



# 20 15

ANNUAL REPORT

**DONG**  
energy



5

AT A GLANCE



10

OUTLOOK 2016



16

STRATEGIC  
TARGETS



48

FINANCIAL AND  
NON-FINANCIAL  
STATEMENTS

# CONTENTS

## MANAGEMENT'S REVIEW

### Overview

- 4 Chairman's statement
- 5 At a glance
- 8 CEO's review
- 10 Outlook 2016
- 11 Financial medium-term targets and financial policies

### Group

- 13 Market situation
- 14 Business model
- 15 Strategic direction
- 16 Strategic targets
- 18 Results
- 21 Five-year summary
- 22 Fourth quarter
- 23 Quarterly summary (2014-2015)

## Business units

- 25 Our business units
- 26 Wind Power
- 28 Bioenergy & Thermal Power
- 30 Distribution & Customer Solutions
- 32 Oil & Gas

## Risk

- 35 Risk and risk management

## Management information

- 41 Corporate governance
- 45 Group Executive Management
- 46 Board of Directors

## CONSOLIDATED FINANCIAL AND NON-FINANCIAL STATEMENTS

- 48 Consolidated financial statements
- 130 Consolidated non-financial statements

## PARENT COMPANY FINANCIAL STATEMENTS

- 141 Parent company financial statements

## MANAGEMENT STATEMENT, AUDITOR'S REPORTS AND ADDITIONAL INFORMATION

- 150 Statement by the Executive Board and the Board of Directors
- 151 Independent auditor's reports
- 153 Company announcements published in 2015 and financial calendar for 2016
- 154 Glossary

**FURTHER INFORMATION, Media Relations,** Martin Barlebo, +45 9955 9552 **Investor Relations,** Allan Bødskov Andersen, +45 9955 9769

DONG Energy A/S, Company registration no. 36213728, Kraftværksvej 53, 7000 Fredericia, Denmark, +45 9955 1111, [www.dongenergy.com](http://www.dongenergy.com)

**Language** This report has been prepared in Danish and English. In the event of discrepancies between the Danish and the English reports, the Danish version shall prevail.

# OVERVIEW



## The Paris Agreement confirmed the strategic direction we took years ago.

The global transformation of energy systems towards green and sustainable energy was further reinforced in December 2015, when world leaders in Paris signed the first global agreement ever to limit the emission of greenhouse gasses. The Paris Agreement brings hope to future generations that the world will break the trend of ever increasing CO<sub>2</sub> emissions that are putting global ecosystems at risk.

For DONG Energy, the Paris Agreement confirmed the strategic direction we took years ago: to transform the company from one of the most coal-intensive utilities in Europe to a global leader in renewable energy, keenly focused on deploying energy systems that are green, independent and economically viable.

In September 2015, the main shareholders of DONG Energy announced their intention to list DONG Energy on Nasdaq OMX in Copenhagen before the end of Q1 2017. The IPO is governed by a committee made up of all major shareholders and the chairmanship of the Board of Directors. The committee is chaired by the majority shareholder, the Kingdom of Denmark represented by the Ministry of Finance. The IPO is an important step in the strategic development of DONG Energy, which will strengthen our access to the capital markets, make our shares tradeable on the stock exchange and raise DONG Energy's profile, both domestically and internationally. The Danish State has decided to maintain a majority shareholding in DONG Energy after the IPO.

In January 2016, we concluded on the strategic role of our Oil & Gas business. We have decided to keep O&G as part of the planned IPO and use its cash flows as part of the funding of DONG Energy's investments in renewable energy. Like the rest of the industry, O&G needs to adapt to the significant decline in oil and gas prices. We have therefore instigated some demanding, but necessary actions to de-risk the O&G portfolio and focus on cash generation within the new market reality.

Following this revision of DONG Energy's portfolio strategy, investments to support future growth will be focused on reinforcing DONG Energy's position as a global leader in renewables.

The work to improve safety in DONG Energy continued with undiminished strength in 2015, and I am happy to report that 2015 was the best year ever in terms of safety for the Group. No fatalities occurred, and the lost-time injury frequency was at a record low of 1.8. Needless to say, the work to make DONG Energy an even safer place to work continues.

On the Board of Directors, new competence was added with the appointment of Lene Skole as deputy chairman and Lynda Armstrong joining as a member. Apart from adding strong competence, the appointments also strengthened diversity in the boardroom. I would like to thank the Board of Directors for their hard work and dedication during 2015.

Deteriorating oil and gas prices and significant challenges with the Hejre project regrettably led to substantial impairment losses in our oil and gas business. However, we met our EBITDA guidance with a year-end result of DKK 18.5 billion, the best ever in the history of DONG Energy. On behalf of the Board of Directors, I would like to thank the management team and employees for their significant contributions and continued dedication to making DONG Energy one of the strongest and greenest energy groups in Europe.

4 February 2016



Thomas Thune Andersen  
Chairman of the Board of Directors

”

THE IPO IS AN IMPORTANT  
STEP IN THE STRATEGIC  
DEVELOPMENT OF DONG  
ENERGY

# WHO WE ARE

## Headquarters

in Denmark

**6,700**

employees

**DKK 71 billion**

in revenue in 2015

**The Danish State**

as majority shareholder

## Four business units



Wind Power



Bioenergy & Thermal Power



Distribution & Customer Solutions



Oil & Gas

Our mission is

**to develop and enable energy systems that are green, independent and economically viable**

## OUR ACTIVITIES



Installed 17 offshore wind farms with a total capacity of 3.0 GW, of which we own 1.7 GW.

Offshore wind power generation of 5.8 TWh in 2015.

5 offshore wind farms under construction in Germany and the United Kingdom with a combined capacity of 3.3 GW.



9 central power stations in Denmark and one gas-fired power station in the Netherlands with a total power generation of 7.1 TWh and heat generation of 33.6 PJ in 2015.



Power distribution network in Zealand with 1 million customers and gas distribution network in Jutland and Zealand with 125,000 customers.

Sales of power and gas to 900,000 customers.

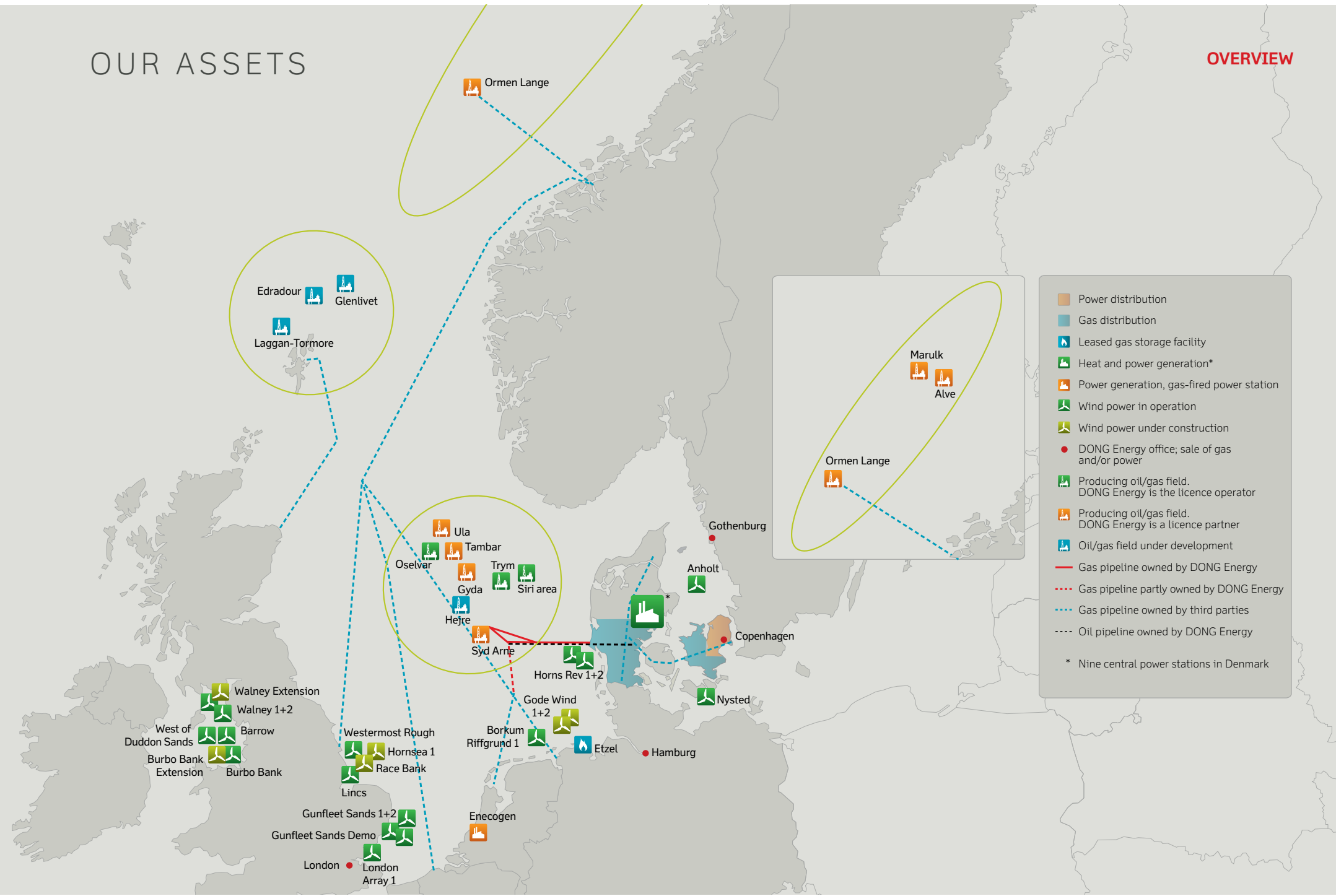


13 oil and gas fields with a total production of 40.9 million boe in 2015.

2P reserves of 331 million boe at year-end 2015.

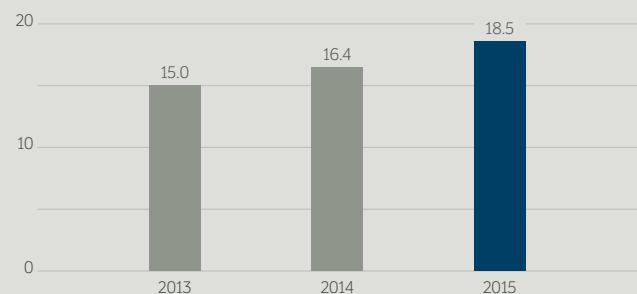
# OUR ASSETS

## OVERVIEW



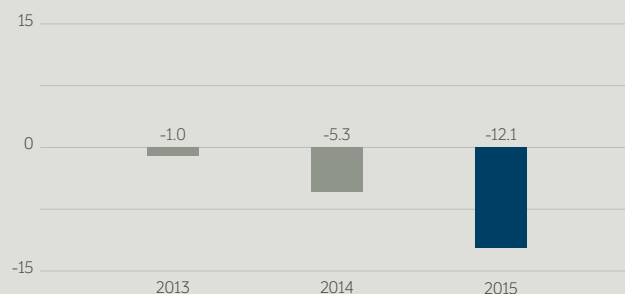
# FINANCIAL KEY FIGURES

OPERATING PROFIT (EBITDA), DKK billion



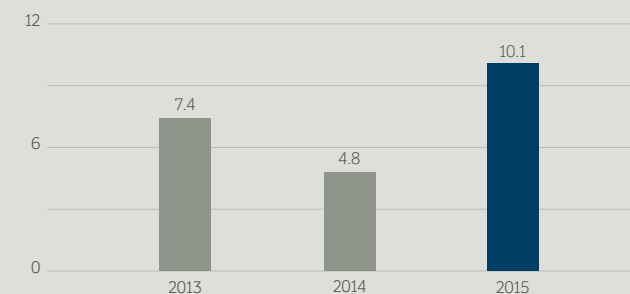
The positive development in 2015 can mainly be attributed to higher generation from offshore wind, higher activity from wind farm construction contracts, the completed renegotiation of an oil-indexed gas purchase contract, insurance compensations and other compensations as well as lower costs in the O&G business. This was partly offset by lower gas and oil prices in 2015 and farm down divestment gains in 2014.

NET PROFIT, DKK billion



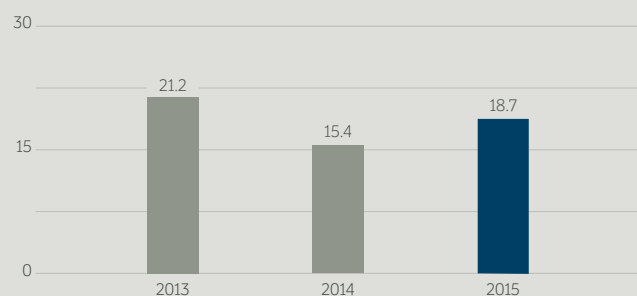
The decrease in net profit for the year was primarily attributable to the fact that impairment losses of DKK 15.8 billion (after tax) in 2015, were higher than the year before when they amounted to DKK 6.7 billion (after tax).

RETURN ON CAPITAL EMPLOYED (ADJUSTED ROCE<sup>1</sup>), %



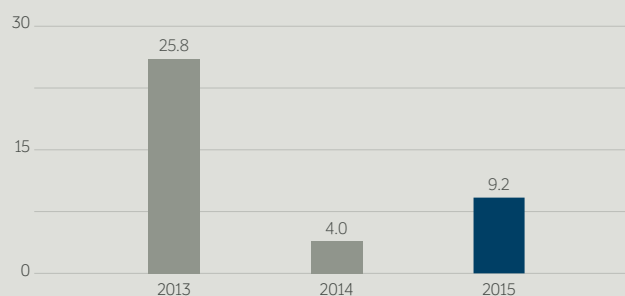
The increase in ROCE adjusted for impairment losses was mainly due to the higher adjusted EBIT.

GROSS INVESTMENTS, DKK billion



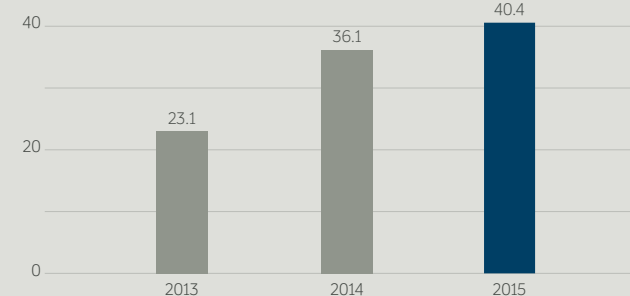
The increase in gross investments was primarily due to investments in offshore wind farms.

INTEREST-BEARING NET DEBT, DKK billion



The increase in interest-bearing net debt was primarily due to a continued high level of investments exceeding the cash flows from operating activities and divestments.

CREDIT METRIC (FFO/ADJUSTED NET DEBT<sup>2</sup>), %



The improvement of the credit metric was due to the increase in FFO having a greater positive impact than the increase in the adjusted net debt.

1) Adjusted ROCE is calculated as EBIT less current hydrocarbon tax and impairment losses added back / average capital employed (with impairment losses after tax added back to ultimo capital employed). 2) Interest-bearing net debt including 50% of hybrid capital, cash and securities not available for use (with the exception of repo transactions), present value of lease obligations, and decommissioning obligations less deferred tax.

The progress towards our strategic targets for 2020 is shown on pages 16-17.

”

THE FOCUS ON RENEWABLES HAS TURNED DONG ENERGY INTO ONE OF THE FASTEST-GROWING ENERGY GROUPS IN EUROPE



**Strong operating performance and profits (EBITDA: +13%).**  
**Strong underlying growth in Wind Power.**  
**Impairment losses of DKK 16 billion (pre-tax) in Oil & Gas.**

Despite strong headwinds in the commodity markets, we delivered a record-breaking operating profit in 2015. The Group's operating profit (EBITDA) was up 13% at DKK 18.5 billion, which was within the guided range. This makes DONG Energy one of the fastest-growing energy groups in Europe.

Investments in long-term competitiveness and growth continued at a high level with DKK 19 billion being invested in offshore wind, oil and gas activities, biomass conversions, distribution grids and digitisation. The investments will further decarbonise our power generation. With 55% of our heat and power generation coming from renewable sources, the company reached its lowest level of CO<sub>2</sub> emissions ever. Adjusted return on capital employed increased from 5% in 2014 to 10% in 2015.

The continued decline in oil and gas prices, reduced reserve estimates and continued challenges with the Hejre project led to an impairment loss in the Oil & Gas (O&G) business of DKK 15.8 billion. As a result of the impairment losses, the Group posted a net loss of DKK -12.1 billion. Due to an active hedging policy, the declining oil and gas prices led to an increase in the value of our oil and gas hedges, which amounted to DKK 6.8 billion at the end of the year.

Since the September announcement of the intention to pursue an IPO of DONG Energy before the end of Q1 2017, our preparations have started and are well under way. We focus on getting the company ready as quickly as possible to enable our shareholders to decide on the optimal timing of the IPO.

**Strategy:**  
 DONG Energy accelerates its strategic transformation towards becoming a global leader in renewables

The ongoing restructuring of the O&G business in response to the sharp drop in commodity prices will lead to a further shift in the investment mix of DONG Energy towards renewables. Towards 2020 we expect offshore wind and bioenergy to account for more than 80% of investments. The investment strategy will further reinforce DONG Energy's position as a global leader in renewables and expand our strongholds in offshore wind, bioenergy, and green distribution and customer solutions. Areas that all are part of building green, reliable and efficient energy systems in the markets where we operate.

The focus on renewables has turned DONG Energy into one of the fastest-growing energy groups in Europe and created a unique platform for continued growth and value creation. The strategic shift in business mix will also reduce DONG Energy's exposure to commodity price risk as a higher share of revenue will be regulated and contract-based.



### Wind Power: Strong strategic and financial momentum

Wind Power has further reinforced its global leadership position in offshore wind. In 2015 two new wind farms, Westermost Rough in the UK and Borkum Riffgrund 1 in Germany were inaugurated, and two projects, Race Bank and Walney Extension, received the final investment approval from the Board of Directors. On 3 February 2016 the Board of Directors approved the investment in the Hornsea 1 project in the UK. Walney Extension (660 MW) will expectedly become the world's largest wind farm in 2018, while Hornsea 1 with 1,218 MW is expected to take over the position in 2020. Furthermore, Wind Power built out its pipeline of projects for the post-2020 period acquiring additional project rights in the UK, Germany and the US.

Wind Power is also making significant progress when it comes to lowering cost-of-electricity. A comprehensive cost-out programme across the entire offshore wind value chain is yielding very solid and tangible results. We remain fully committed to our strategic target of EUR 100/MWh by 2020, and we will obviously not stop there. It is our ultimate target for offshore wind to reach cost parity relative to fossil fuels. In a scenario with a reasonably meaningful penalty on CO<sub>2</sub> emissions, we believe we will reach this target within the next decade. Offshore wind and other renewables becoming fully cost-competitive will further accelerate the transition towards a decarbonised energy system.

Wind Power's revenue grew by 70% in 2015. Operating profit (EBITDA) was up 2%, but adjusted for divestment gains in 2014, the underlying profit growth was significantly higher. We expect 2016 to be another year of significant growth in Wind Power.

### Bioenergy & Thermal Power: Strategic shift towards biomass and heat generation well under way

The Bioenergy & Thermal Power (B&TP) business was challenged by historically tough market conditions for power generation during 2015. Warm weather and increased output from both wind and hydro assets across the Nordic region led to low power prices, which again pushed thermal spreads into negative territory. Thanks to continued efficiency improvements and one-offs, B&TP managed to deliver a positive operating result. In the current market that is a strong achievement.

B&TP is in the process of converting three combined heat and power stations from fossil fuels to sustainable biomass, based on long-term contracts with heat customers. The conversion projects covering the stations in Studstrup, Skærbæk and Avedøre are far advanced, and we expect green heat and power to start flowing from Avedøre 1 and Stud-

strup towards the end of 2016. The conversions are not only important in relation to decarbonising our heat and power generation, but also instrumental in establishing a new earnings platform that is less vulnerable to volatile power prices.

During 2015, B&TP also continued to invest in innovation and commercialisation of a number of growth opportunities within bioenergy. We continue to see a strong long-term potential for green technologies in areas like waste management, district heating and transportation fuels.

### Distribution & Customer Solutions: Very solid improvements across the business

Distribution & Customer Solutions (D&CS) delivered satisfactory trend lines in customer satisfaction and net adds across the Danish sales businesses in 2015. The power distribution business has been renamed Radius to give customers more clarity on the distinction between distribution and sales. We remain committed to providing our customers with competitive and transparent products and good service to enable them to benefit from the green transformation of the energy system.

D&CS made significant progress in the renegotiation of its portfolio of long-term gas sourcing contracts. One contract was concluded during the year on satisfactory terms, and several other renegotiations were progressed through arbitration. We expect to conclude additional cases in the course of 2016-2017.

As part of the IPO roadmap, D&CS has been mandated by the Danish State to divest its Danish oil and gas infrastructure assets to Energinet.dk. The carve-out of the businesses and the divestment programme are in progress.

### Oil & Gas: Adapting the business to a new market reality

Despite the significant year-on-year drop in oil and gas prices, O&G delivered its highest operating profit ever (EBITDA: +14%). This strong achievement was supported by very solid operational performance, one-off insurance income and prices being hedged at levels from before the price crash.

On 26 January 2016, the result of a strategic review of O&G was announced. Based on an extensive evaluation of the different scenarios, we believe that the interests of the shareholders and the company are best served by bringing O&G into the expected IPO as a part of DONG Energy. We will now focus our efforts on adapting the O&G business to the significantly lower oil and gas prices. We will focus on enhancing

cash generation and de-risking the business, taking a conservative approach to investments in the business. Going forward, the cash flow from the oil and gas business will be part of the funding of our investments in green energy.

Laggan-Tormore is expected to reach first gas during Q1, which will be a strategic milestone for DONG Energy and our operating partner, Total. The West-of-Shetlands area offers significant, long-term potential, and we have built a leading position in the area.

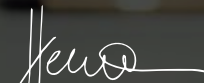
### People: 2015 was another year of strong delivery by the DONG Energy employees

The health and safety of our employees remains critically important to us. In 2015, we saw another improvement in our safety performance as the lost-time injury frequency (LTIF) decreased to 1.8 from 2.2 in 2014, and most importantly, the company has had three consecutive years without any fatal accidents. During the year, a new comprehensive health strategy was implemented offering all employees a range of opportunities to work with their health and work-life balance.

The ongoing transformation of DONG Energy's business, an ambitious investment programme, challenging commodity markets and the initiation of the IPO process made 2015 another busy year for the employees at DONG Energy. In a decade, they have turned a coal-intensive local utility into a global leader in renewables. They deserve tremendous credit for their hard work and persistency.

Last but not least, 2015 ended on a very positive note as 195 countries signed a global accord to unite and step up their efforts to combat climate change. The Paris Agreement offers new hope that future generations will inherit a planet with a fairly well-functioning and stable ecosystem. However, the agreement expresses only intentions waiting to be replaced by action and tangible solutions. At DONG Energy, we want to do our part. Through years of extensive investments, innovation and industrialisation, we have built strong renewable technologies. However, we know further progress is needed, and we will continue to lead the energy sector towards a low-carbon society.

4 February 2016



Henrik Poulsen  
CEO and President

## EBITDA

EBITDA (business performance) is expected to total DKK 20-23 billion in 2016. The outlook is based on forward commodity prices and currency exchange rates and the expected development in the various business units set out below (compared to 2015). The outlook is particularly sensitive to divestment gains in Wind Power, the outcome of the renegotiation of gas purchase contracts in Distribution & Customer Solutions and oil and gas price developments. The EBITDA target of DKK 20 billion in 2016 set out in the annual report for 2012 is well within the guided range.

