

FINANCIAL REPORT Q1 2016

INVESTOR PRESENTATION



27 April 2016

DONG
energy

Disclaimer

Certain statements in this presentation are based on the beliefs of our management as well as assumptions made by and information currently available to the management. Forward-looking statements (other than statements of historical fact) regarding our future results of operations, financial condition, cash flows, business strategy, plans and future objectives can generally be identified by terminology such as “targets”, “believes”, “expects”, “aims”, “intends”, “plans”, “seeks”, “will”, “may”, “anticipates”, “continues ”or similar expressions.

These statements are not guarantees of future performance and involve certain risks and uncertainties. Therefore, actual future results and trends may differ materially from what is forecast in this financial report due to a variety of factors, including, but not limited to, changes in temperature and precipitation levels; the development in oil, gas, electricity, coal, CO₂, currency and interest rate markets; changes in legislation, regulation or standards; renegotiation of contracts; changes in the competitive environment in DONG Energy's markets; and security of supply.

We urge you to read our annual report available on our website at www.dongenergy.com for a discussion of some of the factors that could affect our future performance and the industry in which we operate.

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.



Strategic highlights in Q1 16

MILESTONES Q1 16



- FID Hornsea 1
- First power Gode Wind 2
- Acquisition of project rights off the coast of New Jersey (1GW)
- Farm down in Burbo Bank Extension
- Decision to establish office in Taiwan



- FID of first commercial-scale REnescience plant (Northwich, UK)



- Completion of renegotiations of long-term gas sourcing contracts with significant lump sum payments
- Branding of the Distribution business (re-named to Radius)
- Implementation of a new supplier-centric wholesale model for Danish power market



- Termination of Hejre EPC contract
- First gas from Laggan-Tormore
- Significant cost reductions being undertaken

EXPECTED MILESTONES REST OF 2016

- FID Borkum Riffgrund 2
- Commercial Operation Date Gode Wind 1&2
- One additional farm down

- Completion of biomass conversions at Studstrup and Avedøre

- Settlement of an additional long-term gas sourcing contract

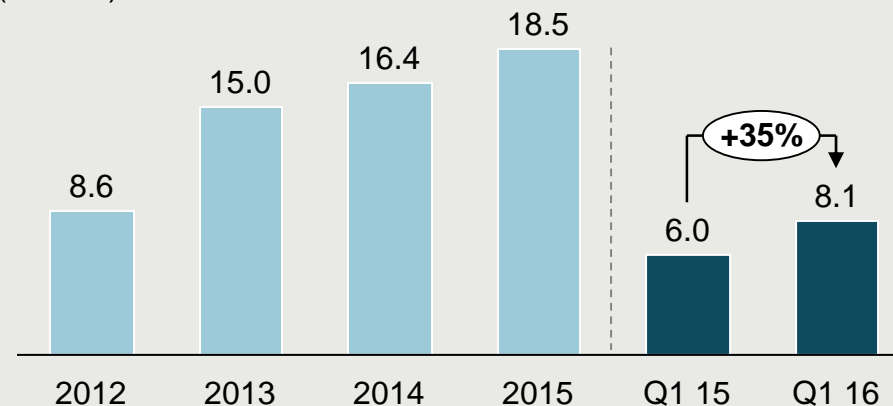
- Implementation of cost reductions

Continued strong earnings growth

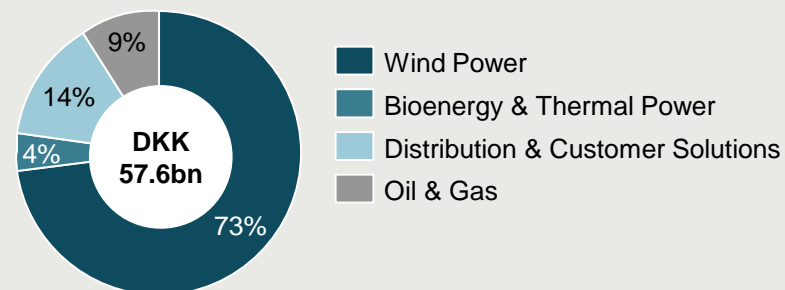
Financial highlights Q1 16

- Continued strong operating results despite low oil and gas prices
- Positive impact from settlement of gas sourcing contracts
- EBITDA of DKK 8.1bn – up 35% y/y both on reported and when adjusting for non-recurring items
- Free cash flow of DKK 7.6bn (DKK -2.3bn in Q1 15)
- Strong credit metrics (FFO/Adjusted net debt of 59%)
- Adjusted ROCE increasing to 14% (5% in Q1 15)
- Net profit of DKK 5.2bn (DKK 1.7bn in Q1 15)

Group EBITDA (DKKbn)



Capital Employed per Business Unit (DKKbn, %)

