Today, one-third of our offshore wind investments in the UK goes to UK based companies.

Reducing the costs of offshore wind by 35-40 percent

In order to reduce society's energy costs, the cost of producing electricity based on wind power must be reduced.

Offshore wind is currently more expensive than fossil fuels. This is no surprise as coal, oil and gas had many years head start. To make wind power competitive with other energy sources, the costs must be reduced.

By 2020, DONG Energy's target is to have reduced the cost of offshore wind by 35-40 percent. In conjunction with a fair price on CO₂, this will bring the cost of offshore wind in the range of coal, gas and nuclear power.



Competitive offshore wind

DONG Energy's offshore wind must be 35-40 percent cheaper from 2020, compared with 2012.