### Directional business unit EBITDA guidance: 2016 vs. 2015

Wind Power — Significantly higher

- Ramp-up of power generation (Borkum Riffgrund 1, Westermost Rough and Gode Wind 1+2)
- Expected higher activity on contracts for the construction of offshore wind farms for co-investors and gains on divestments in connection with farm downs.

Bioenergy & Thermal Power — Lower

- Market environment expected to remain challenging
- EBITDA for 2015 was positively affected by compensation received in connection with the settlement of a dispute relating to CO<sub>2</sub> emission allowances and insurance compensation, which will not be repeated in 2016.

Distribution & Customer Solutions — Significantly higher

- The renegotiations of additional long-term oil-indexed gas purchase contracts are expected to be settled in 2016, and lead to receipt of lump-sum payments from our counterparties for purchases in previous years as well as improvements in the purchase price going forward
- The oil pipe and gas distribution activities are expected to be divested before the end of 2016.

Oil & Gas — Significantly lower

- The volumes received from the Ormen Lange field were extraordinarily high in 2015 due to the redetermination agreement in 2013. We thus received 24% of total production from the field in 2015. The catch-up volumes are expected to cease in Q1 2016, after which we will receive volumes corresponding to our 14% ownership interest, resulting in an expected share of 16% of the production from the field in 2016. The total production is therefore expected to decline year-on-year despite the ramp-up of production from Laggan-Tormore

- The net effect of lower oil and gas forward prices (and related currencies) will have a negative impact on EBITDA in 2016 despite a high hedge ratio (see 'Prices and hedges' below)
- EBITDA for 2015 was positively affected by insurance compensations and divestment gains, which are not expected to be repeated in 2016.

## Gross investments

From 2016, our outlook for investments will change from net to gross investments to avoid timing uncertainty in relation to divestments. Furthermore, the outlook horizon is changed from two years to one year to allow for year-on-year follow-up.

Gross investments for 2016 are expected to amount to DKK 20-23 billion. The outlook reflects expected high levels of activity related to wind farms (Gode Wind 1+2, Burbo Bank Extension, Walney Extension and Race Bank) and to a lesser extent to oil and gas fields and biomass conversions of our CHP plants.

## Prices and hedges

The outlook is sensitive to a number of factors including changes in market prices and exchange rates despite the hedging of a large portion of the price exposure for 2016. This is due to the fact that hedging is conducted to limit fluctuations in the Group's cash flows (and profit) after all taxes. The difference between the impact on cash flow after tax and EBITDA is particularly pronounced for the oil and gas activities in Norway, which are taxed at a rate of 78% in total.

Our oil and gas production for 2016 are fully hedged at average prices corresponding to USD 80/bbl and EUR 20/MWh, respectively.

The market value of financial hedging instruments related to energy and related currency risks, deferred for recognition in business performance EBITDA for 2016, amounted to DKK 4.1 billion at the end of 2015. This effect is embedded in the 2016 outlook (reference is made to note 2.2 and 7.1).

An increasing portion of our activities are subject to regulation (e.g. power and gas distribution and long-term heat contracts) or based on long-term contracts with fixed or inflation-indexed prices (e.g. feed-in tariffs and ROCs related to offshore wind). These activities provide a floor to our earnings irrespective of price developments.

## Guidance for 2016

Outlook (DKK billion)	2016 Guidance	2015 Realised
EBITDA (business performance)	20-23	18.5
- Wind Power	Significantly higher	6.2
- Bioenergy & Thermal Power	Lower	0.3
- Distribution & Customer Solutions	Significantly higher	2.2
- Oil & Gas	Significantly lower	9.8
Gross investments	20-23	18.7

EBITDA guidance for the Group is the prevailing guidance, whereas the directional earnings development per business unit serves as a means to support this. Higher/lower indicates the directional guidance for the business unit relative to the results in 2015.

## Follow-up on announced outlook for 2015

Outlook for 2015 (DKK billion)	Guidance 5 Feb 2015 & 28 Apr 2015	Guidance 19 Aug 2015 & 29 Oct 2015	2015 Realised
EBITDA	15.5 - 17.5	17.0 - 19.0	18.5 ✓
Net investments (2015-2016)	~ 35 - 40	~ 35 - 40	16.1 (2015)
FFO/adjusted net debt	~ 30%	> 30%	40% ✓

## Forward-looking statements

The annual report contains forward-looking statements, which include projections of short and medium-term financial performance and targets as well as our financial policies. 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 report due to a variety of factors, including, but not limited to, changes in temperature, wind and precipitation levels; the development in oil, gas, power, coal, CO<sub>2</sub>, currency and interest rate markets; changes in legislation, regulation or standards; renegotiation of contracts; outcome of litigations and disputes; changes in the competitive environment in DONG Energy's markets; and security of supply. Reference is made to the Risk and risk management chapter and to note 7.

# FINANCIAL MEDIUM-TERM TARGETS AND POLICIES

## Financial medium-term targets

	Targets	Year
Return on capital employed (ROCE)		
- Group	12%	2020
- Wind Power	12%-14%	2020
- Distribution & Customer Solutions	>10%	2020
Free cash flow (FCF)		
- Oil & Gas	Positive	2017
- Bioenergy & Thermal Power	Positive	2018

We target a return on capital employed (ROCE) of 12% by 2020 for the Group, with Wind Power as the main contributor, and we expect to meet our 10% ROCE target for 2016 set out in the annual report for 2012.

For the Oil & Gas and Bioenergy & Thermal Power businesses, we consider ROCE to be less meaningful, and therefore focus on free cash flow (FCF) generation. We expect Oil & Gas to be FCF-positive from 2017. Based on our current business plan for biomass conversion of our CHP plants and the build-out of new bioenergy solutions, we expect Bioenergy & Thermal Power to be FCF-positive from 2018.

The medium-term targets above take account of our intention to allocate more than 80% of our gross investments to renewables (offshore wind and bioenergy) going forward.

## Financial policies

Rating	Min. Baa1/BBB+/BBB+	Moody's/S&P/Fitch
Capital structure	~ 30%	FFO/adjusted net debt
Dividend pay-out ratio	Min. 40%/Max. 60% of profit for the year attributable to the shareholders of DONG Energy A/S	

The current dividend policy is to pay a nominal amount per share of DKK 8.75 in 2015, increasing by DKK 0.25 a year. The pay-out ratio, however, may not exceed 60% or be below 40% of profit for the year, based on business performance, attributable to the shareholders of DONG Energy A/S. The dividend policy is subject to change in connection with the expected, upcoming IPO.

The Board of Directors recommends that no dividend be paid for the 2015 financial year.

## Forward-looking statements

The annual report contains forward-looking statements, which include projections of short and medium-term financial performance and targets as well as our financial policies. 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 report due to a variety of factors, including, but not limited to, changes in temperature, wind and precipitation levels; the development in oil, gas, power, coal, CO<sub>2</sub>, currency and interest rate markets; changes in legislation, regulation or standards; renegotiation of contracts; outcome of litigations and disputes; changes in the competitive environment in DONG Energy's markets; and security of supply. Reference is made to the Risk and risk management chapter and to note 7.



Our strategic targets for 2020 are shown on pages 16-17.

# GROUP



## The green agenda

The green agenda is of great significance to DONG Energy's activities. The world is facing an urgent need for action to combat climate change. Global warming is a fact, and it has long been clear that modern society is partly to blame due to the emission of greenhouse gases. At current emissions levels, the UN's Intergovernmental Panel on Climate Change expects global warming to reach the internationally agreed pain threshold of 2 degrees Celsius before 2040. Targeted global efforts are needed to limit climate change and reduce carbon emissions.

In December 2015, a new global climate agreement was adopted by 195 countries at the 21st annual UN Conference on Climate Change (COP21) in Paris. The historic agreement was based on a global consensus that the world must move towards a greener future. The ambition is to keep the rise in global temperature well below 2 degrees Celsius, deemed to be the threshold for serious climate change – and to work towards limiting global warming to no more than 1.5 degrees Celsius. All countries have undertaken to draw up national plans to reduce their carbon emissions, which the majority of countries have already done in the process leading up to COP21. However, the national reduction targets set so far are not sufficient to live up to the common ambition of limiting global warming to a maximum of 2 degrees Celsius – or 1.5 degrees for that matter – and so the COP21 agreement also entails a commitment on the part of the countries to gradually step up their individual ambitions.

The agreement sets a global agenda for climate and energy policy and for energy investments in the coming years. The degree of global consensus on climate change has never been greater.

The energy sector is behind one third of the increase in the CO<sub>2</sub> concentration in the atmosphere, and ranking as the largest emitter of greenhouse gases, the sector must spearhead the green transformation. It is also the perfect time for the energy sector in the EU to convert to renewable energy. Between 2015 and 2035, the EU countries must replace and construct the equivalent of more than 60% of their current power generation capacity. It is a unique opportunity to build a more eco-friendly and effective energy supply as the fundamental transformation of the European energy system is expected to continue. Thus, up to one third of power generation will be based on new renewables in 2030, against 16% in 2013 and only 1% in 1990. Offshore wind generation is expected to account for the largest share of this with around 20% in 2030.

In 2013, almost half of the demand for energy in the EU was supplied by coal, oil and gas. Even though this share is expected to fall to just over a third by 2030, demand will still be considerable. Europe faces the choice of either importing oil and gas or exploiting its own resources.

## Current trends

### Wind Power

Offshore wind is the fastest-growing renewable energy technology in Europe. It has grown by an average of 29% a year from 2010 to 2015 and is expected to grow by around 20% a year towards 2020, supported by the EU's ambitions for the expansion of renewable energy.

In general, the reformed EU state aid guidelines on energy and environmental protection require that support for renewable generation be determined in competitive tendering processes. Some of the EU countries we operate in have already implemented regulatory regimes in compliance with these guidelines, while others are in the process of doing so. In the UK, the Secretary of State has confirmed that the Government will continue to support offshore wind if the industry meets Government cost reduction conditions.

The outcome of COP21 in Paris, the energy industry's expansion of local supply chains, and reduced costs of constructing offshore wind farms in the period up until 2020 are likely to secure continued political support for offshore wind.

### Bioenergy & Thermal Power

In recent years, the contribution margin (spreads) within conventional fossil fuel-based energy generation has been under pressure due to lower demand during and after the financial crisis, energy optimisation and increased renewable energy capacity. This has led to power prices falling more than fossil fuel prices, which makes it difficult for conventional power stations to generate sufficient earnings. However, an opportunity has arisen to convert existing thermal power stations to biomass firing, which has created a new niche market for DONG Energy.

### Distribution & Customer Solutions

Distribution is a stable and regulated market, whereas the severe competition in the European energy markets for the purchase and sale of gas and power, has meant that the margins in the sales activities have been under pressure for a number of years. Focus has therefore shifted from the straightforward sale of energy towards delivering service solutions which can help customers optimise their energy consumption.

### Oil & Gas

The oil and gas industry is challenged by a drop of around 75% in oil prices since mid-2014 as well as cost overruns and delayed expansion projects. The North Sea, which is a mature hydrocarbon area, has also been affected by increasing unit costs for the produced oil and gas.



## Our value chain

DONG Energy is active across the entire power, heat, oil and gas value chain. Our competences are aimed at three core activities: development and construction of assets, operations and maintenance of assets, and sales and optimisation of our energy commodities portfolio.

Our value creation is dependent on six key resources: natural resources, human resources, intellectual property, tangible assets, financial capital and the support of our stakeholders. As these resources are of great importance to our long-term value creation, we want to maintain and develop them.

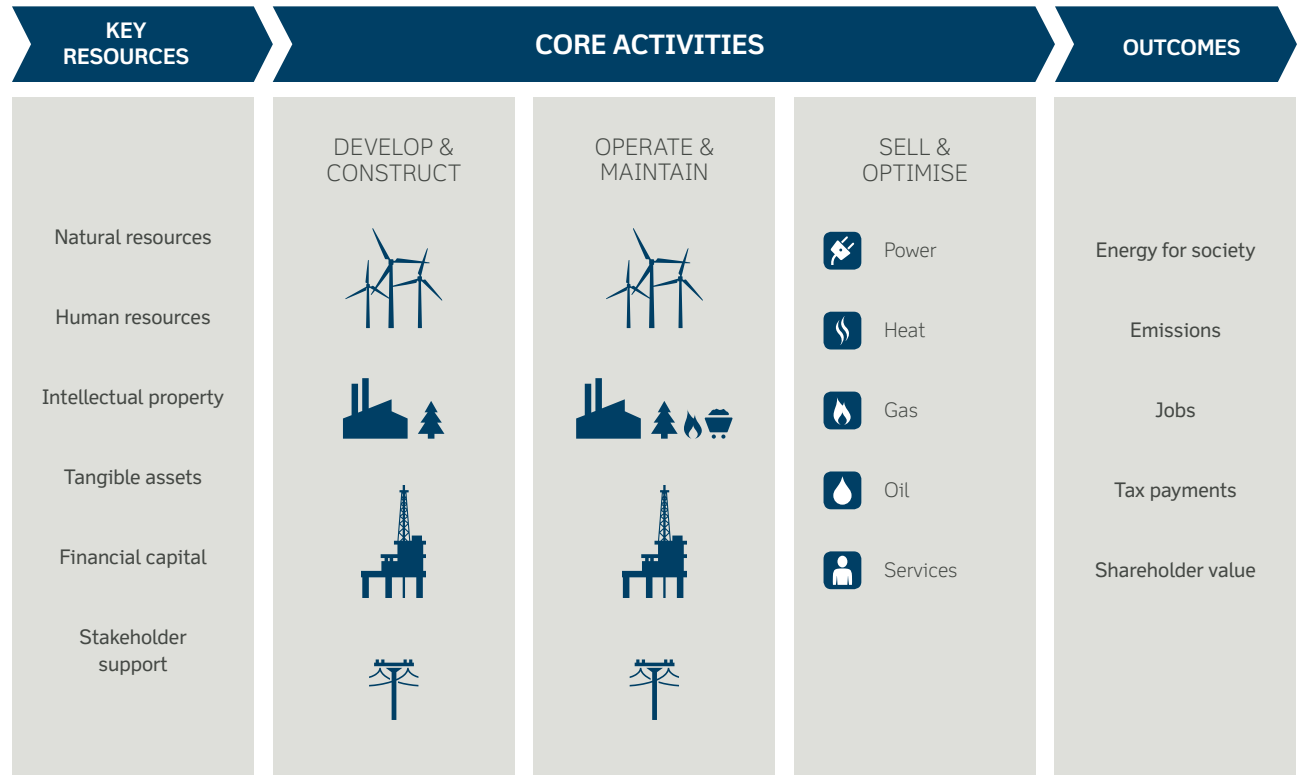
## Our stakeholders

Energy plays a central role in the everyday lives of people and businesses. How we choose to produce energy has a considerable impact on the environment. Therefore, the energy sector and DONG Energy attract a keen interest from customers, politicians, public authorities, trade associations, NGOs and many other stakeholders. The opinions and views of our stakeholders have a considerable bearing on the development of the framework for the generation and supply of and trading in energy. Through dialogue, we gain an insight into the topics that are of the greatest significance for our stakeholders and for DONG Energy, and we address the most important topics through targeted sustainability programmes. We present the programmes in our sustainability report: [www.dongenergy.com/sustainability2015](http://www.dongenergy.com/sustainability2015)

## Our value creation

We create value for our customers, shareholders and all the other stakeholders in society by building competitive positions in markets in which our competences are unique. This applies, in particular, to Wind Power, which is more than twice as large as its closest competitors in terms of installed offshore wind capacity as well as employee numbers. We are also one of only a small handful of players to cover the entire value chain from development and construction to the operation and ownership of offshore wind farms.

A large part of our value creation takes place in the development and construction phase, while operational efficiency ensures an optimised return on our assets. One example of how we create value in Wind Power is by having our own engineers, who use specially developed software to optimise the positioning of the wind turbines in relation to each other and to design foundations which contain considerably less steel than traditional designs, thereby increasing generation and lowering construction costs, respectively. Another example of our focus on value creation is found in Bioenergy & Thermal Power. Since 2011, we have adapted to the new market situation for conventional power and heat generation in Europe by consistently reducing our cost base and our generation capacity through major streamlining initiatives and organisational adjustments.



Within power distribution a continued focus on reducing costs and optimising our operational performance have been key contributors behind DONG Energy being among the companies that have received the highest return on our regulatory asset base in recent years.

In addition to the oil and gas prices, low operational costs per produced unit of oil and gas is one of the most important value drivers in Oil & Gas once the fields are in operation. The average lifting cost on our portfolio is attractive, which has been achieved through recurring cost and efficiency initiatives within both operated and non-operated fields.

Some of our activities are subject either to long-term contracts with fixed prices or prices adjusted for the effects of inflation or to regulation, while other activities are subject to open competition. Income from the former is highly predictable and thus increases the stability of

our earnings and cash flows. The three significant activities where we are subject to regulation or for which we have entered into long-term contracts are: Offshore wind farms which are subject to fixed tariffs and guaranteed minimum prices during the first 10-20 years of their life cycle; power and gas distribution which is subject to rules on returns on the regulatorily determined asset base and debt; and the power stations whose earnings from the supply of heat is relatively stable as it is based on the principles of cost coverage, and as subsidies are paid for biomass-fired power generation. Moreover, when a power station is converted from fossil fuels to sustainable biomass, we are granted a levy advantage which may be shared with the customer.

The way in which energy is produced is changing rapidly. In less than one decade, DONG Energy has gone from being one of Europe's most coal-intensive utilities to being a global leader in renewable energy.

Our **mission** is to develop and enable energy systems that are green, independent and economically viable. Our **vision** is to lead the energy transformation. We want DONG Energy to be recognised as a winner in European energy. We are therefore undertaking a comprehensive transformation of our business, tailoring it to the new market conditions in the European energy industry.

Our **strategy** focuses on identifying and growing areas where we can create something unique, i.e. value propositions differentiating us from our competitors. Our strongest and most differentiated competitive positions are within renewables, and this is where we see the biggest potential for long-term growth and value creation. We are building a world-class clean energy company with a renewables portfolio based on leading competences in offshore wind, bioenergy, and green distribution and customer solutions.

Investments to support future growth will be focused on renewable energy. Thereby, we effectively use our asset portfolio to build a bridge from fossil fuels to an increasingly decarbonised future and further reinforce our position as a global leader in renewables.

In brief, our current market positions are as follows:

- Global leader in offshore wind power with 6.3 GW installed or under construction (before divestments)
- A leading company within biomass-fired CHP plants with 1.6 GW power and 2.4 GJ/s heat in operation, being converted or planned for conversion
- Market leader in Denmark in the distribution and sale of gas and power with more than twice as many distribution customers as the second-largest utility and leading sales positions among residential and business customers
- Well-established market position within North Sea oil and gas, with a portfolio of high quality assets with attractive lifting costs.

## Our strategic objectives

We track the progress of our 2020 strategy through a number of ambitious objectives divided into four themes:

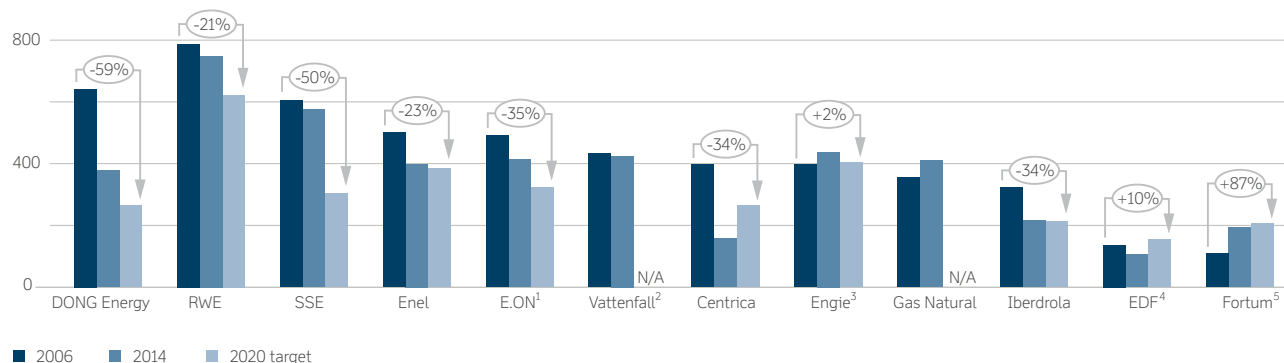
First of all, **we address profound societal challenges** by developing green, independent and economically viable energy systems. We reduce carbon emissions by constructing offshore wind farms and converting thermal power stations to biomass with the ambition of achieving the greatest reduction in carbon emissions among European peers by 2020 compared to 2006.

Second, **we serve the energy needs of our customers**. Our aim is to deliver the best customer solutions and customer experience through our distribution and sales activities, and thereby ensure that our customers benefits from the green transformation of the energy system.

Third, **we create shareholder value** by generating profitable growth and by leading the way in the green transformation.

Finally, **we want to be a safe and good place to work** by ensuring high focus on safety and high levels of employee commitment, satisfaction and motivation.

## CO<sub>2</sub> EMISSIONS FROM POWER AND HEAT GENERATION, g/kWh



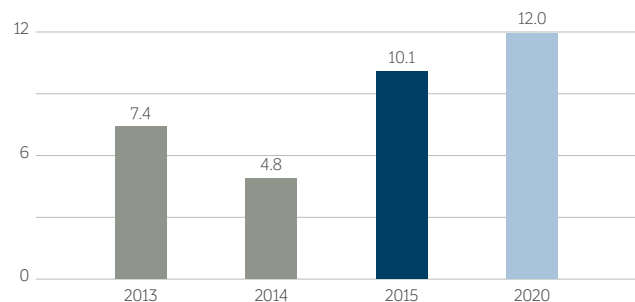
1. E.ON's target is by 2025 and for EU only; 2006 performance is for entire E.ON Group  
 2. Vattenfall has an absolute emissions target which corresponds to a 23.3% reduction 2006-2020. 2007 data used as 2006 data is not available  
 3. GDF Suez changed name to Engie in 2015. Historical data for 2006 is approximated in their reporting as GDF Suez was formed from two companies with first joint data in 2008  
 4. EDF commits to keep emissions <150gCO<sub>2</sub>/kWh on a 5-year average  
 5. Fortum commits to keep emissions <200gCO<sub>2</sub>/kWh on a 5-year average

Sources: Company annual and sustainability reports as well as other publicly available information.

# STRATEGIC TARGETS

## CREATE SHAREHOLDER VALUE

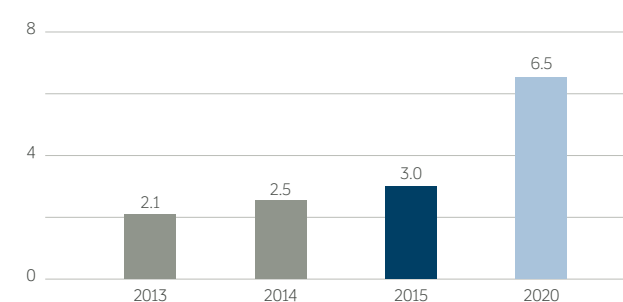
ADJUSTED ROCE, %



The improvement of ROCE towards 2020 will primarily be driven by an improvement in EBITDA.