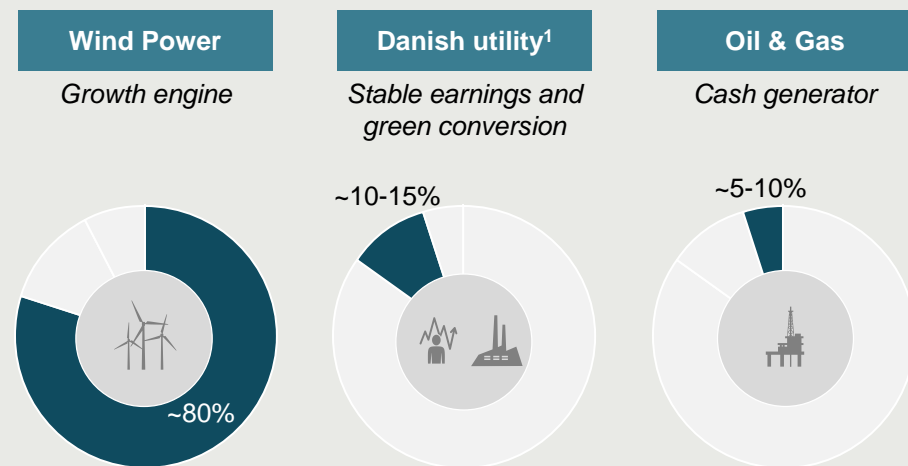


Renewable focused investment strategy driving ROCE

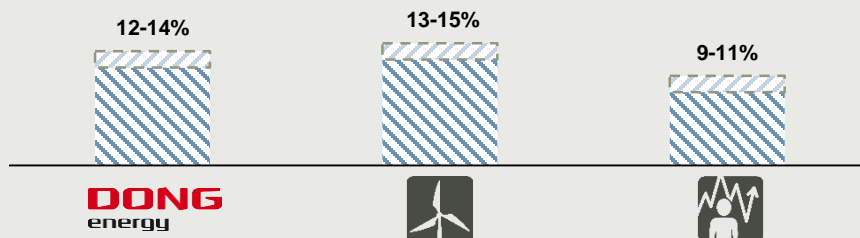
Capital allocation focused on renewables

- Investments focused on DONG Energy's differentiated capabilities within renewables and offshore wind in particular
- Offshore wind expansion anchored in the robust and highly visible buildout plan expected to reach 6.7 GW by 2020 (3.0 GW today)
- Investments within Danish utility focused on conversion to biomass firing, new bioenergy technologies and investments in power distribution grid and remote power meters (increasing Regulatory Asset Base, RAB)
- Oil & Gas managed for cash with free cash flow directed towards investments in renewables
- The renewable focused investment strategy drives ROCE and the Group ROCE expectation has been increased to 12-14% on average for the period 2017-2020 (against previous target of 12% by 2020)

Gross CAPEX expected (% , 2016-2020)



2017-2020 (avg.) ROCE expected ranges



Note (1): Danish Utility encompasses Bioenergy & Thermal Power and Distribution & Customer Solutions

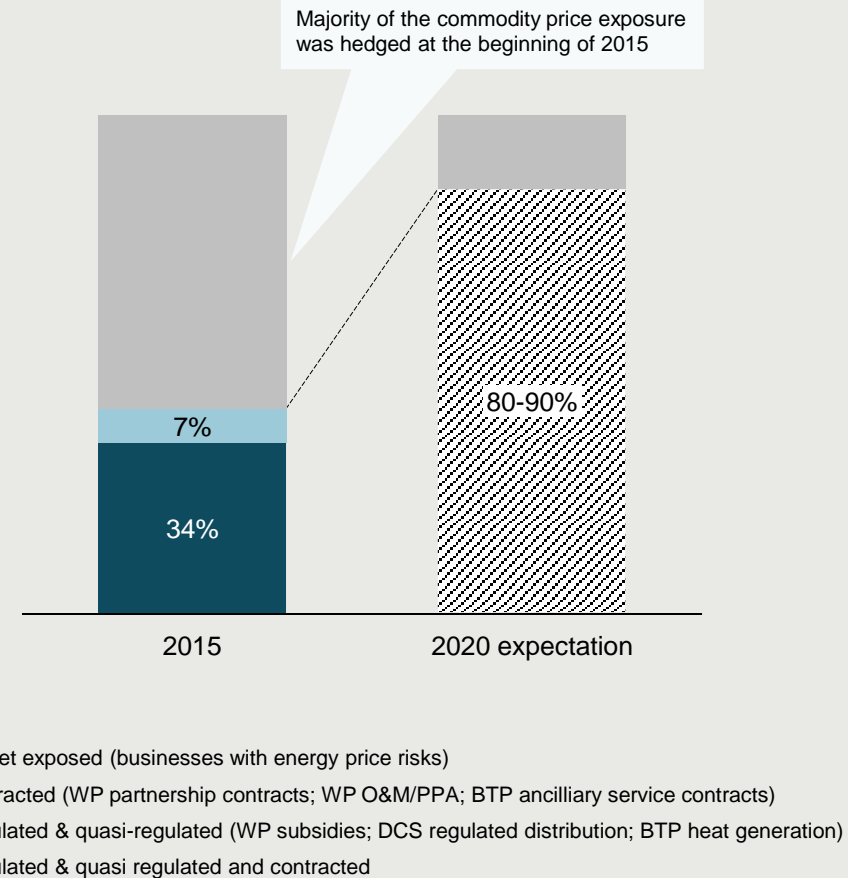
Strong increase in regulated, quasi-regulated & contracted earnings

Moving towards regulated and contract based income

- The renewable focused investment strategy will significantly increase DONG Energy's earnings towards regulated & quasi-regulated and contracted earnings going forward
 - **Regulated & quasi-regulated comprise:** Subsidised income from wind farms; income from regulated distribution activities; regulated income from heat contracts
 - **Contracted comprises:** Farm downs from WP partnerships and construction agreements; WP long-term O&M agreements and PPAs; BTP long-term ancillary service contracts
- The investment allocation will concurrently significantly decrease DONG Energy's commodity price exposure
- The focused investment strategy and the shift in business mix will provide a high degree of earnings stability and visibility going forward

