

Company announcement no. 13/2014

Gentofte, 10 December 2014

Hartmann receives advisory opinion from the Secretariat of the Danish Energy Regulatory Authority on pricing of district heating to Tønder Fjernvarmeselskab

The Secretariat of the Danish Energy Regulatory Authority (“The Secretariat”) has passed an advisory opinion that establishes guidelines for settling prices of district heating between Hartmann and Tønder Fjernvarmeselskab from 2003 and onwards. The advisory opinion follows from Tønder Fjernvarmeselskab’s filing of a complaint with the Danish Energy Regulatory Authority in 2008. Hartmann disagrees with the considerations in the advisory opinion that underlie the Secretariat’s price determination for district heating from Hartmann’s combined heat and power plant.

Further developments of the case

The Secretariat’s advisory opinion forms the foundation for mandatory negotiations between Hartmann and the Secretariat, according to the Danish Heat Supply Act, Article 21, subsection 4. Negotiations are expected to be completed during the first quarter of 2015, and if they do not lead to agreement the Secretariat’s advisory opinion will underlie the decision in the case. If so, Hartmann intends to file a complaint with the Energy Board of Appeal.

Potential financial consequences

If the Secretariat’s advisory opinion underlies the final conclusion of the case, Hartmann will incur special costs at the level of DKK 50 million for reimbursement to Tønder Fjernvarmeselskab for the period 2003-2014.

Additionally, a reassessment of the valuation of Hartmann’s combined heat and power plant based on the Secretariat’s advisory opinion will result in special costs at the level of DKK 17 million.

If the settlement of pricing of district heating in the Secretariat’s advisory opinion is applied, increased annual energy costs of around DKK 5 million will furthermore be imposed on Hartmann’s production of egg packaging at the factory in Tønder.

Outlook for 2014 maintained

The pending case does not affect Hartmann's performance in 2014. Hartmann thus maintains its expectations of revenue of DKK 1.6-1.7 billion and a profit margin of 9.0-10.5% in 2014.

Special costs are still expected to amount to approximately DKK 7 million in 2014.

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