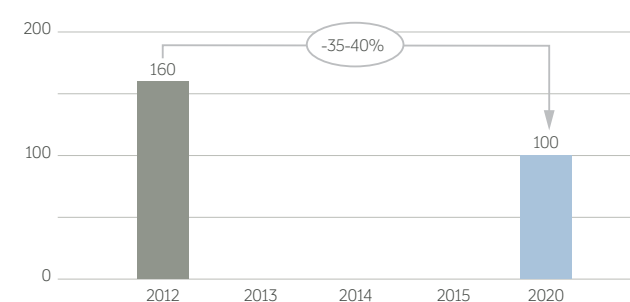
## ADDRESS PROFOUND SOCIETAL CHALLENGES

INSTALLED OFFSHORE WIND CAPACITY, GW



We are well on the way to reaching the target for 2020. At the end of 2015, four offshore wind farms were under construction, and in February 2016 we made the decision to invest in the Hornsea 1 project with a capacity of 1.2 GW.

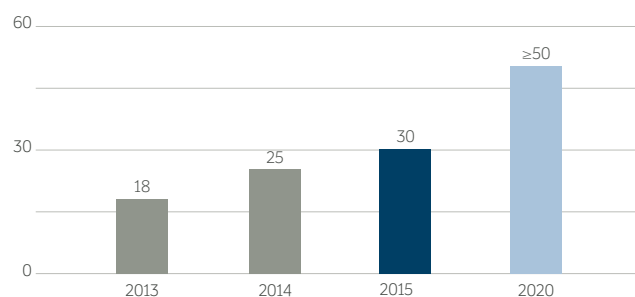
OFFSHORE WIND COST OF ELECTRICITY, EUR/MWh



The fulfilment of the target for 2020 requires both a strong internal focus and close cooperation with our suppliers. Larger wind turbines as well as the expansion and development of the supplier base are essential to reducing costs.

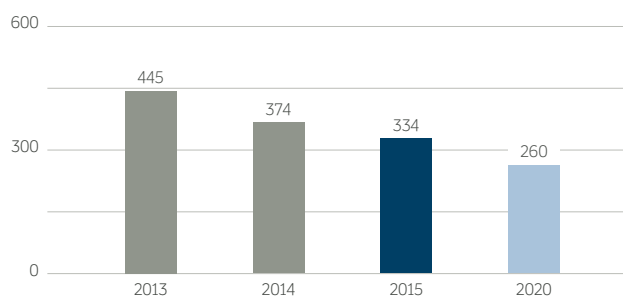
## ADDRESS PROFOUND SOCIETAL CHALLENGES

BIOMASS SHARE IN DANISH CHP GENERATION, %



The target for 2020 is expected to be fulfilled through continued investments in the conversion of existing power stations to biomass, including the Skærbæk, Studstrup and Avedøre conversion projects, which already have been approved.

CARBON EMISSIONS, g/kWh

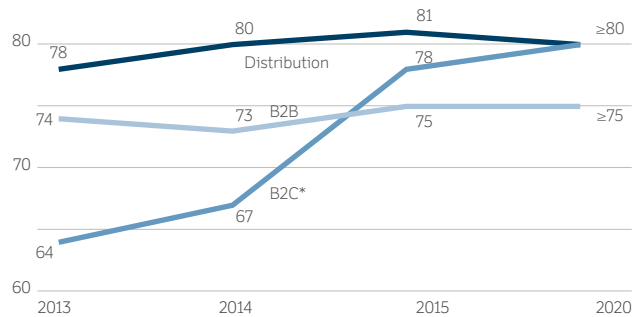


We are well on the way to achieving our 2020 target by expanding offshore wind and converting our power stations from coal and gas to sustainable biomass.



## SERVE THE ENERGY NEEDS OF OUR CUSTOMERS

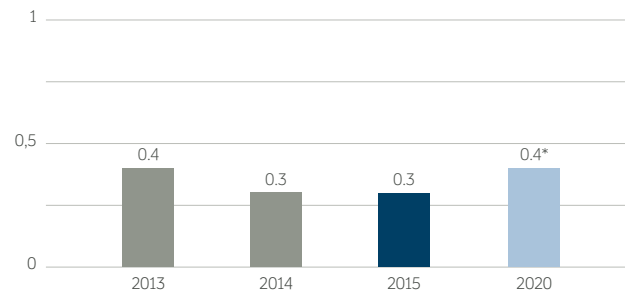
CUSTOMER SATISFACTION, Scale (1-100)



\* The method of calculating B2C customer satisfaction has been changed in 2015. Read more in note 9.2.

We are constantly working to improve our customers' experiences. 2016 will see the launch of an independent brand for the distribution business (Radius) and an improved customer telephone service, among other things.

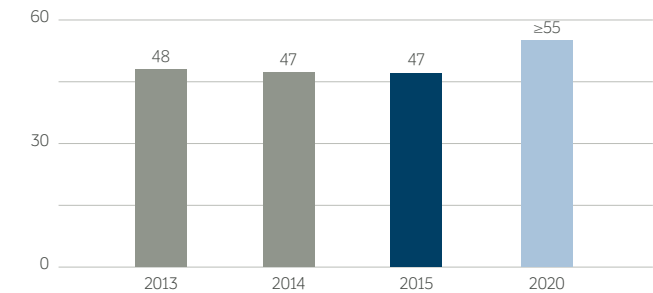
SECURITY OF SUPPLY, Power outage per customer (Danish power distribution)



\* Average security of supply in Denmark in 2014. Our target is to be at the same level or better than the Danish industry average.

In 2015, our security of supply was at one of the highest levels ever. This was achieved thanks to the burial of the low-voltage grid, an efficient emergency response and ongoing investments in the replacement of equipment and systems.

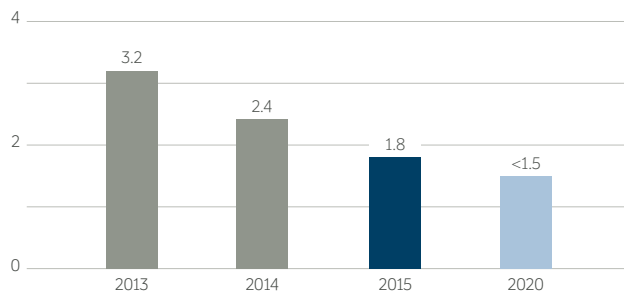
REPUTATION INDEX, Scale (0-100)



The level of our reputation is low. We are working to improve our reputation by ensuring a high level of integrity in our business, continuing the green transformation, helping our customers to save energy and being an attractive place to work.

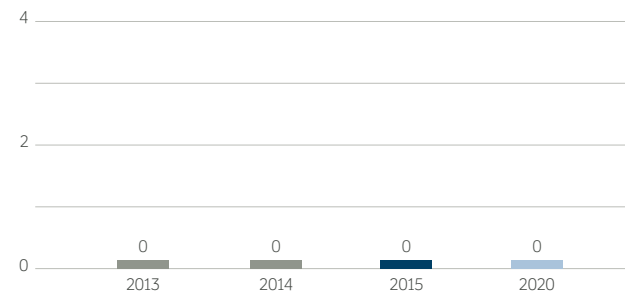
## BE A GREAT AND SAFE PLACE TO WORK

SAFETY, LTIF



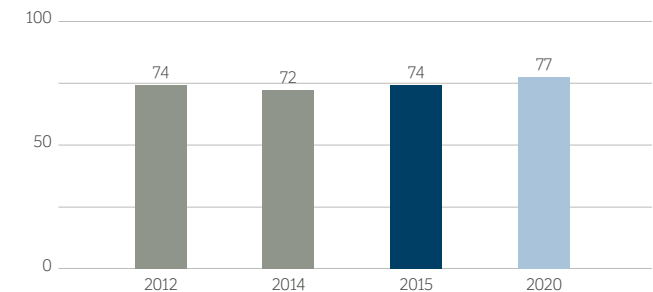
The target for 2020 is expected to be met by maintaining a constant focus on safety and involving suppliers in contributing to a safe working environment for the whole of DONG Energy.

SAFETY, Fatalities



We have not had any fatal accidents since December 2012.

EMPLOYEE SATISFACTION AND MOTIVATION, Scale (0-100)



To achieve our 2020 targets, we have introduced a number of initiatives to promote satisfaction and motivation, including healthcare services, focus on management and an internal initiative to strengthen the identity of the company.

## FINANCIAL RESULTS Income statement

DKK million	2015	2014	%
Revenue	70,843	67,048	6%
EBITDA	18,484	16,389	13%
EBITDA less current hydrocarbon tax	15,893	12,863	24%
Depreciation	(8,701)	(9,242)	(6%)
Impairment losses <sup>1</sup>	(17,033)	(8,324)	105%
EBIT	(7,250)	(1,177)	516%
Adjusted EBIT	7,192	3,621	99%
Gain on divestment of enterprises	16	1,258	(99%)
Net financial income and expenses	(2,125)	(1,710)	24%
Tax	(2,717)	(3,171)	(14%)
Tax rate	(29%)	(150%)	121%-p
Profit (loss) for the year	(12,084)	(5,284)	129%

<sup>1</sup>This includes DKK 2,516 million (2015) regarding provisions for onerous capex contracts.

### Revenue

Revenue increased by 6% to DKK 70.8 billion. The increase was primarily due to higher activity from construction contracts, higher wind-based power generation and sales of green certificates. This was partially offset by lower power, gas and oil prices and lower oil and gas production.

The Group's power generation from offshore wind increased by 16% as a result of generation from new offshore wind farms and a full year of generation from West of Duddon Sands. The Group's thermal power generation fell by 18% due to adverse market conditions caused by low power prices and periodically negative spreads.

Oil and gas production fell by 2%, totalling 40.9 million boe in 2015. The fall was primarily due to a planned shut-down of the Ormen Lange field in May and June, which was partially offset by the fact that we for some time receive volumes from the Ormen Lange field in addition to our 14.0% ownership interest as part of the changes in the determination of the ownership interests in 2013. The share of production thus amounted to 24% in 2015 against 21% in 2014.

### EBITDA

Operating profits (EBITDA) increased by 13%, amounting to DKK 18.5 billion in 2015. The increase of DKK 2.1 billion was due to a positive development in the underlying business as well as non-recurring compensations, which were partially offset by gains on divestments in 2014:

The underlying positive development in operations compared to last year can mainly be attributed to higher generation from offshore wind due to the commissioning of new offshore wind farms in the UK and Germany, higher activity from the construction of offshore wind farms for co-investors, the completed renegotiation of an oil-indexed gas purchase contract and lower costs in the Oil & Gas business. The positive development in operations was partially offset by lower gas and oil prices, lower production in Oil & Gas and unfavourable market conditions for thermal power generation.

In 2015, EBITDA was positively affected by a total of DKK 1.7 billion from a gain on the sale of Oil & Gas licence interests, insurance compensations as well as a settled dispute from 2005 and 2006 concerning CO<sub>2</sub> emissions allowances, while 2014 was positively affected by gains of DKK 1.9 billion on the divestment of offshore wind farms.

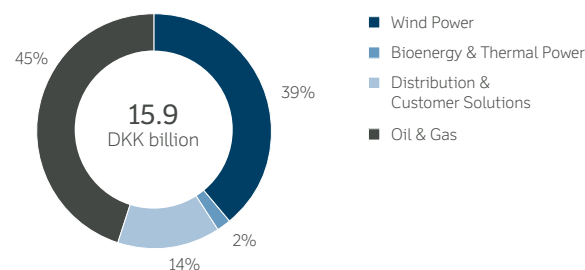
Oil & Gas accounted for the largest share of EBITDA for the year. The share was particularly high in 2015 as a consequence of the temporarily higher share of the Ormen Lange field (the additional volumes contributed with DKK 2.5 billion) as well as insurance compensations. Wind Power did, however, achieve the highest growth when accounting for gains on divestments in 2014.

### EBIT

Depreciation totalled DKK 8.7 billion in 2015, which was DKK 0.5 billion lower than in 2014. The lower depreciation can be ascribed to the derived effect of the impairment losses in O&G at the end of 2014, which were partially offset by higher depreciation in Wind Power as a result of more offshore wind farms being commissioned.

Impairment losses (incl. provisions for onerous capex contracts) amounted to DKK 17.0 billion in 2015. In Oil & Gas, impairment losses of DKK 15.8 billion were recognised as a result of lower oil and gas prices, reduced reserve estimates as well as project specific factors, in particular with regards to

EBITDA LESS CURRENT HYDROCARBON TAX, %



## Business performance vs. IFRS

DONG Energy uses business performance as an alternative to the results prepared in accordance with IFRS. Business performance represents the underlying financial performance of the Group in the reporting period as results are adjusted for temporary fluctuations in the market value of contracts (including hedging transactions) relating to other periods. The difference between the two principles will be eliminated as the contracts expire. Apart from this, there is no difference between business performance and the IFRS results.

EBITDA calculated in accordance with IFRS amounted to DKK 21.9 billion in 2015 against DKK 20.3 billion in 2014. Calculated in accordance with the business performance principle, EBITDA was DKK 18.5 billion and DKK 16.4 billion, respectively. The difference between the two principles was thus DKK 3.4 billion in 2015 compared with DKK 3.9 billion in 2014 and can be specified as follows:

DKK million	2015	2014
<b>EBITDA - business performance</b>	<b>18,484</b>	<b>16,389</b>
Market value adjustments for the year of financial and physical hedging contracts relating to a future period	5,923	5,662
Reversal of deferred gain (loss) relating to hedging contracts from previous periods, where the hedged production or trade is recognised in business performance EBITDA in this period	(2,485)	(1,718)
<b>EBITDA - IFRS</b>	<b>21,922</b>	<b>20,333</b>

In the presentation of the results according to IFRS, DONG Energy does not apply the provisions on hedge accounting of commodities and related currency exposures. The market value adjustments of these are continuously recognised in the income statement, which means that the IFRS results for the individual years are not comparable. IFRS results does not reflect the commercial risk hedging, according to which the business units and the Group are managed and evaluated. In the management's review, comments are made on business performance only, unless otherwise stated. Reference is also made to note 2.2.

# RESULTS

## CONTINUED

GROUP

the Hejre project, which continues to face significant challenges. Due to an active hedging policy, however, the value of the oil and gas hedges increased. In addition, a Dutch power station was impaired by DKK 0.7 billion and older installation vessels and goodwill by DKK 0.5 billion. In 2014, impairment losses amounted to DKK 8.3 billion, of which DKK 8.1 billion was recognised in Oil & Gas.

EBIT then amounted to DKK -7.3 billion in 2015. EBIT less current hydrocarbon tax and adjusted for impairment losses (Adjusted EBIT), however, totalled DKK 7.2 billion, up DKK 3.6 billion on 2014. The doubling was due to higher EBITDA and lower hydrocarbon tax as a result of the lower earnings in Norway.

### Gain (loss) from divestment of enterprises

There was no significant effect on earnings from divestment of enterprises in 2015. The gain on divestment of enterprises totalled DKK 1.3 billion in 2014 and related primarily to the divestment of the Stenlille gas storage facility.

### Net financial income and expenses

Financial income and expenses amounted to a net expense of DKK 2.1 billion compared with DKK 1.7 billion in 2014. The increase was due to a negative impact from exchange rate adjustments on loans, which were partially offset by lower net interest expenses as a result of interest received concerning the CO<sub>2</sub> emissions allowances dispute, among other things.

### Tax and tax rate

Tax on profit for the period amounted to DKK 2.7 billion, which was DKK 0.5 billion lower than in 2014.

DKK million	Profit before tax	Tax hereof	Tax percentage
Oil and gas activities in Norway (hydrocarbon income)	4,664	(3,887)	83%
Oil and gas exploration activities in the UK and Faroe Islands	(67)	547	816%
Gain (loss) on divestments and other non-taxable income and non-deductible costs	23	(16)	70%
Impairment losses	(17,033)	1,236	7%
Effect of changes in tax rate and other adjustments	0	63	n.a.
Rest of DONG Energy	3,046	(660)	(22%)
<b>Effective tax for the year</b>	<b>(9,367)</b>	<b>(2,717)</b>	<b>(29%)</b>

The effective tax rate was -29% against -150% in 2014. The tax rate went up as a result of the earnings from oil and gas production in Norway, where a tax rate of 78% on hydrocarbon income together with non-deductible amortisation of licence rights led to an effective tax rate of 83%. The tax rate in the UK was affected by recognition of deferred tax assets regarding tax loss carryforwards from previous years, now expected to be utilised in the Group. Furthermore, the effective tax rate was significantly impacted by impairments mainly in Oil & Gas, where tax losses are not fully recognised as it is considered unlikely that these losses can be utilised completely in the foreseeable future.

### Profit (loss) for the year

Net profit for the year amounted to DKK -12.1 billion, which was DKK 6.8 billion lower than in 2014. The decrease was primarily attributable to the fact that impairment losses (incl. provisions for onerous capex contracts) of DKK 15.8 billion (after tax) were higher in 2015 than the year before when they amounted to DKK 6.7 billion (after tax).

### Cash flows and net debt

DKK million	2015	2014	%
Cash flow from operating activities	13,571	14,958	(9%)
- EBITDA	18,484	16,389	13%
- Financial instruments	(128)	682	n.a.
- Other items	(353)	(1,341)	(74%)
- Interest expense, net	(659)	(1,065)	(38%)
- Paid tax	(5,091)	(3,835)	33%
- Change in work in progress	(1,418)	1,395	n.a.
- Change in other working capital	2,736	2,733	0%
Gross investments	(18,693)	(15,359)	22%
Divestments	2,573	10,653	(76%)
<b>Free cash flow</b>	<b>(2,549)</b>	<b>10,252</b>	<b>n.a.</b>
Net debt at 1 January	3,978	25,803	(85%)
Free cash flow	2,549	(10,252)	n.a.
Capital injection, net	0	(13,007)	n.a.
Dividends and hybrid coupon paid	1,350	1,267	7%
Exchange rate adjustments, etc.	1,316	167	688%
<b>Net debt at 31 December</b>	<b>9,193</b>	<b>3,978</b>	<b>131%</b>

### Cash flow from operating activities

Cash flows from operating activities totalled DKK 13.6 billion in 2015 compared with DKK 15.0 billion in 2014. The DKK 1.4 billion fall primarily reflected higher funds being tied up in working capital and higher tax payments in Norway, which were partially offset by higher EBITDA and lower interest payments (net).

The increase in funds tied up in working capital was primarily due to an increase in work in progress in connection with the construction of offshore wind farms for co-investors and offshore transmission assets.

The higher tax payments in Norway were mainly due to extraordinary hydrocarbon tax deductions in 2013 as a result of the above-mentioned redetermination of the Ormen Lange field, which reduced tax payments in 2014.

### Investments and divestments

Net investments amounted to DKK 16.1 billion compared with DKK 4.7 billion in 2014. Gross investments increased by 22%, amounting to DKK 18.7 billion in 2015. The largest investments in 2015 were as follows:

- Development of wind activities (DKK 10.2 billion), including the German offshore wind farms Gode Wind 1+2 and Borkum Riffgrund 1, the UK offshore wind farms Westermost Rough and Burbo Bank Extension, and the acquisition of the remaining ownership interest in Horsea 1 and project rights to Horsea 2
- Development of oil and gas fields (DKK 6.0 billion), including Hejre and Syd Arne in Denmark as well as Laggan-Tormore in the UK.

Divestment of activities and enterprises amounted to DKK 2.6 billion in 2015 compared with DKK 10.7 billion in 2014 and concerned the divestment of 50% of Gode Wind 1, receipt of deferred proceeds concerning the divestment of 50% of Westermost Rough in 2014, the ownership interest in the Norwegian Gassled gas pipeline network, the Måbjerg CHP plant as well as 60% of the Glenlivet field in the West of Shetland area. Divestments in 2014 mainly concerned 50% of the ownership interests in London Array and Westermost Rough, the Dutch trading company DONG Energy Sales B.V. and the Stenlille Gas Storage Facility.

### Hybrid capital and dividends

In April, DONG Energy issued new hybrid bonds with a nominal value of EUR 600 million. The issuance reflected a refinancing of hybrid bonds issued in 2005 with an outstanding balance of EUR 600 million, which was repaid in June.

In 2015, dividends totalling DKK 0.5 billion were paid to minority shareholders in subsidiaries, which was on a par with 2014.

### Interest-bearing net debt

Interest-bearing net debt totalled DKK 9.2 billion at the end of 2015 against DKK 4.0 billion the year before. The increase of DKK 5.2 billion was primarily due to a continued high level of investments exceeding the cash flows from operating activities and divestments. In addition, exchange rate adjustments of loans in British pounds contributed to the increase.

## Equity

Equity totalled DKK 51.7 billion at the end of 2015 against DKK 61.5 billion at the end of 2014. The decrease was primarily attributable to the negative results for the year.

## Capital employed

Capital employed fell by DKK 4.6 billion and amounted to DKK 60.9 billion at the end of 2015. The continued investments were more than offset by impairment losses. Wind Power amounted to 75% of the capital employed, while Oil & Gas's share was reduced to 9%.

## Key ratios

%	2015	2014	%
ROCE	(15.6)	(6.6)	(9.0%-p)
Adjusted ROCE	10.1	4.8	5.3%-p
FFO/adjusted net debt	40.4	36.1	4.3%-p

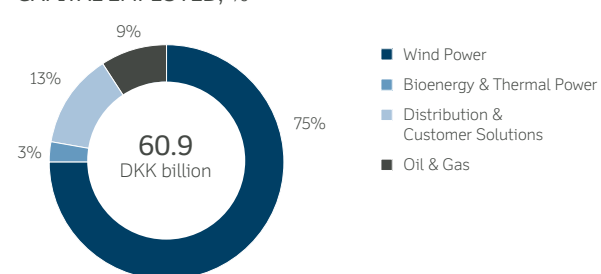
## Return on capital employed (ROCE)

The return on capital employed (ROCE) amounted to -16% in 2015 against -7% in 2014. ROCE adjusted for impairment losses (Adjusted ROCE) amounted to 10% in 2015 against 5% in 2014. The increase of 5%-points was mainly due to the higher adjusted EBIT.

## Credit metric (FFO/adjusted net debt)

The credit metric Funds from operation (FFO) in relation to adjusted net debt was 40% at the end of 2015 compared with 36% at the end of 2014. The improvement was due to the increase in FFO having a greater positive impact than the increase in the adjusted net debt.

## CAPITAL EMPLOYED, %



## NON-FINANCIAL RESULTS

### CO<sub>2</sub> emissions

Our goal is to reduce CO<sub>2</sub> emissions from our power and heat generation to 260g CO<sub>2</sub>/kWh in 2020, which corresponds to a reduction of 60% compared to 2006. In 2015, we reduced our accumulated emissions by 48% to 334g CO<sub>2</sub>/kWh. To achieve our goal, we are deploying offshore wind and converting our power stations from coal and gas to sustainable biomass. We have built up market-leading positions within both technologies. Our power stations' high efficiency also contributes to lowering our CO<sub>2</sub> emissions.

In 2006, renewable energy accounted for 15% of DONG Energy's power and heat generation, while 85% was based on fossil fuels. In 2015, renewable energy accounted for 55% of our power and heat generation, and we continue the conversion from black to green generation.

### Safety

A strong safety culture is important in the energy industry. Many of our employees work under conditions (offshore, for example), where injuries can easily happen if you are not careful when working with heavy equipment, at height and with high voltage. Our employees must feel safe and ready to deal with any situation – regardless of whether they are suspended under a construction platform or sitting in the office.

### Fewer accidents

DONG Energy's lost time injury frequency (LTIF) continues to fall. In 2015, it was 1.8 and our target is an LTIF of less than 1.5 in 2020. We have not had any fatal accidents since December 2012.

Our annual employee survey shows that the safety culture is well integrated in DONG Energy. We measure both the employees' own focus on safety and the strength of safety management. The employees feel that they have a sound (87/100) knowledge of the safety rules that apply to their work, and that they respond to unsafe conditions. Managers are also highly rated (85/100) by employees when it comes to their focus on safety and being good role models for safe conduct.