EBITDA contribution from regulated and quasi-regulated and contracted activities¹

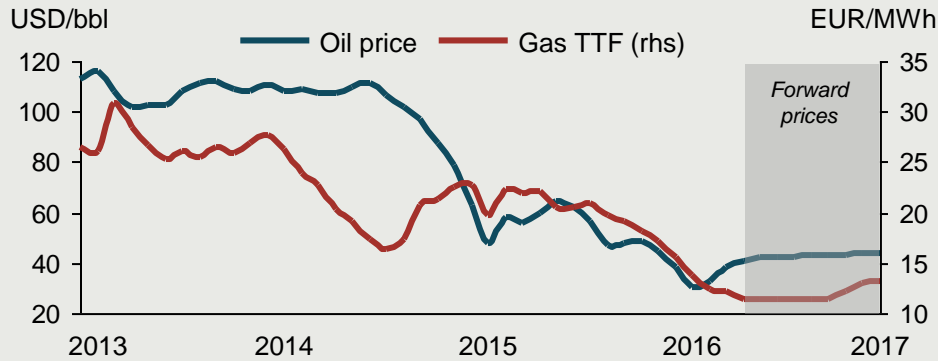
Share of EBITDA



Note (1): For a more complete definition of regulated, quasi-regulated and contracted activities, refer to Interim Financial Report Q1 2016 on pg. 5

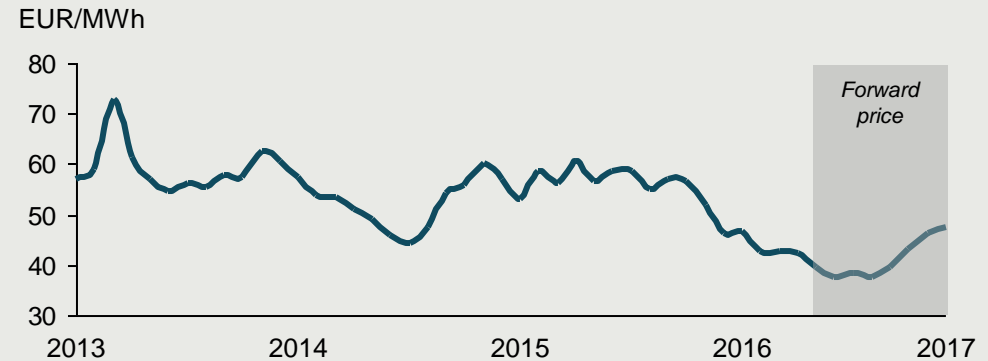
Market conditions and prices

OIL AND GAS PRICE



Source: Platts, Argus (forwards from 18 April 2016)

UK POWER PRICE

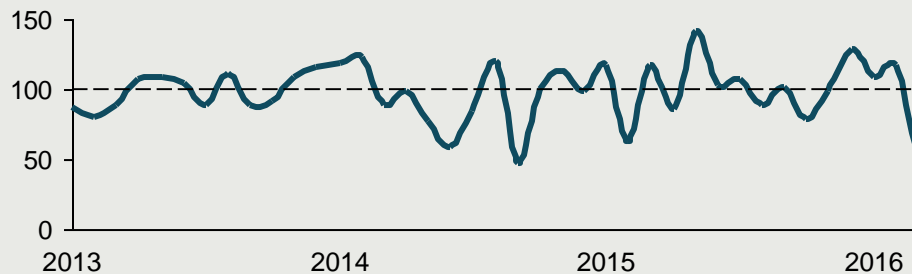


Source: LEBA (forwards from 18 April 2016)

WIND ENERGY CONTENT

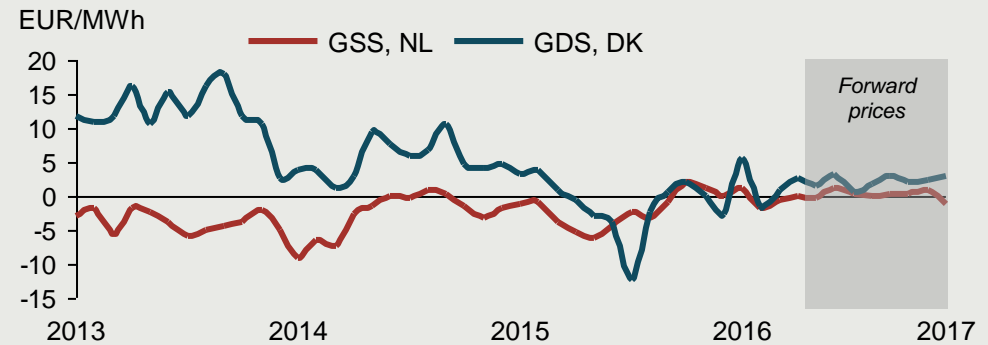
Wind index for DONG Energy's offshore wind farms

Index: Wind energy content vs. the normal wind energy of the month



Source: DONG Energy wind data

GREEN DARK SPREAD (DK) AND SPARK SPREADS (NL)



Source: APX, Argus, Nord Pool, ECX (forwards from 18 April 2016)

