

RISK CULTURE IN DONG ENERGY WIND POWER

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DONG
energy

Who are we – Who am I?



- World leader in Offshore wind
- ~2000 FTE
- Yearly gross CAPEX OF ~ EUR 3 billion
- EBITDA 2012 : 2.5 bio DKK; 2015 : 6.5 bio DKK; 2016 (expected) : 10-12 bio DKK
- ~3500 MW operating assets
- ~3200 MW assets under construction
- Present in DK, UK, Germany, US, Taiwan



Name
Samuel Leupold

Age
46

Education
MSc, Mech. Engineering
ETH, MBA Insead

Current position

- CEO DONG Wind Power
- Member of DONG Energy GM

Previous working experience

- BKW Ltd. (Utility)
- ABB
- McKinsey



So what is risky in our business?



~100 wind turbines (700 MW)

~2.5bn €

~2 years construction activity

50-100 km from shore

20-45 m water depth

Tough weather...!

Where we come from: The “P 100 mentality”

Top mgmt.
awareness

The IRR of the project
is 10% ...

Incentive
system

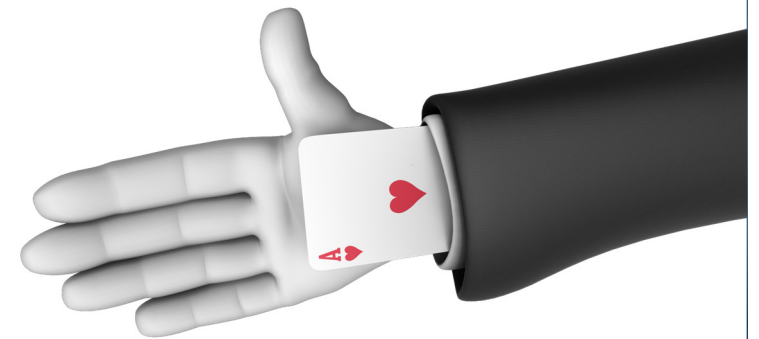
Variable salary for
Project Director

	Min	Max
“On time”	0%	+15%
“On budget”	0%	+15%

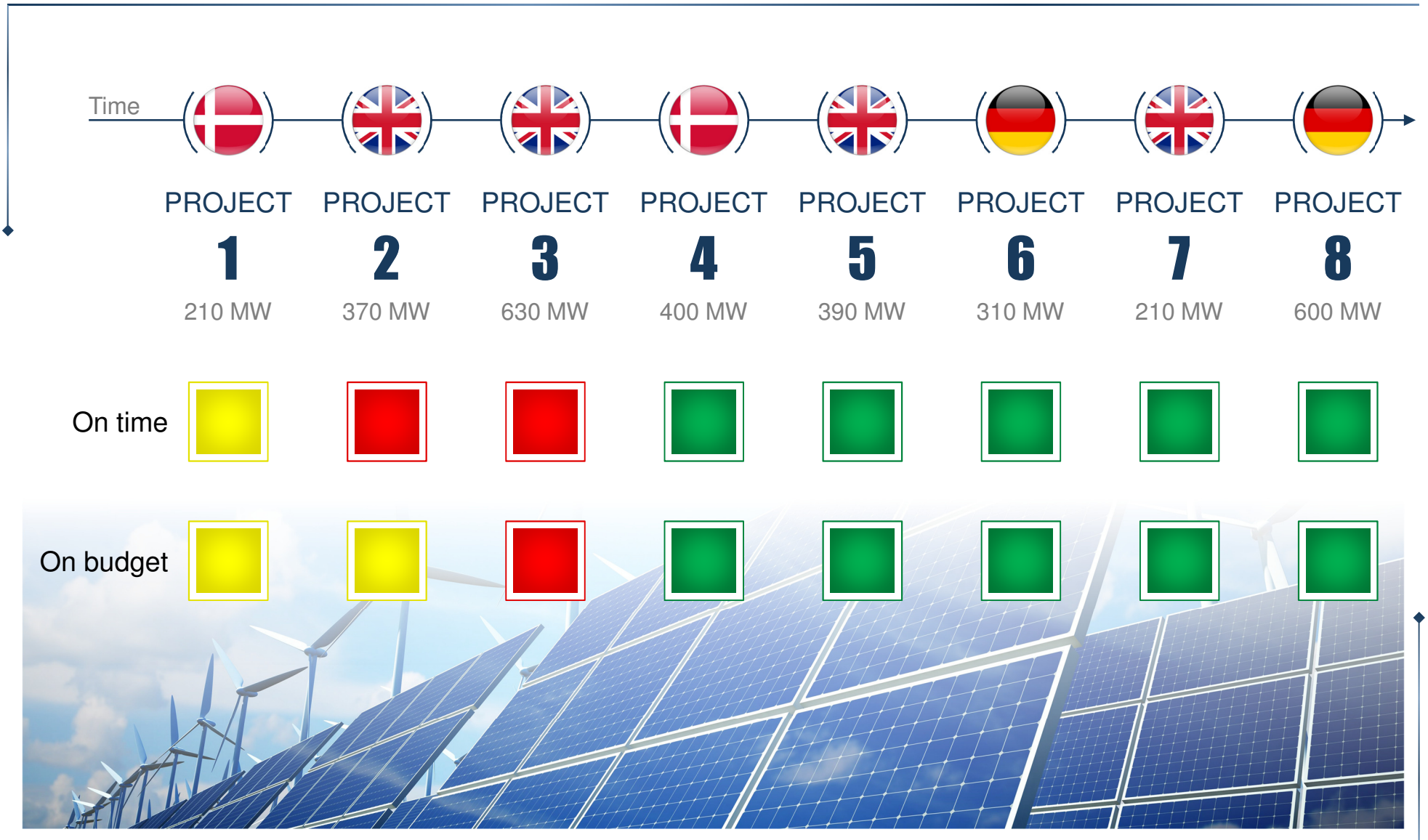
Behaviour in
crisis
situation



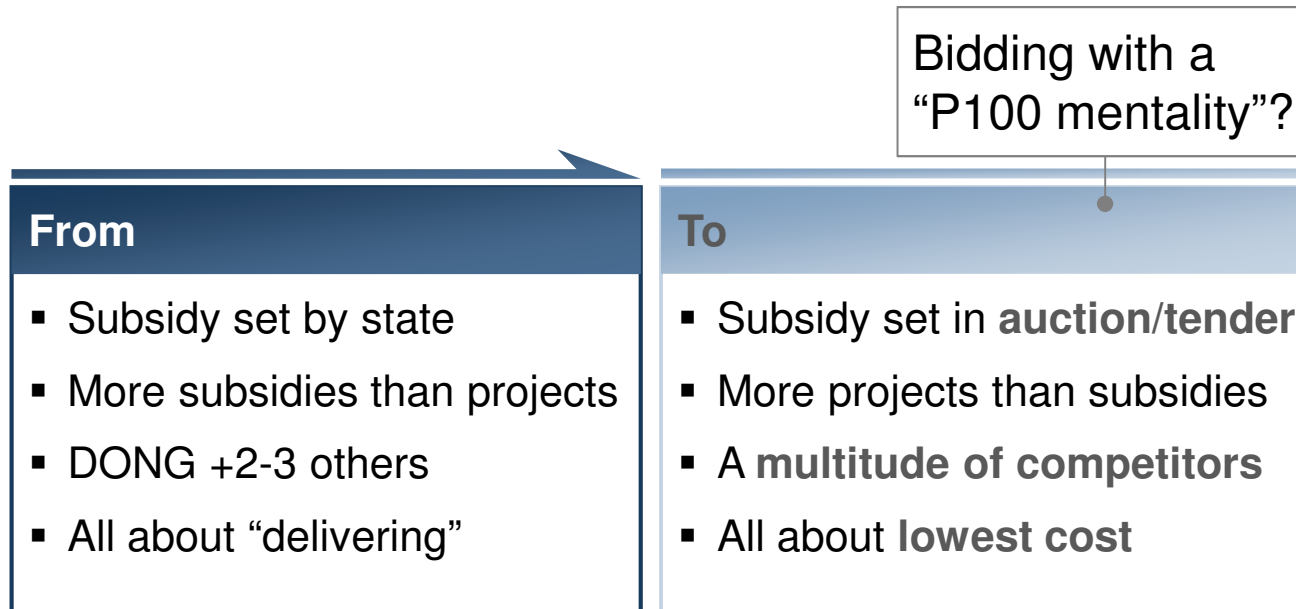
“The P 100 mentality”