### Increased safety

In DONG Energy, we work with three priority areas to increase safety: 1) Strengthening our safety culture, including the managers' commitment to being role models, 2) maintaining and improving safety systems in order to better prevent accidents and 3) working with suppliers.

A strong safety culture plays a crucial role in bringing down the number of accidents. An important step towards 2020 is the Safety Academy, which is to strengthen the employees' awareness and competences with regard to safety.

Effective systems and processes are fundamental to ensuring a high level

of safety. The employees' recording of observations, near-miss incidents and accidents provides valuable information that can help us to understand why they happen and prevent recurrences. In future, particular focus will be on increasing the number of observations recorded by employees which will help us to learn from the observations and improve safety.

Suppliers were involved in two-thirds of the accidents in 2015, and all the nine fatal accidents recorded since 2006 occurred at our suppliers. In 2015, we introduced stricter safety requirements in our supplier contracts. Furthermore, our business units focus on using shared processes to control safety risks in partnership with our suppliers, as well as involving supplier management and employees in various ways to ensure an effective partnership on safety.

### Job satisfaction

A high level of satisfaction and motivation among our employees is a sign that we are a healthy company that our employees want to be a part of, creating loyalty and a high retention rate. In the annual employee survey, our employees' job satisfaction and motivation rose by two index points to 74 out of 100. This means that we are three points from our 2020 target of 77 out of 100. At the same time, loyalty also increased by three points, and voluntary resignations among employees fell to 6.7%.

The positive development in job satisfaction and motivation is primarily related to the employees' high rating of their immediate superior and an improved perception of DONG Energy's reputation among the employees. As regards the ratings of immediate managers, DONG Energy scored 17 points above the average Danish benchmark.

### Reputation

It is important for us to have the support of our stakeholders, and that they perceive us as a positive player in the societies we are a part of. To learn more about this and other things, we measure our reputation. Denmark is one of our most important markets. Here, we have been in the media spotlight several times since 2012, particularly in connection with the departure of the previous CEO in 2012 and Goldman Sachs' acquisition of a 18% stake in DONG Energy in 2014. These events had a negative impact on our reputation. Since 2011, our reputation score has fallen by 7 points on a scale of 0-100. In 2015, our reputation score was 47, which is low compared to the average for other large Danish companies. We have set a goal to achieve a score of at least 55 in 2020.

Our reputation is composed of a number of parameters. The most important parameters are whether Danes view DONG Energy as a likeable and ethical company that you can trust. These parameters are currently having a negative impact on our reputation. It is also very important whether Danes view DONG Energy as a good place to work, and as a company with a positive impact on society. These parameters are currently having a positive impact on our reputation.

# FIVE-YEAR SUMMARY

GROUP

DKK million

<b>INCOME STATEMENT (BUSINESS PERFORMANCE)</b>	<b>2015</b>	2014	2013	2012	2011
Revenue	70,843	67,048	73,105	67,179	56,717
EBITDA	18,484	16,389	15,004	8,639	13,743
Depreciation and amortisation	(8,701)	(9,242)	(7,955)	(9,172)	(6,825)
Impairment losses	(17,033)	(8,324)	(5,008)	(2,791)	(818)
Operating profit (loss) (EBIT)	(7,250)	(1,177)	2,041	(3,324)	6,100
Current hydrocarbon tax	(2,591)	(3,526)	(1,105)	(2,149)	(1,076)
Adjusted EBIT <sup>1</sup>	7,192	3,621	5,944	(2,682)	5,842
Gain on divestment of enterprises	16	1,258	2,045	2,675	225
Net financial income and expenses	(2,125)	(1,710)	(3,800)	(1,356)	(303)
Profit (loss) from associates and joint ventures	(8)	(484)	(57)	(699)	32
Profit (loss) before tax	(9,367)	(2,113)	229	(2,704)	6,054
Tax	(2,717)	(3,171)	(1,222)	(1,317)	(3,172)
Profit (loss) for the year	(12,084)	(5,284)	(993)	(4,021)	2,882
<b>BALANCE SHEET</b>					
Total assets	147,457	149,914	145,672	157,489	152,926
Total equity	51,736	61,533	51,543	50,016	57,740
- Shareholders of DONG Energy A/S	32,090	41,736	31,599	33,421	40,250
- Non-controlling interests	6,398	6,561	6,708	7,057	7,952
- Hybrid capital	13,248	13,236	13,236	9,538	9,538
Interest-bearing net debt	9,193	3,978	25,803	31,968	23,179
Capital employed	60,930	65,511	77,345	81,984	80,919
Additions to property, plant and equipment	19,843	15,350	19,437	16,549	18,702
<b>CASH FLOW</b>					
Cash flow from operating activities	13,571	14,958	9,729	7,891	12,396
Gross investments	(18,693)	(15,359)	(21,234)	(17,660)	(17,907)
Divestments	2,573	10,653	15,332	4,310	5,248
Free cash flow	(2,549)	10,252	3,827	(5,459)	(263)
<b>FINANCIAL RATIOS</b>					
Return on capital employed (ROCE) <sup>2</sup> , %	(15.6)	(6.6)	1.2	(6.7)	6.5
Adjusted ROCE <sup>3</sup> , %	10.1	4.8	7.4	(3.3)	7.6
FFO/adjusted net debt <sup>4</sup> , %	40.4	36.1	23.1	7.8	31.4
<b>EQUITY RATIOS</b>					
Avg. number of outstanding shares, thousand	417,726	399,855	293,710	293,710	293,710
Proposed dividend per share (DPS), DKK	0.0	0.0	0.0	0.0	5.0
Pay-out ratio, %	0.0	0.0	0.0	0.0	60.0
<b>INCOME STATEMENT (IFRS)</b>					
Revenue	74,387	71,829	72,199	65,860	58,313
EBITDA	21,922	20,333	14,199	7,166	15,568
Profit (loss) for the year	(9,453)	(2,310)	(1,591)	(5,126)	4,250

<b>BUSINESS DRIVERS</b>	<b>2015</b>	2014	2013	2012	2011
<b>Wind Power</b>					
Decided (FID'ed) capacity <sup>5</sup> , offshore wind, GW	5.1	3.8	3.6	2.8	2.8
Installed capacity, offshore wind, GW	3.0	2.5	2.1	1.7	1.2
Production capacity, offshore wind, GW	1.7	1.4	1.3	1.1	0.7
Wind energy content (WEC) <sup>5</sup> , % of a normal wind year	102	97	97	99	104
Load factor <sup>5</sup> , %	45	44	42	43	43
Availability <sup>5</sup> , %	93	94	93	94	94
Power generation, TWh	5.8	5.0	5.3	4.6	4.4
<b>Bioenergy &amp; Thermal Power</b>					
Degree days <sup>5</sup> , number	2,621	2,462	2,890	2,918	2,733
Heat generation, PJ	33.6	31.4	40.2	43.0	42.6
Power generation, TWh	7.1	8.7	13.8	11.5	16.0
<b>Distribution &amp; Customer Solutions</b>					
Regulatory value of power distribution assets <sup>6</sup>	10,778	10,373	10,127	9,814	9,728
Regulatory value of gas distribution assets <sup>6</sup>	3,231	3,438	3,576	3,694	3,812
Power distribution, TWh	8.4	8.4	8.6	8.7	8.8
Gas distribution, TWh	8.1	8.2	9.0	9.1	9.9
Power sales, TWh	35.5	34.5	25.5	12.6	9.9
Gas sales, TWh	159.1	151.3	155.0	146.7	194.2
<b>Oil &amp; Gas</b>					
Oil and gas production, million boe	40.9	41.8	31.7	28.5	26.4
- Oil (incl. condensate)	10.1	10.6	8.2	9.9	9.3
- Gas	30.8	31.2	23.5	18.6	17.1
Lifting costs <sup>5</sup> , USD/boe	7.3	8.6	8.8	9.5	10.4
Lifting costs <sup>5</sup> , DKK/boe	49.3	48.1	49.3	54.8	55.6
Oil price, Brent, USD/boe	52	99	109	112	111
Gas price, NBP, EUR/MWh	20	21	27	25	22
<b>PEOPLE &amp; ENVIRONMENT</b>					
Employees (FTE) at 31 December, number	6,674	6,500	6,496	7,000	6,098
Lost time injury frequency (LTIF), per 1 million hours worked	1.8	2.4	3.2	3.6	4.1
Fatalities, number	0	0	0	1	3
CO <sub>2</sub> emissions, g/kWh	334	374	445	443	486
Biomass share in Danish CHP generation, %	30	25	18	21	18

## Business performance vs. IFRS

Business performance represents the underlying financial performance of the Group in the reporting period as results are adjusted for temporary fluctuations in the market value of contracts (including hedging transactions) relating to other periods. Apart from this, there is no difference between business performance and IFRS results. Read more in note 2.2.

1) EBIT less current hydrocarbon tax and impairment losses added back. 2) EBIT less current hydrocarbon tax / average capital employed. 3) Adjusted EBIT / average capital employed (with impairment losses after tax added back to ultimo capital employed). 4) Net debt incl. 50% of hybrid capital, cash and securities not available for use (with the exception of repo transactions), present value of lease obligations, and decommissioning obligations less deferred tax. 5) See definition on page 154 and in note 9. 6) The figures indicate values from the latest regulatory financial statements.

## Group highlights

Revenue was DKK 15.7 billion in Q4 2015 compared with DKK 17.1 billion in Q4 2014. The decrease of 8% was primarily due to lower oil and gas prices. The decrease was partially offset by higher revenue from construction contracts, higher power generation from offshore wind from Borkum Riffgrund 1 and Westermost Rough, which were inaugurated in the second half of 2015, as well as higher gas production as a result of a temporarily higher share of volumes from the Ormen Lange field.

EBITDA rose by DKK 0.3 billion, amounting to DKK 3.6 billion in Q4 2015. The increase was due to higher power generation from offshore wind power and higher activity from the construction of offshore wind farms for co-investors. The increase was partially offset by the aforementioned lower oil and gas prices.

Net profit was DKK -15.3 billion, which was DKK 9.2 billion lower than in Q4 2014, primarily as a result of higher impairment losses (incl. provisions for onerous capex contracts).

Cash flows from operating activities increased by DKK 1.4 billion, amounting to DKK 6.8 billion in Q4 2015. The improvement was primarily due to a positive effect from change in working capital as a result of the release of cash flows from central clearing counterparties in connection with exchange trading, primarily as a result of the lower oil prices as well as prepayments from heat customers in connection with the biomass conversions of the Skærbæk and Studstrup Power Stations in 2015. The increase was partially offset by a change in work in progress due to an increase in work in progress in connection with the construction of offshore transmission assets.

Gross investments totalled DKK 4.1 billion in Q4 2015 and primarily concerned offshore wind activities of DKK 2.1 billion (mainly Gode Wind 1+2) and oil and gas fields of DKK 1.4 billion (mainly Hejre and Laggan-Tormore).

Divestments totalled DKK 2.0 billion in Q4 2015 and concerned the divestment of 50% of Gode Wind 1, receipt of a deferred selling price relating to the divestment of 50% of Westermost Rough in 2014 as well as the ownership interest in the Norwegian Gassled gas pipeline network.

## EBITDA per business unit

### Wind Power

EBITDA increased by DKK 0.9 billion to DKK 1.7 billion in Q4 2015. The increase was the result of new offshore wind farms and higher activity from construction contracts, primarily relating to the construction of Gode Wind 1+2 in Germany. Production remained unchanged compared to 2014, as the higher production from Borkum Riffgrund 1 and Westermost Rough was offset by lower production from Horns Rev 2 and Walney due to cable faults, which led to two-month and one-month production shutdowns, respectively, in the quarter.

### Bioenergy & Thermal Power

EBITDA fell by DKK 0.3 billion to DKK -0.1 billion in Q4 2015 as a result of unfavourable market conditions.

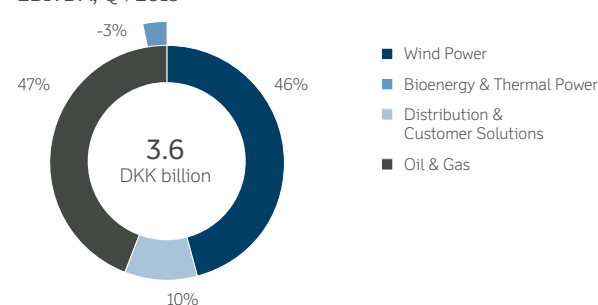
### Distribution & Customer Solutions

EBITDA increased by DKK 0.1 billion to DKK 0.4 billion in Q4 2015. The increase was due to higher earnings from the trading and portfolio optimisation activities, which were partially offset by lower earnings from the distribution of gas caused by temporarily lower tariffs due to overcharging in previous years.

### Oil & Gas

EBITDA fell by DKK 0.6 billion to DKK 1.7 billion in Q4 2015. The fall was primarily due to lower oil and gas prices, which were not fully offset by the higher volumes from the Ormen Lange field.

EBITDA, Q4 2015



## Highlights

DKK million	Q4 2015	Q4 2014	%
Revenue	15,693	17,127	(8%)
EBITDA	3,647	3,364	8%
EBITDA less current hydrocarbon tax	3,241	2,402	35%
Profit (loss) for the period	(15,319)	(6,140)	149%
Cash flow from operating activities	6,774	5,358	26%
Gross investments	(4,119)	(4,178)	(1%)
Divestments	1,966	2,546	(23%)
Free cash flow	4,621	3,726	24%

## EBITDA

DKK million	Q4 2015	Q4 2014	%
Wind Power	1,693	815	108%
Bioenergy & Thermal Power	(119)	157	n.a.
Distribution & Customer Solutions	362	228	59%
Oil & Gas	1,700	2,265	(25%)
Other activities / eliminations	11	(101)	n.a.
<b>Consolidated EBITDA</b>	<b>3,647</b>	<b>3,364</b>	<b>8%</b>

## Cash flow from operating activities

DKK million	Q4 2015	Q4 2014	%
EBITDA	3,647	3,364	8%
Financial instruments	67	34	97%
Other items	269	447	(40%)
Interest expense, net	(65)	88	n.a.
Income tax paid	(1,664)	(1,910)	(13%)
Change in work-in-progress	2,270	2,977	(24%)
Change in other working capital	2,250	358	528%
<b>Cash flow from operating activities</b>	<b>6,774</b>	<b>5,358</b>	<b>26%</b>

# QUARTERLY SUMMARY (2014-2015)

GROUP

DKK million

## INCOME STATEMENT (BUSINESS PERFORMANCE)

	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Revenue	15,693	17,294	18,589	19,267	17,127	14,048	15,681	20,192
EBITDA	3,647	4,431	4,405	6,001	3,364	3,212	3,479	6,334
Depreciation and amortisation	(2,250)	(2,400)	(1,960)	(2,091)	(2,435)	(2,478)	(2,123)	(2,205)
Impairment losses	(17,033)	0	0	0	(8,108)	(216)	0	0
Operating profit (loss) (EBIT)	(15,636)	2,031	2,444	3,910	(7,179)	517	1,355	4,129
Current hydrocarbon tax	(406)	(891)	(571)	(723)	(962)	(632)	(908)	(1,024)
Adjusted EBIT <sup>1</sup>	991	1,141	1,874	3,186	(33)	102	447	3,105
Gain on divestment of enterprises	(71)	(12)	81	18	1,075	95	13	75
Net financial income and expenses	(472)	(323)	(481)	(849)	(71)	(406)	(511)	(722)
Share of profit (loss) of associates and joint ventures	0	(3)	(2)	(3)	(433)	(9)	(33)	(9)
Profit (loss) before tax	(16,179)	1,694	2,043	3,075	(6,608)	197	825	3,473
Tax	860	(1,236)	(1,010)	(1,331)	468	(770)	(989)	(1,879)
Profit (loss) for the period	(15,319)	458	1,033	1,744	(6,140)	(573)	(165)	1,594

## BALANCE SHEET

Assets	147,457	157,663	155,073	160,346	149,914	156,000	156,783	167,142
Equity	51,736	64,973	63,152	62,937	61,533	65,696	67,235	67,603
- Shareholders of DONG Energy A/S	32,090	45,155	43,056	42,768	41,736	45,524	47,281	47,636
- Non-controlling interests	6,398	6,570	6,848	6,933	6,561	6,936	6,718	6,731
- Hybrid capital	13,248	13,248	13,248	13,236	13,236	13,236	13,236	13,236
Interest-bearing net debt	9,193	13,424	7,785	6,934	3,978	7,808	6,443	6,362
Capital employed	60,930	78,398	70,937	69,871	65,511	73,504	73,678	73,965
Additions to property, plant and equipment	4,033	4,471	4,897	6,442	3,591	3,780	4,007	3,972

## CASH FLOWS

Cash flows from operating activities	6,774	250	4,251	2,296	5,358	2,979	2,102	4,519
Gross investments	(4,119)	(5,747)	(4,159)	(4,668)	(4,178)	(4,427)	(2,960)	(3,794)
Divestments	1,966	121	429	57	2,546	543	1,403	6,161
Free cash flow	4,621	(5,376)	521	(2,315)	3,726	(905)	545	6,886

## FINANCIAL RATIOS

Return on capital employed (ROCE) <sup>2</sup> , %	(15.6)	(2.6)	(4.4)	(6.4)	(6.6)	5.0	4.7	2.7
Adjusted ROCE <sup>3</sup> , %	10.1	7.8	6.8	4.9	4.8	5.9	7.7	8.5
FFO/adjusted net debt <sup>4</sup> , %	40.4	35.0	38.3	32.3	36.1	31.6	35.4	44.4

## EQUITY RATIOS

Avg. number of outstanding shares, thousand	417,726	417,726	417,726	417,726	417,726	417,726	416,608	347,029
Proposed dividend per share (DPS), DKK	0.0	-	-	-	0.0	-	-	-
Pay-out ratio, %	0.0	-	-	-	0.0	-	-	-

## INCOME STATEMENT (IFRS)

Revenue	18,494	20,916	18,026	16,951	20,823	12,077	16,040	22,889
EBITDA	6,360	7,704	3,871	3,987	6,602	1,577	3,717	8,437
Profit (loss) for the period	(13,242)	2,962	624	203	(3,700)	(1,809)	16	3,183

## BUSINESS DRIVERS

	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
<b>Wind Power</b>								
Decided (FID'ed) capacity <sup>5</sup> , offshore wind, GW	5.1	4.4	4.4	3.8	3.8	3.6	3.6	3.6
Installed capacity, offshore wind, GW	3.0	2.7	2.7	2.5	2.5	2.1	2.1	2.1
Production capacity, offshore wind, GW	1.7	1.5	1.5	1.4	1.4	1.1	1.1	1.1
Wind energy content (WEC) <sup>5</sup> , % of a normal wind year	121	79	89	121	119	67	65	135
Load factor <sup>5</sup> , %	50	36	41	55	54	29	30	64
Availability <sup>5</sup> , %	90	93	94	93	93	91	94	96
Power generation, TWh	1.6	1.2	1.4	1.6	1.6	0.8	0.8	1.8
<b>Bioenergy &amp; Thermal Power</b>								
Degree days <sup>5</sup> , number	781	109	520	1,211	828	103	385	1,146
Heat generation, PJ	10.3	2.0	5.6	15.7	10.4	1.8	4.6	14.6
Power generation, TWh	2.5	0.4	1.2	3.0	2.3	1.9	1.7	2.8
<b>Distribution &amp; Customer Solutions</b>								
Regulatory value of power distribution assets <sup>6</sup>	10,778	10,778	10,778	10,373	10,373	10,373	10,373	10,127
Regulatory value of gas distribution assets <sup>6</sup>	3,231	3,231	3,231	3,438	3,438	3,438	3,438	3,576
Power distribution, TWh	2.3	1.9	1.9	2.3	2.2	2.0	1.9	2.3
Gas distribution, TWh	2.4	1.1	1.5	3.1	2.8	1.0	1.5	2.9
Power sales, TWh	9.9	9.3	7.8	8.5	10.1	7.5	7.3	9.6
Gas sales, TWh	36.2	42.2	36.8	43.9	36.9	40.3	35.2	38.9
<b>Oil &amp; Gas</b>								
Oil and gas production, million boe	11.5	11.9	7.6	9.9	10.9	10.5	10.2	10.2
- Oil (incl condensate)	2.4	2.5	2.6	2.6	3.1	2.5	2.6	2.4
- Gas	9.1	9.4	5.0	7.3	7.8	8.0	7.6	7.8
Lifting costs <sup>5</sup> , USD/boe	8.2	5.4	9.3	7.1	7.5	8.7	9.3	8.9
Lifting costs <sup>5</sup> , DKK/boe	55.8	36.1	63.0	47.1	44.6	48.8	50.9	48.5
Oil price, Brent, USD/boe	44	50	62	54	76	102	110	108
Gas price, NBP, EUR/MWh	17	20	21	22	23	18	19	25

## PEOPLE & ENVIRONMENT

Employees (FTE), end of period, number	6,674	6,683	6,624	6,563	6,500	6,452	6,379	6,323
Lost-time injury frequency (LTIF), per one million hours worked <sup>7</sup>	1.8	1.9	1.9	2.2	2.4	2.1	2.8	3.0
Fatalities, number	0	0	0	0	0	0	0	0
CO <sub>2</sub> emissions, g/kWh	340	264	317	362	346	479	390	348
Biomass share in Danish CHP generation, %	32	9	31	32	32	7	25	28

## Business performance vs. IFRS

Business performance represents the underlying financial performance of the Group in the reporting period as results are adjusted for temporary fluctuations in the market value of contracts (including hedging transactions) relating to other periods. Apart from this, there is no difference between business performance and IFRS results. Read more in note 2.2.

1) EBIT less current hydrocarbon tax and impairment losses added back. 2) EBIT (last 12 months) less current hydrocarbon tax (last 12 months) / average capital employed. 3) Adjusted EBIT (last 12 months) / average capital employed (with impairment losses after tax added back to ultimo capital employed). 4) Net debt incl. 50% of hybrid capital, cash and securities not available for use (with the exception of repo transactions), present value of lease obligations, and decommissioning obligations less deferred tax. 5) See definition on page 154 and in note 9. 6) The figures indicate values from the latest regulatory financial statements. 7) Last 12 months.

# BUSINESS UNITS





# OUR BUSINESS UNITS

## BUSINESS UNITS



Wind  
Power



Bioenergy  
& Thermal Power



Distribution  
& Customer Solutions



Oil  
& Gas

### KEY FIGURES 2015<sup>1</sup>

<b>Revenue</b>	DKK 16.5 billion	<b>Revenue</b>	DKK 5.2 billion	<b>Revenue</b>	DKK 49.4 billion	<b>Revenue</b>	DKK 12.8 billion
<b>EBITDA</b>	DKK 6.2 billion	<b>EBITDA</b>	DKK 0.3 billion	<b>EBITDA</b>	DKK 2.2 billion	<b>EBITDA</b>	DKK 9.8 billion
<b>Gross investments</b>	DKK 10.2 billion	<b>Gross investments</b>	DKK 1.2 billion	<b>Gross investments</b>	DKK 1.1 billion	<b>Gross investments</b>	DKK 6.0 billion
<b>Capital employed</b>	DKK 48.0 billion	<b>Capital employed</b>	DKK 2.2 billion	<b>Capital employed</b>	DKK 8.7 billion	<b>Capital employed</b>	DKK 5.4 billion
<b>Adjusted ROCE<sup>2</sup></b>	6.9%	<b>Free cash flow (FCF)</b>	DKK 1.6 billion	<b>Adjusted ROCE<sup>2</sup></b>	11.5%	<b>Free cash flow (FCF)</b>	DKK 0.7 billion
<b>LTIF</b>	1.9	<b>LTIF</b>	2.1	<b>LTIF</b>	3.0	<b>LTIF</b>	0.4
<b>Number of employees</b>	2,358	<b>Number of employees</b>	797	<b>Number of employees</b>	1,496	<b>Number of employees</b>	727

### CORE BUSINESS

Development, construction, ownership and operation of offshore wind farms

Power and heat generation from CHP plants

Power and gas distribution and sales in the wholesale and retail markets as well as optimisation and hedging of the Group's energy portfolio

Oil and gas production

### MARKET POSITION

Global market leader within offshore wind with a market share of 26%

Five projects under construction and a handful of projects under development towards 2020

Nine central CHP plants in Denmark

Generates about one third of the district heating consumed in Denmark and one fourth of the total Danish power generation (almost half of the Danish power generation from thermal power stations)

Largest Danish distributor of power with a market share of 26% and second-largest Danish distributor of gas with a market share of 28%

Active participant in the energy wholesale and trading market in Northwestern Europe

Retail sales in Denmark, Sweden, Germany and the UK (DK B2C market share of 26%)

Strong market position in Northwestern Europe and one of the largest oil and gas companies in Denmark based on reserves

Start-up of production from strategic development of West-of-Shetlands expected in Q1 2016

### FINANCIAL TARGET

**ROCE** 12-14% (2020)

**FCF** Positive from 2018

**ROCE** >10% (2020)

**FCF** Positive from 2017

1) The sum of the business units' key figures for 2015 does not equal the consolidated key figures due to other activities and eliminations. Read more in note 2.1.