Financial results Q1 16

EBITDA – DKK 8.1bn (up 35% y/y)

- ✓ Strong underlying growth in WP with contribution from new wind farms and higher activity on partnership contracts
- ✓ Significant impact from settlement of gas sourcing contracts
- ✗ Declining oil and gas prices – only partly offset by hedging as it is conducted after tax
- ✗ Comparison y/y impacted by insurance compensations and Glenlivet divestment gain in Q1 15 (DKK 1.2bn in total)
- ✗ Termination of Hejre EPC contract causing provisions with DKK 0.8bn negative EBITDA impact (no effect on EBIT)

Operating cash flow – Significant increase to DKK 9.8bn

- ✓ Low NWC level at Q1 16 primarily due to less funds tied up in WP work-in-progress (incl. sale of Westermost Rough transmission assets) and temporary higher VAT payables

Net debt – extraordinarily low level of DKK 0.9bn

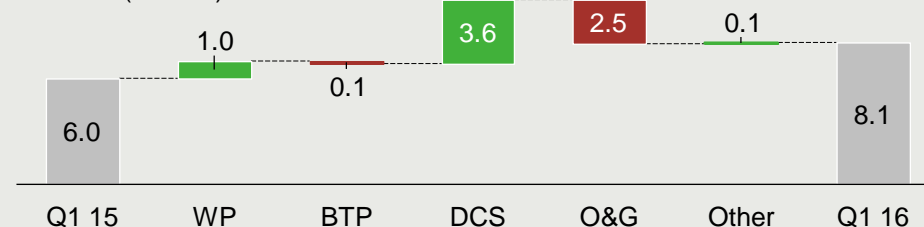
- ✓ Strong operating cash flow, WP farm down and lower DKK value of Sterling debt (FX impact)

Net finance items – temporarily low at DKK 12m

- ✓ Positive impact from FX items on loans and lower average net debt

Selected financials (DKKkm)	Q1 15	Q1 16	% chg.
Revenue	19,267	18,833	-2%
EBITDA	6,001	8,089	35%
Net finance costs	-849	12	n/a
Net profit	1,744	5,216	199%
Assets	160,346	155,915	-3%
Equity	62,937	56,682	-10%
Net debt	6,934	940	-86%
Operating cash flow	2,296	9,782	326%
Gross investments	-4,668	-4,176	-11%
Divestments	57	1,950	3321%
Free cash flow	-2,315	7,556	n/a
FFO ¹ /Adjusted net debt	32.3%	58.8%	26.5%-p
ROCE ¹	-6.4%	-9.7%	-3.3%-p
Adj. ROCE ¹ (excl. writedowns)	4.9%	14.1%	9.2%-p

EBITDA (DKKbn)



Note (1): Last 12 months

Wind Power

Operational highlights Q1 16

- Power generation up 5% y/y
 - ✓ Full quarter contribution from new wind farms Westermost Rough and Borkum Riffgrund 1
 - ✗ Lower Wind Energy Content y/y and cable failure on Walney 2 (cable however fully repaired end of March)
- FID Hornsea 1; largest investment in DONG Energy's history
- First power from Gode Wind 2 in February
- Acquisition of project rights (+1GW) off the coast of New Jersey (taking total US project rights to 2.5GW)
- Decision to establish office in Taiwan

Financials highlights Q1 16 – EBITDA up 53% y/y

- ✓ Higher activity on construction contracts (primarily Gode Wind 1 and Burbo Bank Extension) and farm down gain on Burbo Bank Extension
- ✓ Increase in power generation driven by Westermost Rough and Borkum Riffgrund 1
- ✗ A2SEA – lower business activity and restructuring costs

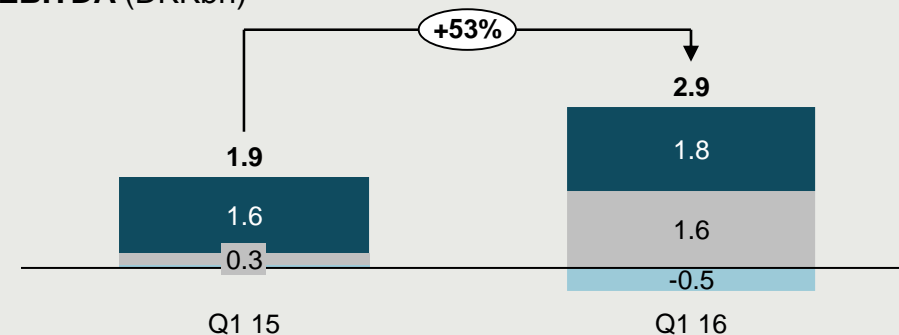
Key business drivers

		Q1 15	Q1 16
Power generation	GWh	1.6	1.7
Wind Energy Content	Index	121	113
Load factor	%	55	47
Installed capacity	GW	2.5	3.0
Production capacity	GW	1.4	1.7

Financial highlights

EBITDA	DKKbn	1,897	2,900
Adjusted ROCE	%	5.5	8.9

EBITDA (DKKbn)



- Sites incl. O&M and PPAs
- Construction contracts and farm down gains
- Other incl. A2SEA and project development

Bioenergy & Thermal Power

Operational highlights Q1 16

- Heat generation slightly down y/y due to sale of Måbjerg plant, partly offset by colder weather than in Q1 15
- Decision to build the first commercial-scale REnescience plant in Northwich, UK