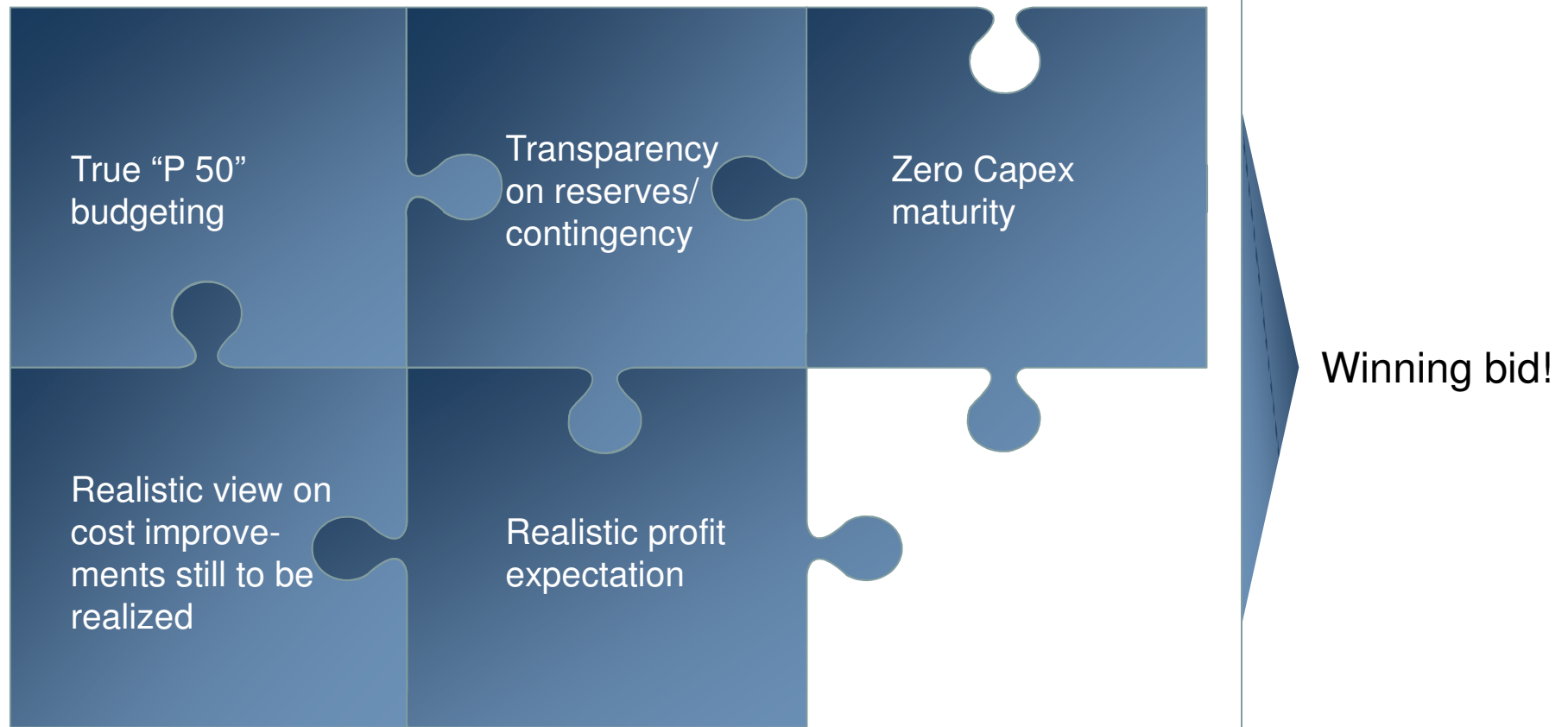
Praise for the P 100 mentality



Competition on cost – a paradigm change



What does it take to win?



How to get there? The new risk culture

Top mgmt. awareness

From:

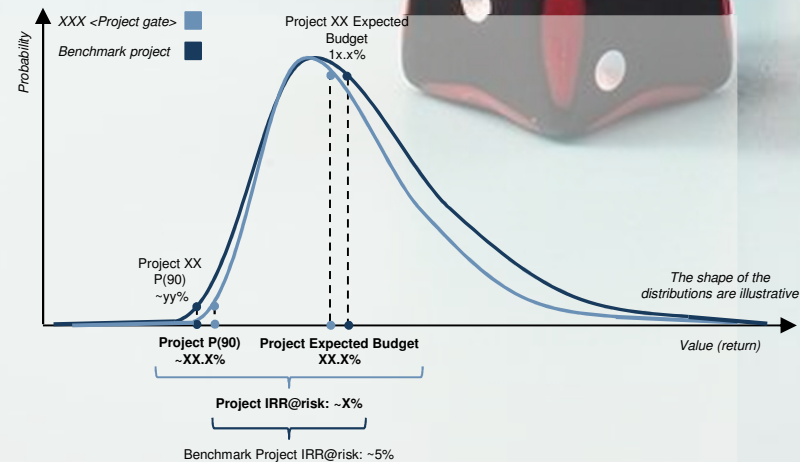
- Deterministic
- Avoid to talk about risks
- “The IRR is ...”

To:

- Probabilistic
- Emphasize the risks (and opportunities)

Incentive system

- “On time”
- “On budget”
- Grow up!



Behaviour in crisis situation



- Focus on “how can we avoid this happening in the future?”

Prove still to come!

2 final thoughts...

- Risk culture = Culture
- Culture ≠ What you write on poster
= How top management acts when things go wrong