2) ROCE adjusted for impairment losses. Read more on page 59.

# WIND POWER

” We develop, construct, own and operate offshore wind farms in Northern Europe. We strive to develop a robust and balanced project portfolio across countries and markets and to be self-sufficient in all parts of the project value chain. At the same time, we focus on reducing the cost of electricity by industrialising processes and design.

Samuel Leupold, Head of Wind Power



## HIGHLIGHTS IN 2015

- EBITDA increased by DKK 0.1 billion to DKK 6.2 billion; adjusted for divestment gains in 2014, underlying EBITDA grew significantly
- Inauguration of Westermost Rough and Borkum Riffgrund 1
- Decision to construct Race Bank and Walney Extension as well as acquisition of project rights in USA, United Kingdom and Germany

## Financial performance

Revenue increased by DKK 6.8 billion to DKK 16.5 billion in 2015. The increase was primarily the result of higher revenue from the contracts for the construction of the German offshore wind farms Borkum Riffgrund 1 and Gode Wind 2 for co-investors and construction of offshore transmission assets in the UK. In addition, revenue from wind farms, operation and maintenance agreements (O&M) and power purchase agreements (PPAs) increased as a result of 16% higher power generation and a strengthening of the British pound. The increase in generation was due to a full year of generation from West of Duddon Sands, which has been in operation since Q4 2014, start-up of generation from Westermost Rough and Borkum Riffgrund 1 which was inaugurated in July and October 2015, respectively, as well as an increase in the ownership interest in the UK offshore wind farm Barrow to 100% at the end of 2014. Moreover, good wind conditions contributed to the higher generation.

However, generation was negatively affected by faults in transmission cables at Anholt and Horns Rev 2, resulting in generation shutdowns lasting one month and two months, respectively, as well as at Walney 2. The faults at the Danish offshore wind farms were repaired in the course of 2015, and the lost revenue was compensated by the owner of the transmission grid, Energinet.dk. The fault in the cable at Walney 2 occurred in December 2015 and is expected to be repaired in the course of Q1 2016. The loss of revenue, however, is not compensated in the UK.

Offshore wind power accounted for 45% of the Group's total power generation in 2015 compared with 36% in 2014.

EBITDA increased by DKK 0.1 billion to DKK 6.2 billion in 2015. The increase

was due to higher earnings from the wind farms, primarily as a result of higher power generation as well as higher earnings from the contracts for the construction of offshore wind farms for co-investors. The increase was partially offset by gains of DKK 1.9 billion in 2014, primarily from the sale of 50% of the ownership interests in London Array and Westermost Rough, the derived lower generation from London Array in 2015 and higher project development costs. The latter can be attributed to the development of DONG Energy's portfolio of projects for construction after 2020.

Depreciation increased by DKK 0.6 billion relative to 2014 due to the commissioning of new offshore wind farms in the UK and Germany.

EBIT amounted to DKK 2.5 billion in 2015. The fall of DKK 1.0 billion compared to last year was due partly to the higher depreciation and partly to impairment of older installation vessels and goodwill. Adjusted EBIT amounted to DKK 3.0 billion, a decrease of DKK 0.5 billion resulting from the higher depreciation.

Cash flows from operating activities totalled DKK 3.1 billion in 2015 compared with DKK 5.2 billion in 2014. The decrease was primarily due to more funds being tied up in working capital from the above-mentioned construction of offshore wind farms for co-investors and offshore transmission assets, as well as trade receivables due to higher power generation. This was partially offset by the fact that a portion of EBITDA in 2014 resulted from gains in connection with divestments which are not included in cash flows from operating activities.

Gross investments increased by DKK 2.4 billion to DKK 10.2 billion in 2015. The most significant investments concerned the construction of the German offshore wind farms Gode Wind 1+2 and Borkum Riffgrund 1, construction of the UK offshore wind farms Westermost Rough and Burbo Bank Extension, as well as the acquisition of the remaining ownership interest in Hornsea 1 and the project rights for Hornsea 2.

Divestments amounted to DKK 1.6 billion in 2015 and primarily concerned the divestment of 50% of Gode Wind 1 and receipt of deferred proceeds concerning the divestment of 50% of Westermost Rough in 2014.

Adjusted ROCE decreased by 2%-points to 7% in 2015 as a result of the lower adjusted EBIT as well as increased capital employed due to continued large investments.

## Performance highlights

		2015	2014	%
<b>Business drivers</b>				
Decided (FID'ed) capacity, offshore wind	GW	5.1	3.8	34%
Installed capacity, offshore wind	GW	3.0	2.5	20%
Production capacity, offshore wind	GW	1.7	1.4	21%
Wind energy content (WEC)	%	102	97	5%
Load factor <sup>1</sup>	%	45	44	2%
Availability <sup>1</sup>	%	93	94	(1%)
Power generation	TWh	5.8	5.0	16%
- Denmark		2.2	2.5	(13%)
- United Kingdom		3.3	2.4	35%
- Germany		0.3	0.0	n.a.
- Other		0.0	0.1	(100%)
Power price, LEBA UK	GBP/MWh	40.3	40.2	0%
British pound	DKK/GBP	10.3	9.2	11%
<b>Financial performance</b>				
Revenue	DKK million	16,505	9,728	70%
- Sites incl. O&Ms and PPAs		7,688	5,820	32%
- Construction contracts		8,287	2,897	186%
- Other incl. A2SEA		530	1,011	(48%)
EBITDA	DKK million	6,151	6,057	2%
- Sites incl. O&Ms and PPAs		5,965	4,028	48%
- Construction contracts and divestment gains		751	2,239	(66%)
- Other incl. A2SEA and project development		(565)	(210)	169%
Depreciation (excl. impairment losses)	DKK million	(3,164)	(2,574)	23%
EBIT	DKK million	2,483	3,483	(29%)
Impairment losses (add-back)	DKK million	504	0	n.a.
Adjusted EBIT	DKK million	2,987	3,483	(14%)
Cash flow from operating activities	DKK million	3,074	5,198	(41%)
Gross investments	DKK million	(10,192)	(7,827)	30%
Divestments	DKK million	1,603	7,330	(78%)
Free cash flow	DKK million	(5,515)	4,701	n.a.
Capital employed	DKK million	48,006	38,701	24%
ROCE	%	5.7	8.9	(3.2%-p)
Adjusted ROCE	%	6.9	8.9	(2.0%-p)

<sup>1</sup> Adjusted for cable faults in Denmark

## FOLLOW UP ON STRATEGY

Strategic focus:

- Global leader in offshore wind
- Ensure competitive offshore wind
- Further develop financial partnerships

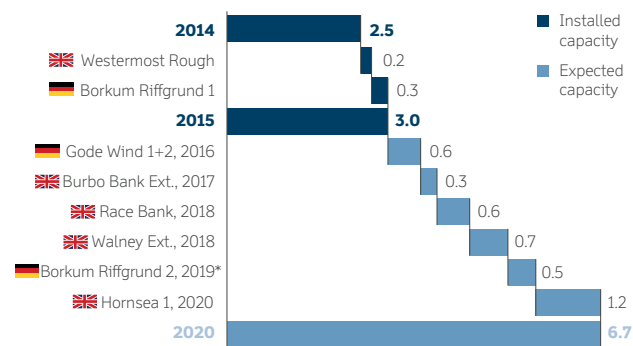
### Global leader in offshore wind

Installed offshore wind capacity and market position  
DONG Energy is the company in the world which has built most offshore wind farms, having installed 26% of the world's total offshore wind capacity at the end of 2015.

The installed offshore wind capacity totalled 3.0 GW at the end of 2015. The 0.5 GW increase relative to 2014 was due to the commissioning of the Westernmost Rough and Borkum Riffgrund 1 wind farms in 2015.

In 2015, we decided to invest in two additional offshore wind farms in the UK, hence Wind Power is well on the way to achieving the goal of having installed 6.5 GW of offshore wind by 2020.

### EXPECTED DEVELOPMENT IN INSTALLED OFFSHORE WIND CAPACITY, GW



Installed capacity is stated gross, ie. before any divestments. Wind farms constructed over several years are only shown in the year in which they become fully operational. \*Planned but not yet decided project.

### Offshore wind projects under construction

Five offshore wind farms are under construction with a total capacity of almost 3.3 GW.

Gode Wind 1+2 in Germany is the most advanced project, and at the end of 2015 an important milestone was reached with the installation of the first turbines (6 MW Siemens).

Burbo Bank Extension is the first offshore wind farm in the world to use the MHI Vestas 8 MW turbine. In 2015, we primarily focused on building the substation and on the excavation work required in connection with the cabling to shore. A significant part of Burbo Bank Extension's components is produced locally in the UK. The blades for the wind farm's 32 turbines are manufactured on the Isle of Wight in the UK, and some of the transition pieces for the wind turbine foundations are manufactured in Middlesbrough.

In June 2015, the decision to construct the Race Bank offshore wind farm was taken. And in October 2015, we decided to construct the Walney Extension offshore wind farm. With the Walney Extension project, we continue to develop our supply chain in the UK as essential components will be produced at UK production facilities, and use will be made of local installation vessels.

In February 2015, we acquired the remaining ownership interests in the Hornsea 1 project, of which we previously held 33%. Hornsea 1 has been approved for a total capacity of 1.2 GW, and the necessary key permits have been obtained from the British authorities. In July 2015, we entered into an agreement with Siemens on the supply of 7 MW wind turbines, and in February 2016 we decided to construct the offshore wind farm.

### Pre-2020 projects

The work of developing Borkum Riffgrund 2 towards a final investment decision is progressing according to plan, and in August 2015 an agreement was made on the delivery of MHI Vestas 8 MW wind turbines for the offshore wind farm.

### Post-2020 projects

Within the next five years, Northern Europe will remain the core market for Wind Power with a focus on developing the existing project portfolio. As a global leader, we will, however, also explore project opportunities outside Northern Europe. In 2015, we acquired the rights to an offshore wind project in Massachusetts, USA, with a potential capacity of up to 1.0 GW. In summer 2015, an office was established in Boston.

In August 2015, we acquired the project rights to Hornsea 2 and Hornsea 3. The two projects are expected to provide a combined capacity of about 3.0 GW.

Moreover, in December 2015, we acquired the rights to the German development project OWP West. We now own all three projects in the so-called 'Cluster 1' area, which in addition to OWP West include Borkum Riffgrund West 1 and 2 (potential total capacity of up to 1.0 GW).

### Ensure competitive offshore wind

#### Price of offshore wind

Our goal is to reduce the cost of offshore wind-generated power to EUR 100 per MWh for projects where the final investment decision is made in 2020. Progress towards the target is on track.

Wind turbine capacity size is crucial to reducing costs, as is the execution of Wind Power's strategy to broaden and develop its supplier base. The agreements concluded with MHI Vestas and Siemens on the supply of 8 MW and 7 MW turbines are important contributions towards this end.

Through proactive and data-based maintenance, our operations organisation ensures high availability levels for the portfolio of offshore wind farms without compromising safety. We achieve synergies through portfolio-level initiatives as well as through the establishment of operational 'hubs', whereby several offshore wind farms share the same operating facilities.

### Further develop financial partnerships

In 2015, we divested 50% of the Gode Wind 1 offshore wind farm to Global Infrastructure Partners (GIP). GIP co-finances the construction of the wind farm, which is due to be completed in the course of 2016. The transaction represents a milestone for our partnership model due to a unique debt solution originated by DONG Energy. As part of the transaction, GIP issued a project bond to a consortium of German insurance groups which will be able to provide loans for the construction of the offshore wind farm.

# BIOENERGY & THERMAL POWER

” Thermal power stations will continue to be a flexible partner for offshore wind turbines in terms of ensuring a cost-effective, stable and sustainable energy supply. Biomass already accounts for 30% of our power and heat generation at the Danish CHP plants, and with the ongoing conversions of three additional plants from fossil fuel to biomass, our goal is for the share to reach at least 50% in 2020. This transformation makes DONG Energy one of the largest players in the growing European market for bioenergy, where we expect to further develop the business.

Thomas Dalgaard, Head of Bioenergy & Thermal Power



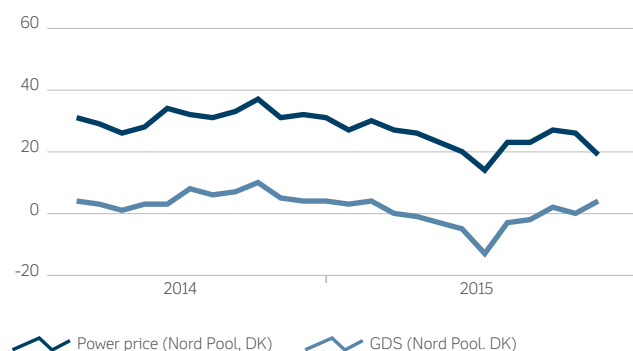
## HIGHLIGHTS IN 2015

- EBITDA decreased by DKK 0.1 billion to DKK 0.3 billion primarily due to unfavourable market conditions partly offset by one-off items
- The biomass share of Danish CHP generation increased from 25% to 30%
- Decision to convert Avedøre Power Station Unit 1 from coal to sustainable biomass

## Financial performance

Revenue fell by DKK 1.2 billion to DKK 5.2 billion in 2015. Revenue from the power business fell by 23% to DKK 3.1 billion, primarily due to 18% lower generation and lower prices. In 2015, the power price in the two Danish price areas averaged EUR 24/MWh, which was 24% lower than in 2014. Markedly lower coal prices in 2015, more water in the Nordic water reservoirs and a high level of power generation from renewable

## POWER PRICE AND GREEN DARK SPREAD (GDS), EUR/MWh



Source: Nord Pool, Argus and ECX

sources meant low power prices throughout Western Europe. Revenue from the heating business fell by 10% despite an increase in generation of 7% due to colder weather (more degree days) in 2015. The fall in heat revenue was primarily due to lower fuel prices, as the consumption of fuel is passed on to the customers.

EBITDA fell by DKK 0.1 billion to DKK 0.3 billion. Earnings were negatively affected by unfavourable market conditions for power generation in 2015 and the recognition of services relating to previous years in the heating business in 2014. However, earnings were positively affected by compensation from a settled dispute concerning CO<sub>2</sub> emissions allowances from 2005 and 2006 as well as an insurance compensation. These two one-off items totalled DKK 0.5 billion in 2015 and are included in EBITDA from the power business.

Depreciation amounted to DKK 1.4 billion and were thus on a par with 2014.

EBIT decreased by DKK 0.8 billion, amounting to DKK -1.8 billion in 2015. The decrease was primarily caused by impairment of the gas-fired power station Enecogen in the Netherlands on account of the expected continuing low power prices, driven by lower coal prices, and derived low or negative green spark spreads in Continental Europe several years ahead. Adjusted EBIT was marginally lower than in 2014 and amounted to DKK -1.1 billion due to the lower EBITDA.

Cash flows from operating activities increased by DKK 1.0 billion to DKK 2.5 billion in 2015, primarily due to higher prepayments from heat customers in connection with the biomass conversions of the Skærbæk, Studstrup and Avedøre Power Stations, as well as lower interest payments (net) due to interest received from the above dispute concerning CO<sub>2</sub> emissions allowances. Furthermore, a positive contribution in 2015 was made by an intra-group settlement of tax in respect of 2014.

Gross investments increased by DKK 0.5 billion to DKK 1.2 billion in 2015. The largest investments concerned the above-mentioned biomass conversions.

Divestments amounted to DKK 0.3 billion in 2015 and concerned the Måbjerg CHP plant.

## Performance highlights

		2015	2014	%
<b>Business drivers</b>				
Degree days	number	2,621	2,462	6%
Heat generation	PJ	33.6	31.4	7%
Power generation	TWh	7.1	8.7	(18%)
Power price, DK	EUR/MWh	23.7	31.4	(24%)
Green dark spread, DK	EUR/MWh	(1.9)	5.3	n.a.
Green spark spread, DK	EUR/MWh	(19.1)	(13.1)	46%
<b>Financial performance</b>				
Revenue	DKK million	5,178	6,338	(18%)
- Heat		2,061	2,302	(10%)
- Power		3,117	4,036	(23%)
EBITDA	DKK million	283	422	(33%)
- Heat		346	464	(25%)
- Power		(63)	(42)	50%
Depreciation (excl. impairment losses)	DKK million	(1,367)	(1,405)	(3%)
EBIT	DKK million	(1,764)	(983)	79%
Impairment losses (add-back)	DKK million	680	0	n.a.
Adjusted EBIT	DKK million	(1,084)	(983)	10%
Cash flow from operating activities	DKK million	2,488	1,469	69%
Gross investments	DKK million	(1,214)	(725)	67%
Divestments	DKK million	280	294	(5%)
Free cash flow	DKK million	1,554	1,038	50%
Capital employed	DKK million	2,222	4,837	(54%)
ROCE	%	negative	negative	n.a.
Adjusted ROCE	%	negative	negative	n.a.

## FOLLOW UP ON STRATEGY

Strategic focus:

- Operational excellence
- Development of the bioenergy business

### Operational excellence

Changing market conditions for Thermal Power have meant that we focus both on reducing costs and also on increasing the efficiency of CHP plants.

In 2015, we achieved considerable efficiency gains by reducing consumption of secondary fuels for plant start-up and increasing the use of inexpensive, alternative fuels such as biopellets made from sunflower seed shells. In addition, we have increased the ability of our CHP plants to complement the increasing share of renewable energy in the power system by further improving our possibilities of decoupling power and heat generation, for example in periods with a large demand for heat and high wind power generation. One example is the implementation of bypass at Herning Power Station in Q1 2015.

### Development of the bioenergy business

From coal and gas to biomass

In cooperation with our heat customers, we are implementing three large-scale biomass conversion projects. Studstrup Power Station Unit 3 and Avedøre Power Station Unit 1 will be converted to firing wood pellets in addition to coal from autumn 2016, while Skærbæk Power Station Unit 3 will be converted to the firing of wood chips in addition

to gas from spring 2017. We also made progress in maturing a biomass solution for the Asnæs Power Station, and heads of terms was concluded in December 2015 with the heat and steam customers. The project will be further matured in 2016, in order to be able to make an investment decision.

We are thus well on the way to achieving the target of at least 50% of the power and heat generation from our Danish CHP plants being based on sustainable biomass in 2020. In 2015, the biomass share was 30% against 25% in 2014.

### New bioenergy technologies

We are currently working to further develop and expand our bioenergy business based on our competences and market position within the fields of biomass, CHP generation and enzyme-based pre-treatment of biomass and waste.

As part of these efforts, we are working to commercialise two technologies, both of which employ enzymes to extract and utilise both rural and urban waste resources. REnescience ensures optimum resource utilisation and recycling of household waste, while Inbicon converts straw and similar agricultural by-products into second-generation bioethanol.

The REnescience technology made particular progress in 2015 with the planning of two full-scale projects in the UK and in the Netherlands with the capacity to handle 15 tonnes of household waste an hour. At the same time, we are in the process of establishing a pipeline of commercial projects in our usual geographical footprint and also on a pilot basis in Malaysia.

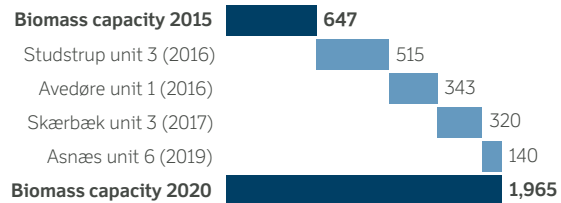
The Inbicon technology is ready for scale-up, and is now awaiting the transposition at European level of the decision to incorporate a minimum

of 0.5% of advanced (second-generation) biofuels in petrol from 2020, concurrently with the introduction of a 7% cap on the contribution from first-generation biofuels. The Maabjerg Energy Concept biorefinery in Holstebro in western Jutland, which DONG Energy has been involved in developing, could be able to contribute to the establishment and maturation of such a market, thereby giving Denmark a leading position in the market for second-generation bioethanol and within the broader bio-economy.

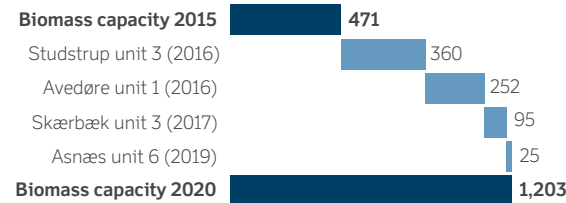


## EXPECTED DEVELOPMENT IN BIOMASS CAPACITY

HEAT, MJ/s



POWER, MW



Esbjerg power station unit 3 is expected to be converted after 2020

# DISTRIBUTION & CUSTOMER SOLUTIONS

” We handle our customer contact and sell power, gas and eco-friendly energy solutions to customers in Denmark, Sweden, Germany and the United Kingdom. In addition, we operate and maintain the Group’s power, gas and oil infrastructure, and we are responsible for value optimisation and hedging of DONG Energy’s energy portfolio.

Morten Buchgreitz, Head of Distribution & Customer Solutions



## HIGHLIGHTS IN 2015

- EBITDA increased by DKK 0.8 billion to DKK 2.2 billion
- Completion of renegotiation of a long-term oil-indexed gas purchase contract with a satisfactory result
- Increase in customer satisfaction among our residential customers

## Financial performance

Revenue increased by DKK 1.4 billion to DKK 49.4 billion in 2015. This increase was primarily the result of increased sales of green certificates due to higher generation from the UK offshore wind farms. The strengthening of the British pound also contributed to the increase. Despite the higher volumes sold, revenue from the sale of gas was lower than in 2014 as a result of an average fall in gas prices of 5%.

EBITDA from the distribution business fell marginally compared to the year before, amounting to DKK 1.7 billion in 2015. The divestment of the Stenlille Gas Storage Facility at the end of 2014 resulted in a loss of earnings of DKK 0.2 billion relative to 2014. This was partially offset by a higher regulatory return and the collection of under coverage relating to previous years in the power distribution business.

EBITDA from the sales business fell marginally compared to the year before, amounting to DKK 0.2 billion in 2015.

EBITDA from Markets amounted to DKK 0.7 billion in 2015. The increase of DKK 0.3 billion relative to 2014 could primarily be ascribed to lump-sum payments received and underlying margin improvement in connection with the completed renegotiations of long-term oil-indexed gas purchase contracts as well as higher earnings from the trading and portfolio optimisation business. The increase was partially offset by the positive impact of reduced provisions related to gas storage capacity on the results for 2014.