Financials highlights Q1 16 – EBITDA down 44% y/y

- ✘ Comparison y/y impacted by insurance compensation received in Q1 15 (forming part of “Power EBITDA”)
- Heat EBITDA stable, while EBITDA from ancillary services down y/y due to invoicing in Q1 15 concerning prior years

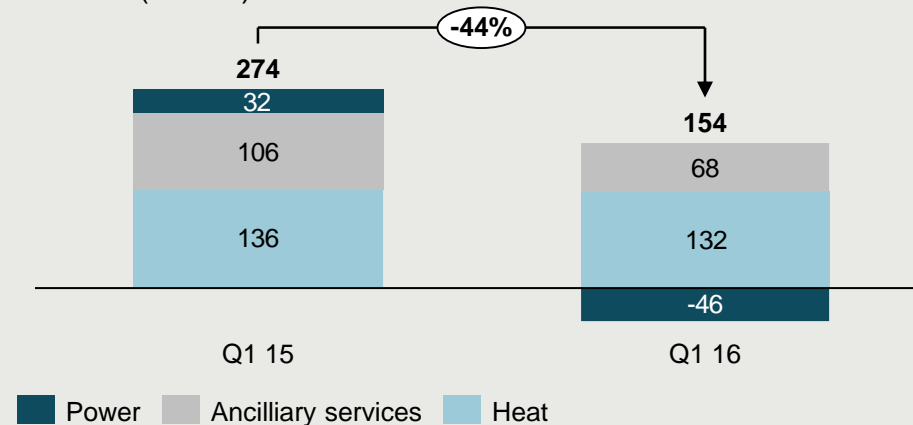
Key business drivers

		Q1 15	Q1 16
Heat generation	TWh	4.4	4.3
Power generation	TWh	3.0	3.0
Degree days, number	No.	1,211	1,300

Financial highlights

		Q1 15	Q1 16
EBITDA	DKKkm	274	154
Free cash flow	DKKkm	335	23

EBITDA (DKKkm)



Distribution & Customer Solutions

Operational highlights Q1 16

- Satisfactory outcome from settlement of gas contract renegotiations
- Branding of the Distribution business (re-named to Radius)
- Implementation of a new supplier-centric wholesale model for Danish power market

Financials highlights Q1 16 – EBITDA up DKK 3.6bn y/y

- ✓ Markets significantly positively impacted by lump sum payment from renegotiation of gas sourcing contracts – around DKK 3.5bn expected for FY 2016 of which a majority was realised in Q1 16
- ✓ Q1 15 negatively impacted by time-lag effect in oil-indexed gas sourcing contracts (the positive impact from lower oil prices were recognised later in 2015)

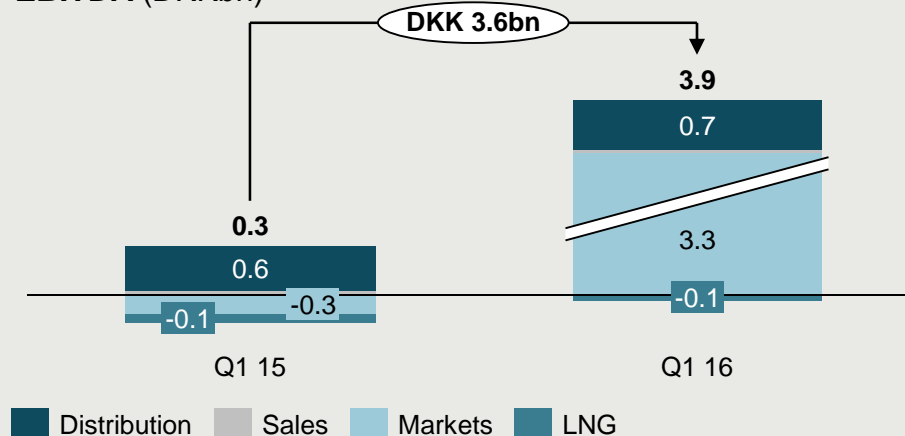
Key business drivers

		Q1 15	Q1 16
Regulatory asset base (power)	DKKbn	10.3	10.8
Regulatory asset base (gas)	DKKbn	3.4	3.2
Gas sales	TWh	43.9	41.6
Power sales	TWh	8.5	10.7
Distribution of gas	TWh	3.1	3.2
Distribution of power	TWh	2.3	2.4

Financial highlights

EBITDA	DKKm	289	3,906
Adjusted ROCE	%	-1.6%	51.6%

EBITDA (DKKbn)



Oil & Gas

Operational highlights Q1 16

- Stable oil and gas production (up 2% y/y)
 - Lower Ormen Lange catch up volumes y/y (DKK 0.3bn positive impact in Q1 16 vs. DKK 0.5bn in Q1 15)
 - First gas from Laggan-Tormore in February 2016
- Hejre: Termination of EPC contract
- Significant cost reductions incl. 270 FTE reductions (~30% reduction in workforce incl. consultants)

Financials highlights Q1 16 – EBITDA down DKK 2.5bn y/y

- ✘ Declining oil and gas prices – only partly offset by hedging as it is conducted after tax (DKK 0.9bn positive EBITDA impact from hedging in Q1 16)
- ✘ Insurance claim settlements and Glenlivet divestment gain in Q1 15 (DKK 1.1bn in total)
- ✘ Termination of Hejre EPC contract causing provisions with a negative EBITDA impact of DKK 0.8bn (provisions for onerous contracts have been replaced by provisions for termination of contracts – EBIT and cash flow unaffected in Q1 16)