EBITDA from LNG amounted to DKK -0.4 billion, an improvement of DKK 0.6 billion on 2014. The improvement was due to a provision of

DKK 0.7 billion in 2014 as a result of unfavourable market conditions, partially offset by the fact that the margins were lower in 2015, and that the costs related to the Gate terminal in the Netherlands were higher than in 2014.

Depreciation for 2015 were DKK 0.2 billion lower than in 2014 at DKK 1.1 billion. The decline was caused by the divestment of the Stenlille Gas Storage Facility at year-end 2014 and the fact that the infrastructure assets classified as assets held for sale in September are no longer depreciated.

EBIT increased by DKK 1.2 billion to DKK 1.1 billion in 2015 due to higher EBITDA and lower depreciation and impairment losses.

Cash flows from operating activities amounted to DKK 3.7 billion in 2015, up DKK 1.7 billion on 2014, primarily due to the higher EBITDA and fewer funds being tied up in central clearing counterparties in connection with exchange trading as a result of the falling oil and gas prices. The increase was partially offset by increased funds being tied up in gas storages.

Gross investments fell by DKK 0.6 billion in 2015 to DKK 1.1 billion. Investments were mainly related to the extension of the oil terminal in Fredericia and maintenance of the power distribution network.

Adjusted ROCE increased from 1% to 12% in 2015, primarily due to the markedly improved EBIT and lower capital employed.

## Performance highlights

		2015	2014	%
<b>Business drivers</b>				
Regulatory asset base (power)	DKK million	10,778	10,373	4%
Regulatory asset base (gas)	DKK million	3,231	3,438	(6%)
Degree days	number	2,621	2,462	6%
Gas sales	TWh	159.1	151.3	5%
- Sales		40.9	42.9	(5%)
- Markets (excl. volumes to Sales)		118.2	108.4	9%
Power sales	TWh	35.5	34.5	3%
- Sales		8.2	8.8	(7%)
- Markets (excl. volumes to Sales)		27.3	25.7	6%
Gas distribution	TWh	8.1	8.2	(1%)
Power distribution	TWh	8.4	8.4	0%
Gas price, TTF	EUR/MWh	19.8	20.8	(5%)
Oil price, Brent	USD/boe	52.5	99.0	(47%)
US dollar	DKK/USD	6.7	5.6	20%
British pound	DKK/GBP	10.3	9.2	11%
<b>Financial performance</b>				
Revenue	DKK million	49,444	48,055	3%
EBITDA	DKK million	2,173	1,404	55%
- Distribution		1,661	1,714	(3%)
- Sales		160	203	(21%)
- Markets		740	450	64%
- LNG		(388)	(963)	(60%)
Depreciation (excl. impairment losses)	DKK million	(1,109)	(1,321)	(16%)
EBIT	DKK million	1,064	(133)	n.a.
Impairment losses (add-back)	DKK million	0	216	(100%)
Adjusted EBIT	DKK million	1,064	83	1,182%
Cash flow from operating activities	DKK million	3,691	1,952	89%
Gross investments	DKK million	(1,110)	(1,739)	(36%)
Divestments	DKK million	108	2,818	(96%)
Free cash flow	DKK million	2,689	3,031	(11%)
Capital employed	DKK million	8,657	9,902	(13%)
ROCE	%	11.5	negative	n.a.
Adjusted ROCE	%	11.5	0.7	10.8%-p

## FOLLOW UP ON STRATEGY

Strategic focus:

- Satisfied and loyal customers
- High security of supply
- Optimised wholesale gas position

### Satisfied and loyal customers

Providing a first-class customer experience is one of our top priorities. In 2015, the customer satisfaction score among residential customers who had been in touch with DONG Energy was 78 on a scale of 1-100. In 2015, we launched a new and simpler pricing model designed to increase price transparency for power customers. Under the new model, customers are charged a fixed monthly fee and then pay DONG Energy's purchase price for the power consumed.

Among our business customers, customer satisfaction is generally high (75 out of 100). Nevertheless, we introduced a number of new initiatives in 2015 aimed at maintaining and further improving customer satisfaction. The new initiatives include, among other things, an ambitious 'commercial excellence' programme, training of sales staff and a better customer relations management system. In the future, we also want to sell more value-adding solutions to business customers, for example flexibility services such as balancing of power from wind farms.

Customer satisfaction among distribution customers developed positively in 2015, from 80 to 81 out of 100. Visible performance in relation to service targets, customer-oriented and skilled technicians and strengthened written communication contributed to maintaining very high satisfaction levels among our distribution customers.

Preparations ahead of the implementation of a new supplier-centric wholesale model for the Danish power market in April 2016 continued throughout the year. Under the new model, customers will receive one bill only, from the sales company which will be invoicing not only the power tariffs but also services supplied by distribution companies and Energinet.dk as well as collecting taxes and duties on behalf of the Danish tax authorities. Due to the extensive scope of the transformation, the implementation of the supplier-centric wholesale model will be a special focus area in 2016.

Moreover, in 2016, we will also focus on further improving the customer experience for all Distribution & Customer Solutions customer groups. Steps include strengthening our customer telephone service, an improved self-service universe and an independent brand for our distribution business (Radius).

### High security of supply

It is crucial and fundamental for us that our customers experience a high level of security of supply, meaning first and foremost that the supply is rarely interrupted, but also that fast and accurate information is provided in the event of disruptions.

In 2015, we achieved the second-highest level of security of supply ever, exceeded only by 2014. Our security of supply equates to the power supply being available 99.995% of the time, or to customers experiencing interruptions lasting an average of 70 minutes approx. every three years. This is the result of the undergrounding of the low-voltage grid, efficient emergency response services and not least continuous investments in the replacement of plants and in systems that ensure the swift reestablishment of supplies to disconnected customers. At the same time, we also focus on increasing the quality of the information provided to customers in the event of disruptions. One example is via text messages directly to the customers affected.

### Optimised wholesale gas position

In 2015, a decision was made in the arbitration case concerning the renegotiation of a long-term, oil-indexed gas contract. The award was financially in line with our expectations. The outcome has also strengthened the expectation that in the future many of the current oil-indexed gas purchase contracts will to a greater extent be indexed in relation to gas prices, reducing sensitivity to the relative development in oil and gas prices. In 2015, 82% of volumes purchased by DONG Energy were indexed to gas.

Since 2011, we have completed the renegotiation of nine long-term gas contracts. Nine ongoing renegotiations remain, most of which are expected to be completed by the end of 2017.

### Divestment of Danish oil and gas infrastructure assets

As part of the IPO preparations, we have been mandated by the Danish State to divest our Danish oil and gas infrastructure assets to Energinet.dk. The carve-out of the businesses and the divestment programme are in progress.



# OIL & GAS

” We hold a well-established market position in Northwest Europe with a balanced portfolio of high quality oil and gas assets with attractive lifting costs. Our activities cover offshore Denmark, Norway and the United Kingdom, and we are present both as an operator and as an active partner. The market environment in which we operate has changed significantly, and we are adapting to these changes to protect the value of our portfolio while generating positive cash flow.

David Cook, Head of Oil & Gas



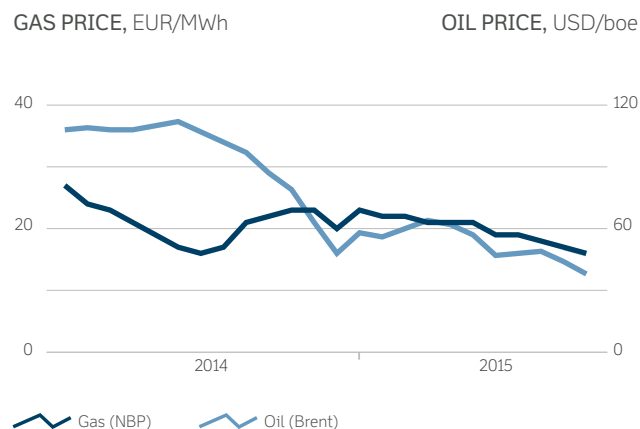
## HIGHLIGHTS IN 2015

- EBITDA increased by DKK 2.1 billion to DKK 9.8 billion
- Impairment losses of DKK 15.8 billion primarily due to lower oil and gas prices, reduced reserves and challenges with the Hejre project
- Development of Edradour and Glenlivet gas fields started
- Adapting to new market reality

## Financial performance

Revenue amounted to DKK 12.8 billion, which was 9% lower than in 2014. The fall was primarily due to lower oil and gas prices, which were, however, partially offset by hedging. In addition, oil and gas production fell marginally.

Revenue from oil and gas production fell by DKK 2.8 billion in 2015, primarily due to oil prices on average being 47% lower and gas prices



Source: Argus, Platts

being 5% lower than in 2014. The fall in oil prices from the second half of 2014 was attributable to the strong increase in US oil production, continued high production from the OPEC countries and a worsened outlook for demand due to weaker growth prospects in a number of countries, including China, in particular.

The lower production was mainly due to a planned 42-day shutdown of the Ormen Lange field in May and June 2015 due to the connection of new infrastructure to the gas treatment plant in Nyhamna. The negative impact of the shutdown was partially offset by additional volumes from the Ormen Lange field in 2015. The share of the production in the Ormen Lange field was 24% in 2015 – 10%-points higher than DONG Energy's 14% ownership share – against 21% in 2014. The lower production from the Ormen Lange field was partially offset by increased production from a new well in the phase 3 development of Syd Arne and from the fields in the Siri area, where production was partly stopped in 2014 due to the repair work.

EBITDA increased by DKK 1.2 billion to DKK 9.8 billion in 2015, but was negatively impacted by the lower oil and gas prices despite the fact that production had been hedged. The reason for the latter is that the hedging of expected production is based on a tax-adjusted exposure so as to achieve the desired cash flow effect after tax and consequently does not fully correspond to the price effect at EBITDA level.

The increase in Denmark was DKK 0.8 billion and can be attributed to cost savings, including no further costs being incurred in respect of the Siri platform as well as received insurance compensations, which was partially offset by the lower prices. The fall of DKK 2.1 billion in Norway was due primarily to lower production and lower prices. In the UK, earnings increased by DKK 0.4 billion as a result of a contingent consideration from the sale of 60% of the Glenlivet field in the West of Shetland area to Total in 2014. In addition, lower expensed exploration costs in 2015 and hedging contributed to the increase in EBITDA.

## Performance highlights

		2015	2014	%
<b>Business drivers</b>				
Oil and gas production	million boe	40.9	41.8	(2%)
- Denmark		5.4	4.3	26%
- Norway		35.5	37.5	(5%)
Gas share of production	%	75.3	74.6	0.7%-p
Lifting costs per boe (USD)	USD/boe	7.3	8.6	(15%)
Lifting costs per boe (DKK)	DKK/boe	49.3	48.1	2%
Oil price, Brent	USD/boe	52.5	99.0	(47%)
Gas price, NBP	EUR/MWh	20.0	21.0	(5%)
<b>Financial performance</b>				
Revenue	DKK million	12,770	14,011	(9%)
- Oil (incl. condensate)		3,260	5,331	(39%)
- Gas		7,499	8,190	(8%)
- Hedges		1,657	(24)	n.a.
- Other		354	514	(31%)
EBITDA	DKK million	9,754	8,591	14%
- Denmark		1,345	575	134%
- Norway		7,358	9,479	(22%)
- United Kingdom		262	(147)	n.a.
- Exploration and appraisal		(868)	(1,292)	(33%)
- Hedges		1,657	(24)	n.a.
Depreciation (excl. impairment losses)	DKK million	(3,028)	(3,922)	(23%)
EBIT	DKK million	(9,123)	(3,439)	165%
Current hydrocarbon tax	DKK million	(2,591)	(3,526)	(27%)
Impairment losses (add-back)	DKK million	15,849	8,108	95%
Adjusted EBIT	DKK million	4,135	1,143	262%
Cash flow from operating activities	DKK million	6,049	5,390	12%
Gross investments	DKK million	(5,985)	(5,032)	19%
Divestments	DKK million	591	94	529%
Free cash flow	DKK million	655	452	45%
Capital employed	DKK million	5,444	17,538	(69%)
ROCE	%	negative	negative	n.a.
Adjusted ROCE	%	21.9	5.1	16.8%-p



Depreciation was DKK 0.9 billion lower in 2015, primarily due to the derived effect of impairment losses in 2014.

EBIT was down DKK 5.7 billion relative to the previous year, amounting to -9.1 billion in 2015. In both years, EBIT was negatively impacted by impairment losses.

Impairment losses (incl. provisions for onerous capex contracts) amounted to DKK 15.8 billion in 2015 (DKK 14.9 billion after tax) and can be ascribed to the continued fall in oil and gas prices, reduced reserve estimates as well as project specific factors, particularly related to the Hejre project, which continues to be challenged. In 2014, impairment losses amounted to DKK 8.1 billion (DKK 6.5 billion after tax).

Adjusted EBIT increased by DKK 3.0 billion, amounting to DKK 4.1 billion in 2015. The increase was due to higher EBITDA, lower depreciation as well as lower hydrocarbon tax as a result of the lower operating profit in Norway.

Cash flows from operating activities totalled DKK 6.0 billion in 2015, up DKK 0.7 billion on 2014. The increase was primarily driven by the higher EBITDA.

Gross investments amounted to DKK 6.0 billion in 2015, which was DKK 1.0 billion higher than the year before. The investments primarily concerned Hejre in Denmark and Laggan-Tormore in the UK.

Divestments amounted to DKK 0.6 billion and concerned the ownership interest in the Norwegian Gassled gas pipeline network as well as the Glenlivet field.

Adjusted ROCE increased by 17%-points to 22% in 2015. The increase was due to the higher adjusted EBIT and lower capital employed.

## FOLLOW UP ON STRATEGY

Strategic focus:

- Adapting to the new market reality
- Current development projects

The Oil & Gas business consists of a high quality portfolio of oil and gas assets in Denmark, Norway and the UK. The asset portfolio has attractive lifting costs, and the potential to generate value creating returns and cash flow.

The conclusion of the strategic review announced on 26 January 2016 was, that O&G will be kept as part of the Group in the planned IPO. The key focus areas in the O&G business are to adapt to the new market reality and finalise current development projects, thereby enabling O&G to support the funding of DONG Energy's significant investments in green energy.

### Adapting to the new market reality

The market environment in which we operate has changed significantly with the sharp drop in oil and gas prices over the past 18 months. Like the rest of the industry, we are adapting to this new market reality, and actions are being undertaken to focus on cash generation and further de-risk the portfolio. We will take a conservative approach to investments and pursue value generating portfolio optimisation opportunities.

In 2015, we initiated a cost programme in response to the changed commodity price market. Improvements on cost performance have already been realised through renegotiation of supplier contracts and overall improved operational efficiency. In 2016, we will continue to pursue further cost reductions.

### Current development projects

First gas from the Laggan-Tormore field located in the West of Shetlands area is expected in Q1 2016. Achieving first production from the UK will be a significant milestone for us, underpinning the strategic importance of the West of Shetlands area where we have built a strong position.

In March 2015, the British Authorities approved the joint development of the Edradour and Glenlivet gas fields. Both fields will be connected to the existing Laggan-Tormore infrastructure and are expected to enter into production in 2018. Drilling of the first two wells as well as the construction work has progressed according to plans in 2015.

The Danish Hejre project continues to be in a challenging situation. Among other things, the supplier consortium has not been able to meet the agreed deadlines in delivering the topside for the production platform. We continue to work with our partner on Hejre and the suppliers to determine the best way forward for the project, including an updated timeline for the project. The previously announced expectation of first oil in 2017 is no longer the likely scenario.



# RISK



# RISK AND RISK MANAGEMENT

**Risks are a natural part of our business activities and a precondition for being able to generate income and create value. Through risk management, we are reducing risks to an acceptable level.**

DONG Energy develops, constructs, owns and operates facilities for the production and sale of oil, gas, power and heat. Certain risks are inherent to this type of business, and a precondition for our income generation. The purpose of the Group's risk management is to continuously identify, assess and manage financial and non-financial risks and reducing them to an acceptable level.

Our income is to a very large extent generated by single major assets, including not least the Ormen Lange gas field. However, the composition of our portfolio of assets contributes to robustness and to evening out the risks due to the different business drivers in the four business units. The energy portfolio risk is affected by investments in new assets and the divestment of other assets. The impact of a given decision on the portfolio is therefore assessed in advance.

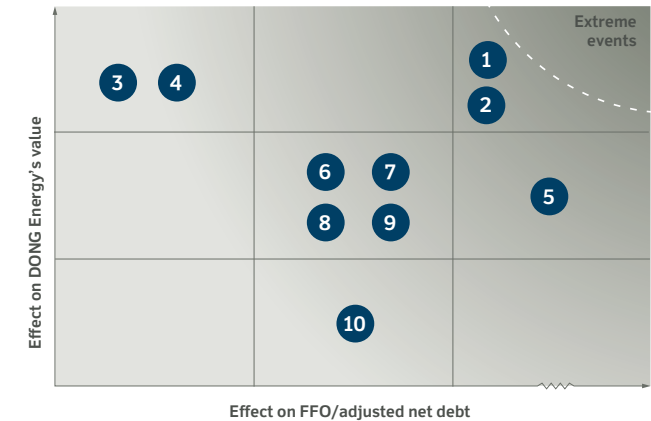
The Group works systematically with risks and follows a plan for the year according to which all business units and selected executive functions identify and prioritise their business risks. An assessment is made of

the potential financial impact of individual risks and of whether they are of a short-term, long-term or recurring nature. The risks are consolidated and then prioritised at Group level. The ultimate responsibility for the individual risks rests with a member of the Group Executive Management. There are similar processes where risks related to sustainability, compliance/legal and IT are identified and prioritised.

The ten most significant business risks identified in connection with the autumn 2015 process are listed in the table below and are illustrated in the figure on the right based on their potential impact after risk-reducing measures on our value and credit metric in the next few years. The five most important risks are described on the following pages.

The risks related to sustainability, compliance/legal and IT are assessed on the basis of other parameters, for which reason a consolidated picture of the combined risks cannot be shown. The three most important risks for each of these areas are described on page 39.

TOP 10 BUSINESS RISKS - EFFECT ON DONG ENERGY'S VALUE AND CREDIT METRIC



## DONG ENERGY'S 10 PRINCIPAL BUSINESS RISKS

2015 Rank	2014 Rank				Strategic focus	
#1	(#1)	Market risks				ROCE
#2	(#2)	Development and construction of production assets				Global leader in offshore wind
#3	(#10)	Regulatory risk in Wind Power				Ensure competitive offshore wind
#4	(#7)	Offshore wind cost of electricity				Ensure competitive offshore wind
#5	(#6)	Partnerships in Wind Power				Further develop financial partnerships
#6	(#4)	Construction of the Hejre platform				Current development projects
#7	(#8)	Operation of wind farms				Global leader in offshore wind
#8	(#5)	Reserves and operation of gas and oil fields				Adapting to the new market reality
#9	(new)	Weather				ROCE
#10	(#3)	Renegotiation of oil-indexed gas contracts				Optimised wholesale gas position

- Short-term risk
- Long-term risk
- Recurring risk
- Market risk
- Operational risk
- Regulatory risk
- Risk affecting entire business

# RISK AND RISK MANAGEMENT

## CONTINUED

In addition, we are exposed to risks entailing a very small probability of having a considerable impact on the Group's finances and/or reputation. These include, among other things, a thousand-year storm, explosions or fires at or collisions with offshore oil and gas installations, damage to pipes at the Nybro gas processing plant, power station breakdowns and the collapse of the financial markets.

For each of the identified risks, the Group Executive Management has made an assessment of whether the level of risk – after risk-reducing measures have been implemented – is appropriate or slightly or significantly higher than the desired level. If the risk is higher than the desired level, further risk-reducing measures will be initiated to the extent possible.

### Development in risks in 2015

Some risks were reduced in 2015, while the potential financial impact of other risks developed unfavourably.

One of the factors which helped to reduce the Group's risks at the end of 2015 compared to the year before was the completion of the Westermøst Rough and Borkum Riffgrund 1 offshore wind farms and that the the Laggan-Tormore gas field is expected to produce first gas in Q1 2016. The three projects have all experienced delays during the construction period.

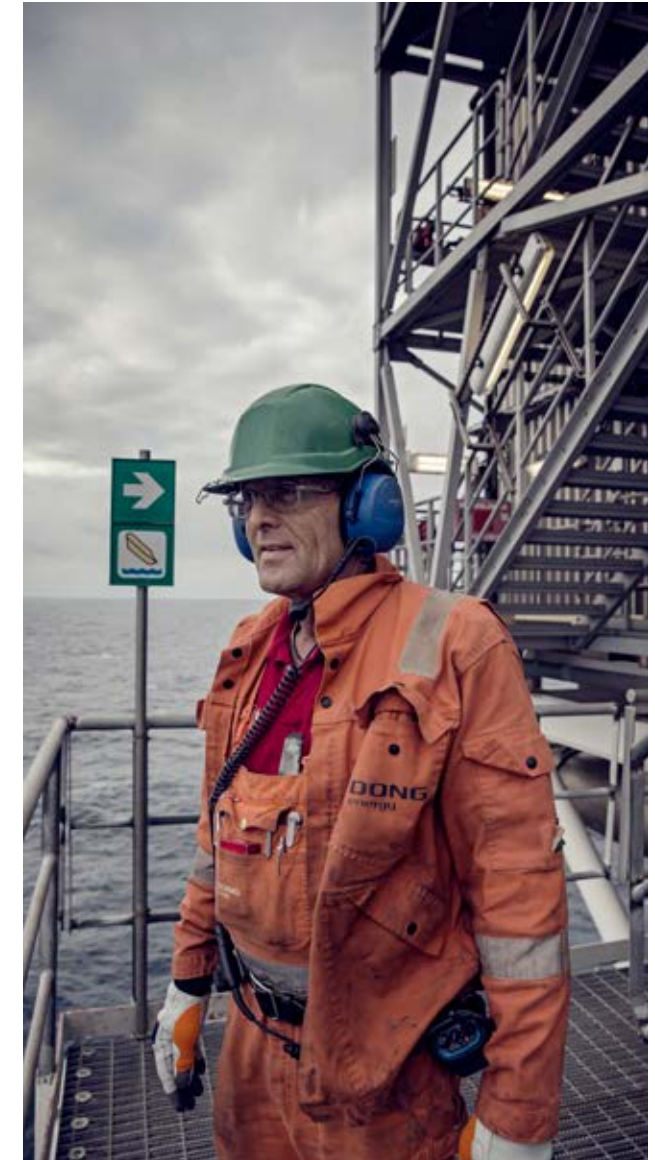
In addition, a ruling was made in the arbitration case concerning the renegotiation of a long-term, oil-indexed gas contract. The award was financially in line with DONG Energy's expectations. The outcome has also strengthened the expectation that, in the future, many of the current oil-indexed gas purchase contracts will to a greater extent be indexed in relation to gas prices. This was the reason for the adjustment in 2015 of Distribution & Customer Solutions' exposure from having a large short oil exposure (purchase) and a large long gas exposure (sales) to a more balanced exposure although a number of the gas purchase contracts will continue to be oil-indexed.

Unfavourable developments were seen, in particular, in the potential financial impact of risks no. 1 and 4 from the list of the top 10 risks in the 2014 annual report.

Market risks (#1 in 2014 annual report): The development in energy prices in 2015 was characterised by considerable volatility with both increases and decreases. The year ended yet again with lower forward prices for gas and oil, which can have a negative impact on long-term earnings if prices remain low. The lower oil and gas prices contributed to the write-downs in Oil & Gas in 2015. Measured in terms of cash flow

from operations, the declining prices were of limited importance in 2015 due to a relatively high hedge ratio, but in terms of EBITDA they had a significant negative impact. This is due to the fact that the oil and gas exposures are hedged after correction for tax to achieve the desired cash flow effect after tax. In addition, the falling power prices had a negative impact on Bioenergy & Thermal Power's 2015 results as it is not possible to fully hedge earnings from thermal power generation.

Construction of the Hejre platform (#4 2014): The Hejre project, which continues to face substantial challenges, was impaired in 2015.



# RISK AND RISK MANAGEMENT

CONTINUED

## 1 MARKET RISKS

DONG Energy's most important market risks primarily relates to energy prices, foreign exchange rates and interest rates.

### Risk mitigation

The management of the Group's market risks is based on our desire for stable and robust financial and credit ratios to ensure a solid foundation for our growth strategy.

To reduce the fluctuations in the Group's cash flows in the short and medium terms, hedging contracts are concluded with a risk management horizon of up to five years. In the long term (beyond the five-year horizon), our market risks are determined by the strategic choices made concerning the composition of our production assets and long-term physical contracts.

### Energy prices

Energy price risks can be divided into direct price risks, where the exposure depends on a specific price, and spread risks, where the exposure depends on the difference between two or more prices. The direct price risks are normally considered to be greater than the spread risks, as the price of a particular commodity is typically more volatile than the difference between fully or partly co-variant energy prices.

The Group's energy risks are hedged in accordance with the minimum hedging levels decided for each of the four business units (see note 7.1). In the near future (the next two years), a high degree of hedging

is wanted to secure results and cash flows after tax, while the degree of hedging is lower in subsequent years. The approach is chosen partly because there is less certainty in the long term about production volumes, and partly because the financial and physical markets for price hedging instruments are less liquid.

### Currency

DONG Energy's international activities entail a financial risk in relation to exchange rate fluctuations. The most important risks relate to GBP due to the Group's substantial investments in offshore wind farms in the UK.

The purpose of the currency risk management is to minimise the Group's currency risks over a five-year horizon. The main risk management principle is that the currency exposures are hedged once it is deemed relatively certain that the underlying cash flows in foreign currencies will materialise. Thus, hedging of the currency risk associated with the energy prices takes place concurrently with the hedging of the energy price risk. Similarly, the currency risk associated with divestments and investments is hedged once the price is known. Due to an uncertain correlation between foreign exchange rates and energy prices, the currency risk associated with the unhedged energy price risk is not included in the currency exposure and is thus not hedged.

The hedging of cash flows relating to green certificates and fixed tariff elements from offshore wind farms in the UK derogates from the main principle as the hedging of these cash flows (less operational costs) is

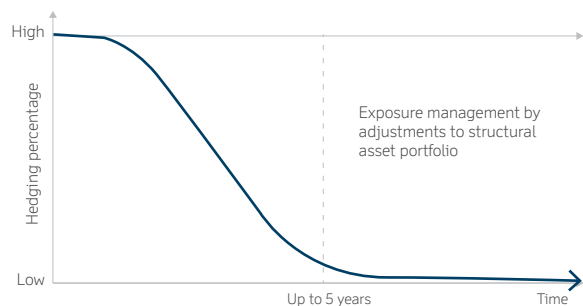
based on a declining level of hedging over the risk management horizon (see note 7.1). Fluctuations in GBP therefore constitute a strategic risk for DONG Energy.

The Group's EUR risk is subject to continuous assessment, but is generally not hedged as Denmark is deemed very unlikely to abandon its fixed exchange rate policy.

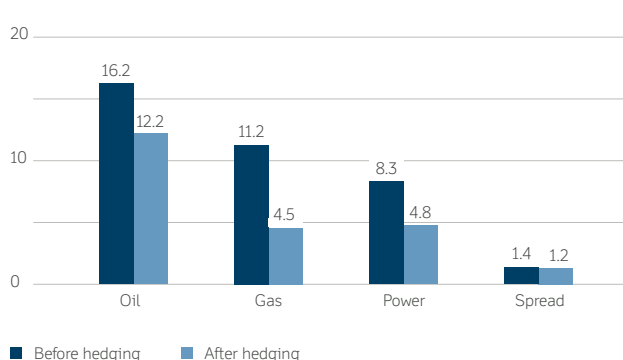
### Interest rates

The Group's interest rate risks are connected to the interest-bearing debt, interest-bearing assets and financial price hedges. The management of interest rate risks is based on the composition of the Group's assets and the interest rate sensitivity of the cash flows generated by these assets. Fixed-interest financing over a longer term is sought for assets with fixed, interest-insensitive cash flows over a longer term. Conversely, more variable-interest financing is sought for assets with varying, interest-sensitive cash flows.

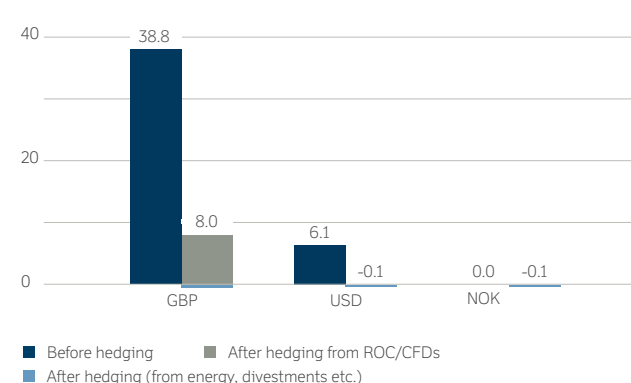
### ILLUSTRATION OF RISK HORIZON



### ENERGY EXPOSURE 2016-2020, DKK billion



### CURRENCY EXPOSURE 2016-2020, DKK billion



# RISK AND RISK MANAGEMENT

## CONTINUED

### 2 DEVELOPMENT AND CONSTRUCTION OF PRODUCTION ASSETS

Our strategy includes the construction of large-scale investment projects, especially by the Wind Power and Oil & Gas business units. Value creation from new projects depends to a large extent on having the right technical and commercial solutions, on the design and construction phase progressing as planned, on avoiding investment budget overruns and on the timely start-up of production. In the design and construction phases, dependence on external suppliers is considerable.

Most of the new investments are made in offshore assets, which naturally increases risks in the construction phase. The nature of the seabed, weather conditions and dependence on installation vessels are some of the risks associated with the construction of offshore assets.

DONG Energy has in recent years focused strongly on reducing the risks, based on experience from previous projects, through the renegotiation of supplier agreements and the inclusion of appropriate reserves for unforeseen expenses.

### 3 REGULATORY RISK IN WIND POWER

The risk relating to economic regimes is two-fold and associated with the possibilities of being granted subsidies and the obtaining of relevant approvals by local authorities.

In general, the reformed EU state aid guidelines on energy and environmental protection require that support for renewable generation shall be determined in competitive tendering processes, where the bid price is the only or most important competitive factor. This will increase the competition, which could affect the profitability of the projects and the number of awards given.

We do not expect retrospective changes to be made to support schemes, including tax-based incentives, for existing accredited offshore wind projects in any of the countries in which we have operational or planned offshore wind farms. However, we cannot guarantee that such retrospective changes will not occur. For example, the UK has made several changes to its support schemes for renewable energy but has, up to present, adopted a consistent 'grandfathering approach', meaning that assets operating at a given support level will continue to operate at that support level, even where newly built assets of a similar type receive different support under the amended or new rules.

In connection with project development, the greatest risk is associated with obtaining the relevant approvals from the local authorities and with connection to the grid as delays could result in the partial or total loss of subsidies.

DONG Energy monitors political developments in all the relevant countries and is engaged in an active dialogue with the authorities about environmental approvals, regulatory milestones and the economic regimes.

To ensure an appropriate pipeline and be able to achieve the realisation of the desired level of new projects, Wind Power is working with a flexible portfolio comprising a larger number of potential new projects than are actually needed. In this way, it is not critical if individual projects fail to materialise. Furthermore, Wind Power is continuously exploring new markets with a view to diversifying the geographical risk.

### 4 OFFSHORE WIND COST OF ELECTRICITY

Lowering the cost of electricity is crucial to making offshore wind less dependent on subsidies and to making it competitive in relation to other technologies. The lowering of the cost seen in the past couple of years has been driven by a pipeline of known projects where we have been able to achieve scale advantages and improved bargaining power. The new tender and auction models will lessen the predictability of new projects and therefore reduce these possibilities.

To cope with the new environment, we have established a lean organisation and initiated strategic cooperation with key suppliers to ensure continuous cost-out as part of our efforts to reduce the cost of wind power generated offshore to EUR 100 per MW for projects in respect of which the final investment decision is made in 2020.

### 5 PARTNERSHIPS IN WIND POWER

Key to reaching the objective of 6.5 GW installed offshore wind in 2020 is our partnership strategy, under which we aim to divest 50% of new wind farms before the construction phase. The success of the partnership model depends, among other things, on the availability of internal resources and the financial environment, which is currently in DONG Energy's favour with low interest rates and a shortage of alternative investments in renewables.

The time from investment decision to divestment is usually 12-18 months. With two investment decisions made in 2015 and more to come in 2016, our ability to execute the divestments as planned is key to maintaining a satisfactory capital structure while at the same time retaining value.

In support of the above, we have established a dedicated organisational unit, which is responsible for handling all aspects of the divestments and partnership processes.



## Other risks

### Sustainability

Risks associated with sustainability are assessed on the basis of their significance for DONG Energy's stakeholders and their strategic importance to the Group. The three most important risks are described below.

#### Cost of green conversion

The most significant risk in this area is that of the criticism of the cost of the green transformation reducing the demand for offshore wind after 2020. This will affect Wind Power's investment opportunities. We counter the risk by leading the way in the efforts to reduce costs and by shedding light on the contribution made by wind energy to society.

#### Derived effects of climate change

The focus on climate change may lead to increased taxation of coal for energy production and reduce the value of oil and gas assets as a result of investor scepticism. In addition, it may lead to increased climate awareness and public criticism of the energy companies' use of coal, oil and gas.

We reduce this risk by drawing attention to our green policy in our communication with stakeholders, and by countering the criticism by explicating the contribution made by oil and gas production to European energy independence.

#### Personal safety

Personal safety is a basic expectation and, at the same time, a competitive aspect in the energy sector. Serious personal injury and fatal accidents are unacceptable, first and foremost due to the human consequences of such events, but also because they can affect DONG Energy's reputation and impact on the effectiveness and efficiency of operations. We reduce the risk through a number of initiatives, including HSE action plans, emergency response drills and a general focus on strengthening the corporate safety culture.

## Compliance and legal

Risks associated with compliance and legal are assessed on the basis of financial significance and probability. The three most important risks are described below.

#### Tax legislation

We are involved in a large number of intragroup transactions under various national tax regimes. These transactions must take place on market-based terms and conditions to comply with local transfer pricing rules and the OECD standards. To prevent problems in this area, the Group has initiated a dialogue with tax authorities, particularly in Norway and the UK.

#### Financial regulation

DONG Energy is subject to a number of financial regimes such as the EMIT, REMIT/MAD and MiFID. The financial rules and related procedures are complex and constantly changing. In early 2016, a new financial regulation and compliance structure was established with resources being dedicated to handling these tasks only; this is to ensure a consistent level of control throughout the entire Group.

#### Bribery and kickbacks

Through their actions, employees and third parties acting on behalf of the company can potentially pose a risk for DONG Energy through their failure to comply with acts such as the UK Bribery Act.

We reduce the risk through a comprehensive compliance programme, which includes a policy on good business conduct, a mandatory e-learning training tool and risk screening of suppliers and other business partners.

## IT

IT risks are assessed on the basis of their significance for our operations as well as the likelihood of them occurring. The three most important risks are described below.

#### Cyber-attacks and security breaches

We use many complex IT systems. Infected or compromised systems can lead to threats of external cyber-attacks. To ensure monitoring of system-related risks, the Group has implemented a global safety risk management framework. Our strategy for the securing of control systems, which monitor and control the Group's operations, and security against cyber-attacks is being implemented.

#### Breakdown of control systems

IT system failure is the most common type of failure and can lead to operational problems or breakdowns if the systems do not function as planned. The Group has implemented change management procedures, and has for example appointed a head of development in Group IT. The risk is also monitored and managed by the individual business units.

#### Data quality

Poor data quality can lead to financial losses and a reduced return on investments if decisions are made on the basis of incorrect or outdated data. To reduce these risks and to increase data quality, data validation controls are continually improved. Moreover, the data models are continually standardised and improved so as to ensure efficient data management in both the short and the long term.

# MANAGEMENT INFORMATION

A photograph of a sandy dune landscape. In the foreground, there are large, dark, dense clumps of tall grasses on either side of a sandy path. The path leads towards a wide, flat expanse of sand dunes in the distance. The sky is overcast with soft, grey clouds, and a single, thin white contrail is visible in the upper right quadrant.



## Recommendations on Corporate Governance

DONG Energy has for many years applied the 'Recommendations on Corporate Governance' prepared by the Danish Committee on Corporate Governance. The recommendations can be found at [www.corporategovernance.dk](http://www.corporategovernance.dk).

The company does not comply with or complies partially with the following recommendations:

- DONG Energy does not comply with the recommendation to set up contingency procedures in the event of takeover bids as the company's shares are not listed on the stock exchange
- DONG Energy does not comply with the recommendation to stipulate a retirement age for members of the Board of Directors in its Articles of Association as an age limit is deemed to reduce the number of eligible candidates and thereby potentially the expertise of the Board of Directors
- DONG Energy's general meeting has appointed a Nomination Committee consisting of representatives of both the company's Board of Directors and the largest owners. The committee will contribute to structuring the dialogue between the company's owners on the composition of the Board of Directors. The committee is thus composed differently and has fewer areas of responsibility than the ones assumed in the recommendations
- DONG Energy's share programme for the management involves subscription for shares and the free allocation of rights to free shares during the 2014-2017 period which may be exercised in connection with an initial public offering or, at the latest, in 2019. Thus, the rights to free shares do not have a fixed maturity of at least three years from the date of allocation.

DONG Energy has published its statutory corporate governance report on the company's website ([www.dongenergy.com/statutory\\_report\\_on\\_corporate\\_governance](http://www.dongenergy.com/statutory_report_on_corporate_governance)), see section 107b of the Danish Financial Statements Act. The report shows the extent to which the company complies with each of the 47 recommendations.

In April 2015, the Danish Ministry of Finance published an ownership policy on the exercise of ownership by the state, which also includes recommendations for state-owned companies. As DONG Energy complies with the Recommendations on Corporate Governance, DONG Energy has decided not to report on the recommendations in the ownership policy.

## Governance model

### 1 Shareholders and 2 General meeting

The shareholders exercise their rights at the company's general meeting, appointing for example the company's Board of Directors and auditors.

The decision-making process at the company's general meeting follows the standard rules set out in the Danish Companies Act. However, under the shareholders' agreement made between the shareholders behind the capital injection in 2014, amendments to the Articles of Association are, for example, subject to approval by Goldman Sachs.

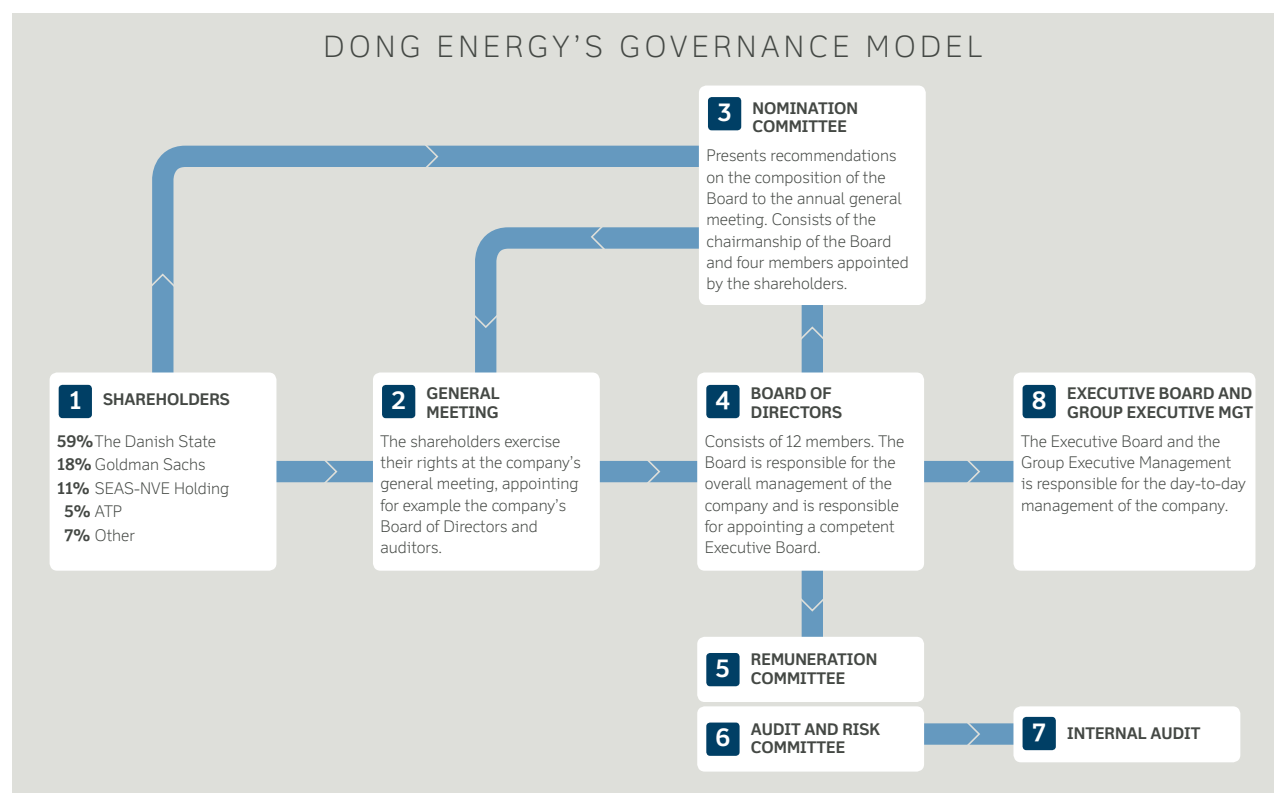
### 3 Nomination Committee

#### Duties

The Nomination Committee reviews the composition of the Board of Directors and recommends suitable candidates to the shareholders at the annual general meeting. The rules of procedure of the Nomination Committee can be found at [www.dongenergy.com/corporate\\_governance](http://www.dongenergy.com/corporate_governance).

#### Composition and activities in 2015

Each year, a Nomination Committee is appointed after the annual general meeting, consisting of the Chairman and Deputy Chairman of the Board of Directors and four members appointed by each of the four largest registered shareholders. At the end of 2015, the members of the Nomination Committee were:



- Thomas Thune Andersen and Lene Skole (Chairman and Deputy Chairman of the Board of Directors)
- Rasmus Lønborg (appointed by the Danish Ministry of Finance)
- Martin Hintze (appointed by Goldman Sachs)
- Jesper Hjulmand (appointed by SEAS-NVE)
- Carsten Stendevad (appointed by ATP)

In 2015, the Nomination Committee focused on increasing the representation of the underrepresented gender on the Board of Directors. At the annual general meeting in 2015, three women were elected to the Board of Directors, leading to equal gender representation. Information on the policy for women in management and follow-up on targets are stated in note 9.4.4 in the annual report. Two meetings were held in 2015.

#### 4 Board of Directors

##### Duties

The Board of Directors is responsible for the overall management of the company and is responsible for appointing a competent Executive Board. Furthermore, the Board of Directors lays down the company's strategy and makes decisions concerning major investments and divestments, the capital base, key policies, control and audit matters, risk management and significant operational issues. The Board of Directors has appointed an Audit and Risk Committee as well as a Remuneration Committee.

##### Composition

At the end of 2015, the Board of Directors had 12 members. Eight members are elected by the annual general meeting based on recommendations from the Nomination Committee, and four are elected by the employees.

DONG Energy attaches importance to the members of its Board of Directors having extensive knowledge and experience from management positions in major Danish and foreign companies covering a wide range of fields of activity, including fields directly related to the company's business areas. The Board of Directors has prepared a list of the competencies that should be represented on DONG Energy's Board of Directors. The list of competencies can be found at [www.dongenergy.com/corporate\\_governance](http://www.dongenergy.com/corporate_governance).

Information about the members of the Board of Directors, including their current position, other supervisory and executive positions, independence and special competences, can be found on pages 46-47.

In accordance with the company's Articles of Association, three observers have been appointed. The observers participate in the meetings of the Board of Directors and of the Board committees, but have no voting rights. At the end of 2015, the following observers had been appointed:

- Michael Bruun (appointed by Goldman Sachs)
- Philippe Lenoble (appointed by Goldman Sachs)
- Mogens Vinther (appointed by SYDENERGI, Nyfors Entreprise and Aura Energi)

Extended minority shareholder protection of Goldman Sachs  
Certain decisions by the Board of Directors are subject to consent by Goldman Sachs. These include significant deviations from the business plan presented in connection with the capital injection in 2014, the start-up of activities in new business areas or in countries in which the Group is not present today. Included are also major acquisitions, divestments and investments, significant issuances of new capital and hybrid capital as well as changes to the members of the Executive Board.

##### Rules of procedure of the Board of Directors

The duties of the Board of Directors and of the Chairman of the Board of Directors are set out in the rules of procedure of the Board of Directors, which are reviewed by the Board of Directors once a year.

##### The Board of Directors' work in 2015

The Board of Directors held nine meetings and one strategy seminar in 2015.

The Board of Directors has a strong and consistent focus on safety in DONG Energy and is briefed specifically about safety issues at the board meetings.

In connection with the capital injection in 2014, it was decided by the shareholders and DONG Energy that a plan should be developed for DONG Energy's continued strategic development towards a possible IPO. The plan was approved by the Board of Directors in September 2015.

In 2015, the Board of Directors focused, among other things, on the progress of the Group's current investments (including the Hejre project), new capital expenditure (including offshore wind farm projects Race Bank and Walney Extension), the divestment of ownership interests in offshore wind projects (including the Gode Wind 1) as well as the development of the offshore wind power project portfolio after 2020.

The Board of Directors also approved the issuance of hybrid bonds with a nominal value of EUR 600 million for refinancing of DONG Energy's hybrid bond issued in 2005.

##### Remuneration

The members of the Board of Directors receive a fixed remuneration, which is approved by the company's general meeting. The members of the Board of Directors are not covered by the company's share-based incentive programme.

Information on the remuneration paid to members of the Board of Directors can be found in note 2.7.

#### 5 Remuneration Committee

##### Duties

The committee assists the Board of Directors in the performance of its duties in connection with the preparation and implementation of the company's remuneration policy. The committee must, for example, assess and prepare recommendations on the Group Executive Management's salary reviews, bonuses for the current and the coming year, the application of retention schemes for key personnel, the use of one-off payments and the use and introduction of new compensatory elements for members of the Group's Leadership Forum (350 members). The terms of reference of the Remuneration Committee can be found at [www.dongenergy.com/corporate\\_governance](http://www.dongenergy.com/corporate_governance).

##### Composition and activities in 2015

At the end of 2015, the Remuneration Committee consisted of Thomas Thune Andersen (Chairman), Pia Gjellerup and Martin Hintze. CEO Henrik Poulsen and Senior Vice President, People and Development Hanne Blume participate in the committee's meetings.

The committee held three meetings in 2015.

In 2015, the Remuneration Committee among other things considered corporate governance in relation to remuneration in DONG Energy, including the State's ownership policy. The Remuneration Committee also reviewed remuneration levels to ensure that they are at market level and support the constant focus on knowledge retention in DONG Energy.