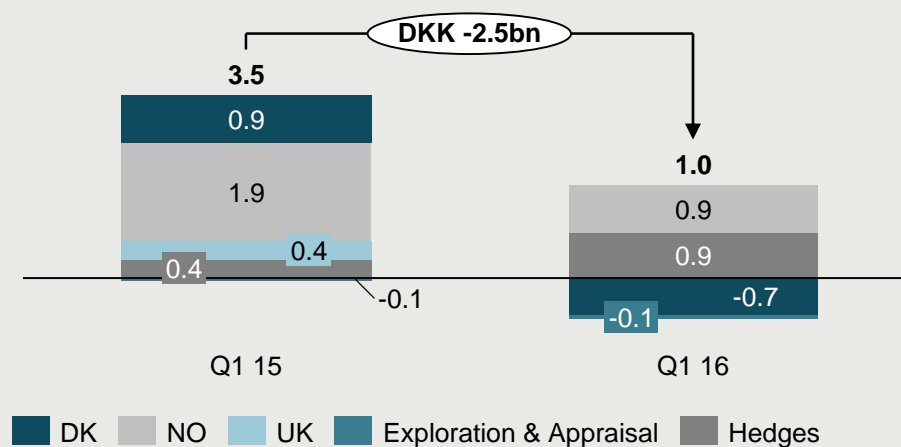
Key business drivers

		Q1 15	Q1 16
Oil production	BOEm	2.6	2.4
Gas production	BOEm	7.3	7.6
Lifting costs	USD/boe	7.1	6.3
Lifting costs	DKK/boe	47.1	42.5

Financial highlights

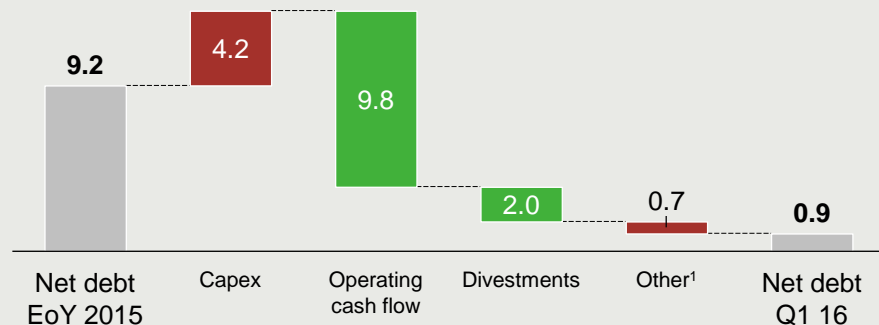
EBITDA	DKKkm	3,517	1,004
Free cash flow	DKKkm	122	478

EBITDA (DKKbn)



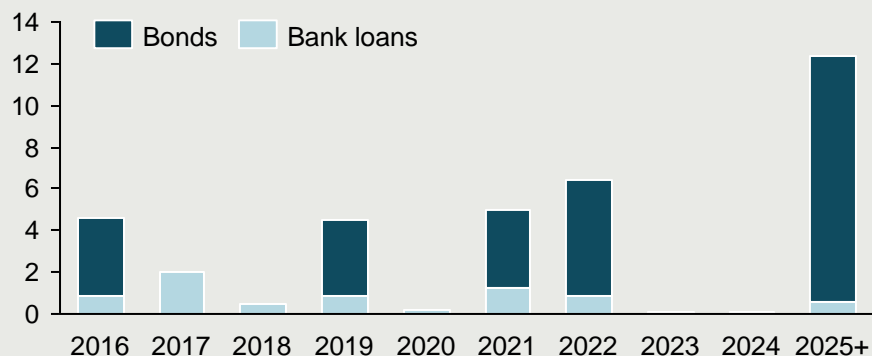
Debt overview

Net debt development Q1 16 (DKKbn)

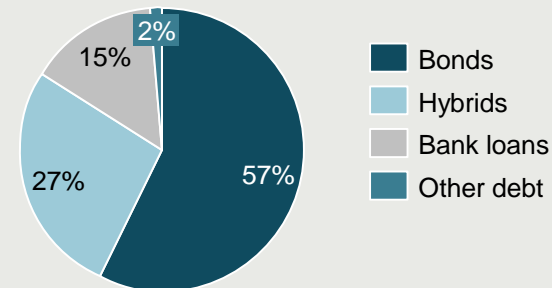


Note (1): Other include FX adjustments, hybrid coupons, dividend to minority shareholders etc.

Long term debt maturity schedule Q1 16 (DKKbn)



Gross debt and hybrids Q1 16



Key ratios outstanding debt²

	Q4 15	Q1 16
Duration (years)	6.3	6.1
Average time to maturity (years)	9.7	9.2
Average interest rate ³	4.3%	3.8%

Note (2): The key ratios refer to the end of period position and exclude hybrid capital

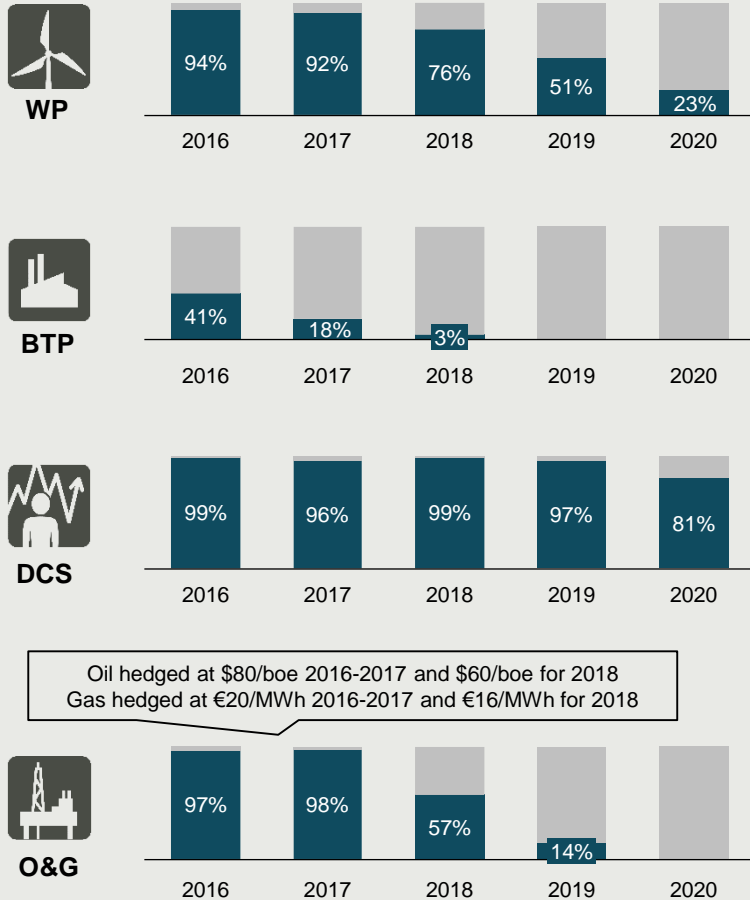
Note (3): Average interest rate end of period

Liquidity reserves (DKKbn)

	Q4 15	Q1 16
Liquid assets (unrestricted)	22.4	31.0
Committed borrowing facilities	13.1	13.1
Total	35.4	44.0

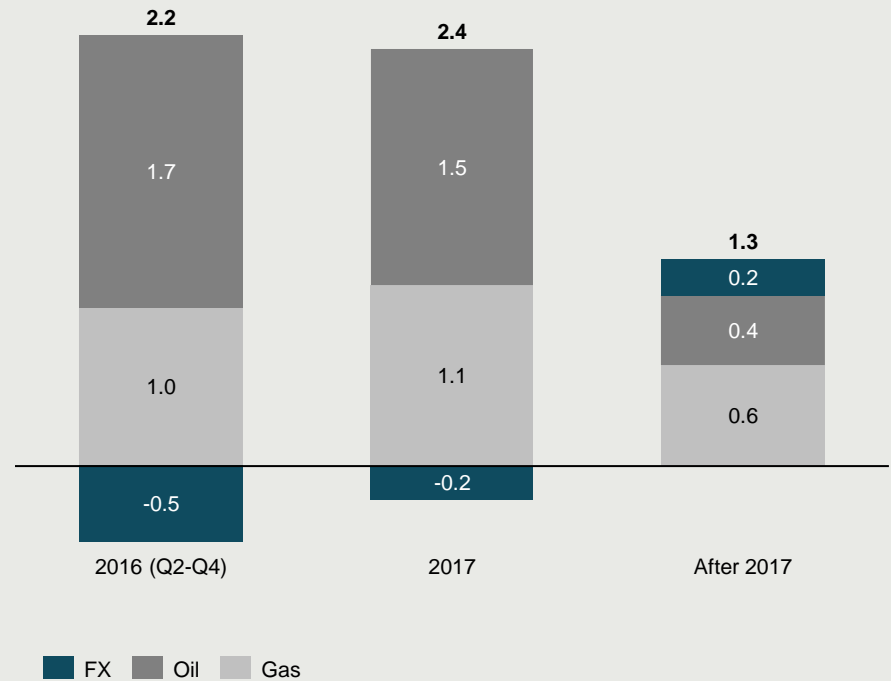
Conservative hedging policies

Hedge ratios per Business Unit (energy price risk)¹



Note (1): Figures as of 31 March 2016

O&G expected transfer value of hedges to EBITDA¹ DKKbn



Financial outlook, medium-term targets and policies

EBITDA outlook 2016

Group	DKK 20-23bn (unchanged)
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- The outlook is particularly sensitive to timing of farm down gains in Wind Power and development in oil and gas prices as hedging is conducted after tax. One additional farm down is assumed in 2016
- The impact from renegotiations of long-term gas sourcing contracts is expected to amount to around DKK 3.5bn in 2016, of which a majority was realised in Q1 2016

Business Unit EBITDA direction FY2016 vs. FY2015

Wind Power	Significantly higher
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Bioenergy & Thermal Power	Lower
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Distribution & Customer Solutions	Significantly higher
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Oil & Gas	Significantly lower
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Gross investment outlook 2016

Group	DKK 18-21bn (previously DKK 20-23bn)
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- The reduced gross investment expectation reflects the decision to terminate the Hejre project in its current form as well as timing differences in offshore wind farm projects

Return on capital employed (ROCE)

Group	12-14% ¹	Avg. 2017-2020
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Wind Power	13-15% ²	Avg. 2017-2020
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Distribution & Customer Solutions	9-11% ³	Avg. 2017-2020
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Free cash flow

Oil & Gas	Positive	2017
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Bioenergy & Thermal Power	Positive	2018
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Financial policies

Rating	Min. Baa1/BBB+/BBB+
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FFO/Adjusted net debt	Around 30%
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Dividend policy: As previously communicated, DONG Energy intends to pursue an IPO before the end of Q1 2017, subject to market conditions. Assuming such an IPO takes place before the end of Q1 2017, we intend to update our dividend policy to be as follows:

We would expect to pay a dividend of DKK 2.5 billion for FY 2016. For subsequent years towards 2020, our target, supported by expected cash flow growth from new offshore wind farms coming into operation, would be to increase the dividend annually by a high single digit rate compared to the dividend for the previous year. The updated dividend policy following an IPO would be subject to our commitment to maintain a Baa1/BBB+ rating profile

Note (1): Previous Group ROCE target – provided in AR15 – was 12%

Note (2): Previous Wind Power ROCE target – provided in AR15 – was 12-14%

Note (3): Previous Distribution & Customer Solutions ROCE target – provided in AR15 – was >10%

Q&A

Conference call tel: +45 3544 5583 / +44 206 194 0544

APPENDIX

Differences in Business Performance EBITDA and IFRS EBITDA

DKKm	Q1 15	Q1 16
EBITDA – Business Performance (BP)	6,001	8,089
BP adjustment in respect of revenue for the year	-2,316	499
BP adjustment in respect of COGS for the year	302	317
EBITDA – IFRS	3,987	8,905
Total BP adjustments for the year comprise:		
MtM of financial and physical hedging contracts relating to other periods	-1,323	2,125
Reveral of deferred gain (loss) relating to hedging contracts from previous periods, where the hedged production or trade is recognised in BP EBITDA for this period	-691	-1,309
Total adjustments	-2,014	816

Q1 16 specification, DKKm	MtM adj. for the period	Reversal of deferred gain (loss)
Oil hedge	88	-202
Coal hedge	10	54
Currency hedge	1,171	235
Gas (commercial and hedge)	737	-1,152
Power (commercial and hedge)	119	-244
Total	2,125	-1,309



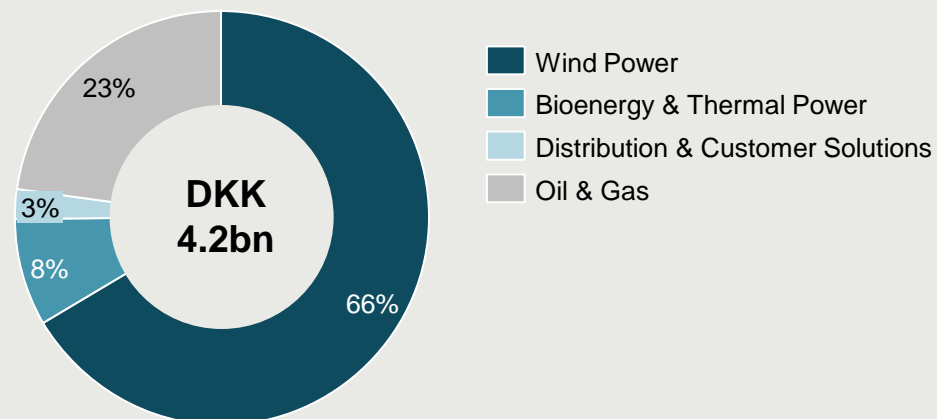
Investments

Investments in Q1 16 (DKKm)

Cash flow from investing activities	- 5,790
Purchase and sale of securities (reversal)	3,680
Sale of assets and companies (reversal)	- 1,981
Other	- 85
Gross investments	- 4,176
Sale of assets and companies	1,981
Other	- 32
Net investments¹	- 2,227

Note (1): Net investments are defined as the effect on DONG Energy's net debt from investments and acquisitions and disposals of enterprises

Gross investments on Business Units in Q1 16



FFO/Adjusted net debt calculation

FFO/Adjusted net debt	Q1 16¹	Q4 15¹	Q1 15¹
EBITDA	20,572	18,484	16,056
Adjusted net interest expenses	-2,402	-2,446	-2,279
<i>Net interest expenses</i>	-715	-1,054	-767
<i>Capitalised interest</i>	-433	-356	-389
<i>Interest element of decommission obligations</i>	-508	-435	-494
<i>50% of hybrid coupons</i>	-411	-377	-411
<i>Operating leases, interest element</i>	-335	-225	-218
Reversal of recognised lease payment	787	552	753
Current tax	-5,585	-4,876	-4,390
Funds from operation (FFO)	13,372	12,568	9,287
Accounting net debt	940	9,193	6,934
50% of hybrid capital	6,624	6,624	6,618
Restricted liquid assets (excl. REPOs)	2,624	3,818	4,497
Operating leases, PV (4.5% discount rate)	5,038	4,248	4,281
Decommissioning obligations	11,645	11,144	10,811
Deferred tax on decommissioning obligations	-4,122	-3,957	-4,357
Adjusted net debt	22,749	31,070	28,783
FFO/Adjusted net debt	58.8%	40.5%	32.3%

Note (1): Last 12 months