### 6 Audit and Risk Committee

#### Duties

The Audit and Risk Committee assists the Board of Directors in overseeing the financial and non-financial reporting process, financial and business-related risks, internal controls and compliance with statutory and other requirements from public authorities. Moreover, the committee decides the framework for the work of the company's external and internal auditors, evaluates the external auditors' independence and qualifications as well as monitoring the company's whistleblower scheme.

#### Composition and activities in 2015

At the end of 2015, the Audit and Risk Committee consisted of three members, Benny D. Loft (Chairman), Claus Wiinblad and Martin Hintze.

The committee held seven meetings in 2015.

In 2015, the Audit and Risk Committee focused, among other things, on the integration of the financial and non-financial reporting as well as improving data quality in the non-financial reporting. In addition, the policies on the hedging of interest rate and currency risks were updated, so they reflect the composition of assets and to counter the increasing exposure from revenue from wind farms in the UK. Focus has also been on the Group's operational IT security, where the current security level and measures for improving security have been discussed.

The Audit and Risk Committee has also had a special focus on accounting estimates and judgements relating to the impairment of assets (especially oil and gas activities), decommissioning obligations, other provisions and contingent liabilities (particularly in relation to wind activities). The discussions centered on external factors with a bearing on the reporting of assets and liabilities, including expected market prices, foreign exchange rates, discount rates and risk-free interest rates, and also the methods of calculation applied and the regulatory framework.

The review of the accounting estimates and judgements is part of the internal controls in DONG Energy. The statutory report on corporate governance contains a description of the main elements of DONG Energy's internal control and risk management systems in connection with the financial reporting and can be found on the company's website ([www.dongenergy.com/statutory\\_report\\_on\\_corporate\\_governance](http://www.dongenergy.com/statutory_report_on_corporate_governance)).

### 7 Internal audit

#### Duties

Reporting to the Audit and Risk Committee, the role of Internal Audit is to make suggestions of how to improve and streamline the company's processes and control environment, including the use of IT for the performance of auditing and consultancy services. In addition, Internal Audit is responsible for receiving and handling whistleblower cases (see below). Internal Audit has been validated by the Institute of Internal Auditors (IIA).

#### Work in 2015

In 2015, Internal Audit focused, in particular, on auditing and advising on the optimisation and streamlining of central processes and risk management, the handling of capital investments and subsequent operations, improvement of quality of non-financial data and integrated reporting, the handling of critical models, the protection of critical infrastructure and data, the commissioning of IT systems and changes in key business units.

#### Whistleblower scheme

DONG Energy's whistleblower scheme provides employees and other persons associated with the company with an opportunity to report serious offences, including instances of bribery, fraud and other criminal conduct.

Responsibility for the whistleblower scheme rests with the chairman of the Audit and Risk Committee, but the daily tasks are delegated to Internal Audit, which is responsible for receiving and handling reports. Internal Audit also receives reports via the management system.

In 2015, eight cases were reported which have been either fully or partially substantiated. Seven of the cases have had consequences for the employment of the persons involved, while one case has been handed over to the police for further investigation. The cases concerned theft, misuse of credit cards, conflicts of interest and time registration and mileage allowance fraud.

None of the cases reported were critical to the business, nor have they had any impact on the Group's financial results. However, DONG Energy takes cases of this type very seriously and is focused on preventing similar cases from arising.

### 8 Executive Board and Group Executive Management

#### Duties

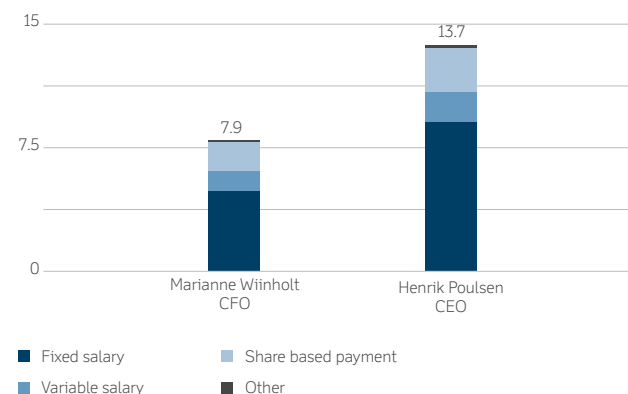
The Executive Board is responsible for the day-to-day management of the company. The Board of Directors lays down detailed guidelines for the work of the Executive Board, including the division of work between the Board of Directors and the Executive Board and the latter's powers to enter into agreements on behalf of the company.

#### Composition

CEO Henrik Poulsen and CFO Marianne Wiinholt are the members of the Executive Board of DONG Energy A/S. Information about the members of the Executive Board, including their previous employment and other executive functions, can be found on page 45.

The Executive Board is responsible for the day-to-day management through the Group Executive Management, which, in addition to the members of the Executive Board, consists of the Executive Vice Presidents of the company's four business units. Samuel Leupold (WP), Thomas Dalsgaard (B&TP), Morten H. Buchgreitz (D&CS) and David B. Cook (O&G).

COMPENSATION FOR THE CEO AND CFO IN 2015, DKK million



# CORPORATE GOVERNANCE

## CONTINUED

### Remuneration

The remuneration of the Group Executive Management comprises both fixed and incentive-based elements. The incentive-based remuneration consists of an annual variable cash payment (bonus), which is linked to the financial year, and a share programme.

More information regarding the remuneration of the Group Executive Management can be found in note 2.7.

### Bonus

The annual bonus cannot exceed 30% of the fixed annual salary. The bonus targets relate to the company's financial and commercial results as well as the company's strategic focus on safety. The bonus targets thus support DONG Energy's long-term strategic objectives. The combination of these various types of bonus targets for the CEO and the CFO is shown in the tables:

#### BONUS TARGETS FOR CEO IN 2015

	2015
Return on capital employed (ROCE)	30%
Investment projects – On-time / On-budget	30%
IPO roadmap	25%
Lost time injury frequency (LTIF)	15%

#### BONUS TARGETS FOR CFO IN 2015

	2015
Return on capital employed (ROCE)	20%
Finance deliverables to the Board of Directors	20%
IPO roadmap	20%
Funds from operation (FFO)	15%
Support Function survey <sup>1</sup>	15%
Lost time injury frequency (LTIF)	10%

<sup>1</sup> User satisfaction survey of the Group's support functions.

### Share programme

The Group Executive Management is covered by a share programme. In the event of an IPO or in 2019 at the latest, members of the Group Executive Management who have subscribed for shares will be entitled to a number of free shares, depending on the individual manager's subscription for shares and DONG Energy's financial performance benchmarked against ten comparable European energy companies during the period from November 2013 to the end of the share programme.

More detailed information about the share programme can be found in note 2.8.

### Evaluation

The Board of Directors carries out regular evaluations of the CEO's performance in connection with the follow-up on the company's development in relation to its strategy and objectives. Once a year, the Chairman of the Board of Directors and the CEO evaluate the cooperation between the Board of Directors and the Executive Board, focusing among other things on their reporting and communications.





The Group Executive Management included six members at the end of 2015. From the left: Thomas Dalsgaard (Bioenergy & Thermal Power), Morten Hultberg Buchgreitz (Distribution & Customer Solutions), Henrik Poulsen (Chief Executive Officer and President), Marianne Wiinholt (Chief Financial Officer), David Cook (Oil & Gas) and Samuel Leupold (Wind Power).

### Henrik Poulsen

Registered with the Danish Business Authority as CEO  
 Chief Executive Officer (CEO) and President since August 2012  
 Education: MSc (Finance and Accounting), Aarhus School of Business 1994  
 Born 1967  
 Remuneration: DKK 13,713 thousand  
 Read more in note 2.7

### Career and posts

1994-1995 Novo Nordisk A/S, Controller  
 1995-1996 Aarsø Nielsen & Partners, Senior Consultant  
 1996-1999 McKinsey & Co., Senior Engagement Manager  
 1999-2006 LEGO, VP, Business Development 1999-2000, SVP, Global Segment 8+ 2000-2002, SVP, Global Innovation and Marketing 2002-2003, Regional Managing Director, Europe and Asia 2004-2005, EVP, Markets and Products 2005-2006  
 2006-2008 Capstone/KKR, Operating Executive  
 2008-2012 TDC A/S, CEO and President  
 2012- DONG Energy A/S, CEO and President

### Other management positions

**Member:**  
 ISS A/S and one wholly-owned subsidiary, Chairman of the Audit Committee

**Adviser:**  
 EQT Partners

### Marianne Wiinholt

Registered with the Danish Business Authority as CFO  
 Chief Financial Officer (CFO) since October 2013  
 Education: MSc in Business Administration and Auditing, Copenhagen Business School 1990, State Authorised Public Accountant 1992  
 Born 1965  
 Remuneration: DKK 7,854 thousand  
 Read more in note 2.7

### Career and posts

1987-1997 Arthur Andersen, Accountant  
 1997-2003 Borealis A/S, Head of Group Accounting, Controlling & Tax  
 2004-2006 DONG A/S, VP, Group Finance  
 2006- DONG Energy A/S, SVP, Group Finance 2006-2008, SVP, Group Finance and Head of Finance, Energy Markets 2008-2010, SVP, Head of Finance, Energy Markets 2010-2011, SVP, Head of Corporate Finance 2011-2013, SVP, CFO, Customers & Markets 2013, CFO 2013-

### Other management positions

**Member:**  
 J. Lauritzen A/S, member of the Audit Committee

# BOARD OF DIRECTORS

## MANAGEMENT INFORMATION



### Thomas Thune Andersen

(Chairman since 2014). Born 1955. Not independent<sup>1</sup>.

**Joined/Re-elected** 2014/2015. **Term of office expires** 2016.  
**Special competencies** Knowledge and experience within all DONG Energy's principal business areas. General management, safety management, risk management and stakeholder management. **Other management positions** Chairman: Lloyds Register, DeepOcean Group. **Deputy Chairman:** VKR Holding A/S. **Senior Independent Director:** Petrofac Ltd.



### Lynda Armstrong

Born 1950. Independent.

**Joined/Re-elected** 2015. **Term of office expires** 2016.  
**Special competencies** Knowledge and experience within Oil & Gas. General management, safety management, risk management, stakeholder management and human resources management. **Other management positions** Non-executive Director<sup>2</sup>: KAZ Minerals plc, Central Europe Oil Company. **Chair of the Board of Trustees:** British Safety Council. **Member of Supervisory Board**<sup>3</sup>: SBM Offshore N.V.



### Lene Skole

(Deputy Chairman since 2015). Born 1959. Independent.

**Joined/Re-elected** 2015. **Term of office expires** 2016.  
**Present posts** Lundbeckfonden and Lundbeckfond Invest A/S, CEO. **Special competencies** Knowledge and experience within Oil & Gas. General management, financial management, safety management, risk management, stakeholder management, human resources management and capital markets. **Other management positions** Deputy Chairman: ALK-Abello A/S, H. Lundbeck A/S, Falck A/S. **Member:** Tryg A/S, Tryg Forsikring A/S.



### Poul Dreyer

(Employee representative). Born 1964. Not independent.

**Joined/Re-elected** 2014. **Term of office expires** 2018.  
**Present posts** DONG Energy A/S, Technician, Distribution & Customer Solutions. **Special competencies** Knowledge and experience within Distribution & Customer Solutions.



### Hanne Sten Andersen

(Employee representative). Born 1960. Not independent.

**Joined/Re-elected** 2007/2014. **Term of office expires** 2018.  
**Present posts** DONG Energy A/S, Lead HR Business Partner, Distribution & Customer Solutions. **Special competencies** General management and human resources management.



### Pia Gjellerup

Born 1959. Independent.

**Joined/Re-elected** 2012/2015. **Term of office expires** 2016. **Present posts** Center for Public Innovation, Center Director. **Special competencies** General management, financial management, stakeholder management and human resources management. **Other management positions** Chairman: Vanførefonden. **Deputy Chairman:** Fondet Dansk-Norsk Samarbejde. **Member:** Gefion Gymnasium, Fonden Rådmandsgade 34.

<sup>1</sup> Thomas Thune Andersen is considered independent of shareholder interests. Due to his directorship in Petrofac Limited and the fact that Petrofac in the past year has had significant business relations with DONG Energy, he is not considered independent pursuant to the Recommendations on Corporate Governance prepared by the Danish Committee on Corporate Governance.

<sup>2</sup> As well as Chair Remuneration Committee, member of HSE Committee and member of Project Assurance Committee.

<sup>3</sup> As well as member of the Technical and Commercial Committee and member of the Remuneration Committee.

# BOARD OF DIRECTORS

CONTINUED

## MANAGEMENT INFORMATION



### Benny Gøbel

(Employee representative). Born 1967. Not independent.

**Joined/Re-elected** 2011/2014. **Term of office expires** 2018.

**Present posts** DONG Energy A/S, Engineer, Bioenergy & Thermal Power. **Special competencies** Knowledge and experience within Bioenergy & Thermal Power.



### Poul Arne Nielsen

Born 1944. Independent.

**Joined/Re-elected** 2006/2015. **Term of office expires** 2016.

**Special competencies** Knowledge and experience within Distribution & Customer Solutions. General management, financial management, risk management, stakeholder management and human resources management. **Other management positions** Chairman: SEAS-NVE Holding A/S, SEAS-NVE A.m.b.a., Sjællandske Medier A/S, Dansk Energi.



### Martin Hintze

Born 1970. Independent.

**Joined/Re-elected** 2014/2015. **Term of office expires** 2016.

**Present posts** Goldman Sachs International, Managing Director. **Special competencies** General management, financial management, risk management, stakeholder management and capital markets. **Other management positions** Member of the Board of Management: Xella International Holding S.à.r.l. Member of Advisory Board: Flint HoldCo S.à.r.l.



### Jens Nybo Stilling Sørensen

(Employee representative). Born 1968. Not independent.

**Joined/Re-elected** 2007/2014. **Term of office expires** 2018.

**Present posts** DONG Energy A/S, Key Business Project Manager, Bioenergy & Thermal Power. **Special competencies** Knowledge and experience within Bioenergy & Thermal Power.



### Benny D. Loft

Born 1965. Independent.

**Joined/Re-elected** 2012/2015. **Term of office expires** 2016.

**Present posts** Novozymes A/S, Executive Vice President and CFO. **Special competencies** General management, financial management, risk management, stakeholder management, human resources management and capital markets. **Other management positions** Member: 4 wholly-owned companies in the Novozymes Group. Member and Chairman of the Finance and Audit Committee: New Xellia Group A/S.



### Claus Wiinblad

Born 1959. Independent.

**Joined/Re-elected** 2014/2015. **Term of office expires** 2016.

**Present posts** ATP, Senior Vice President, Danish Equities. **Special competencies** Financial management and capital markets.





# INCOME STATEMENT

1 JANUARY – 31 DECEMBER

DKK million	Note	2015			2014			2013		
		Business Performance	Adjustments	IFRS	Business Performance	Adjustments	IFRS	Business Performance	Adjustments	IFRS
Revenue	2.1, 2.3	70,843	3,544	74,387	67,048	4,781	71,829	73,105	(906)	72,199
Cost of sales	2.4	(44,966)	(106)	(45,072)	(42,226)	(837)	(43,063)	(47,224)	101	(47,123)
Other external expenses	8.2	(6,237)		(6,237)	(7,147)		(7,147)	(6,955)		(6,955)
Employee costs	2.7, 2.8	(3,804)		(3,804)	(3,336)		(3,336)	(3,491)		(3,491)
Share of profit (loss) in associates and joint ventures	3.4	112		112	(93)		(93)	(711)		(711)
Other operating income	2.5	2,933		2,933	2,466		2,466	705		705
Other operating expenses	2.6	(397)		(397)	(323)		(323)	(425)		(425)
<b>Operating profit (loss) before depreciation, amortisation and impairment losses (EBITDA)</b>		<b>18,484</b>	<b>3,438</b>	<b>21,922</b>	<b>16,389</b>	<b>3,944</b>	<b>20,333</b>	<b>15,004</b>	<b>(805)</b>	<b>14,199</b>
Depreciation, amortisation and impairment losses on intangible assets and property, plant and equipment	2.1, 3.1, 3.3, 3.8	(25,734) <sup>1</sup>		(25,734) <sup>1</sup>	(17,566)		(17,566)	(12,963)		(12,963)
<b>Operating profit (loss) (EBIT)</b>		<b>(7,250)</b>	<b>3,438</b>	<b>(3,812)</b>	<b>(1,177)</b>	<b>3,944</b>	<b>2,767</b>	<b>2,041</b>	<b>(805)</b>	<b>1,236</b>
Gain on divestment of enterprises	3.7	16		16	1,258	(5)	1,253	2,045		2,045
Share of profit (loss) in associates and joint ventures	3.4	(8)		(8)	(484)		(484)	(57)		(57)
Financial income	6.5	9,275		9,275	5,261		5,261	3,273		3,273
Financial expenses	6.5	(11,400)		(11,400)	(6,971)		(6,971)	(7,073)		(7,073)
<b>Profit (loss) before tax</b>		<b>(9,367)</b>	<b>3,438</b>	<b>(5,929)</b>	<b>(2,113)</b>	<b>3,939</b>	<b>1,826</b>	<b>229</b>	<b>(805)</b>	<b>(576)</b>
Tax on profit (loss) for the year	5.3	(2,717)	(807)	(3,524)	(3,171)	(965)	(4,136)	(1,222)	207	(1,015)
<b>Profit (loss) for the year</b>		<b>(12,084)</b>	<b>2,631</b>	<b>(9,453)</b>	<b>(5,284)</b>	<b>2,974</b>	<b>(2,310)</b>	<b>(993)</b>	<b>(598)</b>	<b>(1,591)</b>
Profit (loss) for the year is attributable to:										
Shareholders of DONG Energy A/S				(10,198)			(2,976)			(2,327)
Coupon payments and costs after tax, hybrid capital holders of DONG Energy A/S				714			588			765
Non-controlling interests				31			78			(29)
<b>Profit (loss) for the year</b>				<b>(9,453)</b>			<b>(2,310)</b>			<b>(1,591)</b>

<sup>1</sup> Includes DKK 2,516 million regarding onerous contracts relating to the construction of property, plant and equipment (see note 3.3).

## ACCOUNTING POLICIES

### Business performance

The business performance principle was introduced by the DONG Energy Group in 2011. In connection with the introduction of the business performance principle, the IFRS hedge accounting of energy and related currency risks was discontinued, and the market value adjustments of these hedging transactions are therefore recognised in the income statement under IFRS.

Under the business performance principle, value adjustments of contracts for energy and related currency risks (including hedging transactions) are deferred and recognised in the period in which the hedged exposure materialises. The difference between IFRS and business performance is specified in the adjustment column.

Other principles are identical with the IFRS rules. For further information about the business performance principle see note 2.2.

# STATEMENT OF COMPREHENSIVE INCOME

1 JANUARY – 31 DECEMBER

DKK million	2015			2014			2013		
	Business performance	Adjustments	IFRS	Business performance	Adjustments	IFRS	Business performance	Adjustments	IFRS
<b>Profit (loss) for the year</b>	<b>(12,084)</b>	<b>2,631</b>	<b>(9,453)</b>	<b>(5,284)</b>	<b>2,974</b>	<b>(2,310)</b>	<b>(993)</b>	<b>(598)</b>	<b>(1,591)</b>
Other comprehensive income <sup>1</sup> :									
Hedging instruments:									
Value adjustments for the year	5,947	(5,923)	24	5,359	(5,662)	(303)	12	162	174
Value adjustments transferred to revenue	(2,744)	2,739	(5)	(1,574)	1,945	371	(639)	913	274
Value adjustments transferred to cost of sales	254	(254)		227	(227)		263	(270)	(7)
Value adjustments transferred to financial income and expenses	179		179	254		254	851		851
Tax on value adjustments of hedging instruments	(856)	807	(49)	(1,050)	965	(85)	(130)	(207)	(337)
Exchange rate adjustments:									
Exchange rate adjustments relating to net investment in foreign enterprises	2,060		2,060	1,663		1,663	(2,808)		(2,808)
Value adjustments of hedging thereof	(1,402)		(1,402)	(1,765)		(1,765)	2,180		2,180
Transferred to gain on divestment of enterprises				6	5	11	193		193
Tax on exchange rate adjustments	(25)		(25)	168		168	(94)		(94)
Change in tax rate							(60)		(60)
<b>Other comprehensive income</b>	<b>3,413</b>	<b>(2,631)</b>	<b>782</b>	<b>3,288</b>	<b>(2,974)</b>	<b>314</b>	<b>(232)</b>	<b>598</b>	<b>366</b>
<b>Total comprehensive income</b>	<b>(8,671)</b>	<b>-</b>	<b>(8,671)</b>	<b>(1,996)</b>	<b>-</b>	<b>(1,996)</b>	<b>(1,225)</b>	<b>-</b>	<b>(1,225)</b>
Comprehensive income for the year is attributable to:									
Shareholders of DONG Energy A/S			(9,771)			(3,010)			(1,799)
Interest payments and costs after tax, hybrid capital holders of DONG Energy A/S			714			588			755
Non-controlling interests			386			426			(181)
<b>Total comprehensive income</b>			<b>(8,671)</b>			<b>(1,996)</b>			<b>(1,225)</b>

<sup>1</sup> All items in other comprehensive income may be reclassified to the income statement.

# BALANCE SHEET

31 DECEMBER

## ASSETS

DKK million	Note	2015	2014	2013
<b>Intangible assets</b>	3.1	1,134	1,369	2,167
Land and buildings	3.1	1,490	1,656	1,979
Production assets	3.1	61,107	65,517	67,758
Exploration assets	3.1	14	388	1,192
Fixtures and fittings, tools and equipment	3.1	474	291	296
Property, plant and equipment under construction	3.1	17,144	18,054	20,297
<b>Property, plant and equipment</b>		<b>80,229</b>	<b>85,906</b>	<b>91,522</b>
Investments in associates and joint ventures	3.4	1,421	1,315	2,013
Receivables from associates and joint ventures		832	1,018	933
Other securities and equity investments		191	242	261
Deferred tax	5.4	274	632	130
Other receivables	4.4	751	513	278
<b>Other non-current assets</b>		<b>3,469</b>	<b>3,720</b>	<b>3,615</b>
<b>Non-current assets</b>		<b>84,832</b>	<b>90,995</b>	<b>97,304</b>
Inventories	4.1	3,567	2,938	3,560
Derivative financial instruments	8.5	15,642	11,193	9,147
Construction contracts	4.2	3,864	1,811	1,890
Trade receivables	4.3	7,739	8,346	8,875
Other receivables	4.4	2,657	3,357	4,929
Receivables from associates and joint ventures		56	100	506
Income tax		329	192	169
Securities	6.4	21,221	24,948	16,118
Cash	6.4	4,965	6,034	2,894
<b>Current assets</b>		<b>60,040</b>	<b>58,919</b>	<b>48,088</b>
<b>Assets classified as held for sale</b>	3.8	<b>2,585</b>	<b>-</b>	<b>280</b>
<b>Assets</b>		<b>147,457</b>	<b>149,914</b>	<b>145,672</b>

## Additions and disposals, property, plant and equipment

In accordance with the adopted strategy, DONG Energy made significant investments in property, plant and equipment in 2015.

The most significant investments were made in new offshore wind farms, biomass conversion of existing CHP plants, Smart Grid (intelligent grids) investments, and the development of oil and gas fields.

Investments in offshore wind farms were made in the Borkum Riffgrund 1 and Gode Wind 1 and 2 wind farms in Germany, and in Westermost Rough and the projects Hornsea 1 and 2 and Burbo Bank Extension in the UK. The development of the oil and gas fields was primarily of the Hejre, Syd Arne and Laggan-Tormore fields in Denmark and the UK.

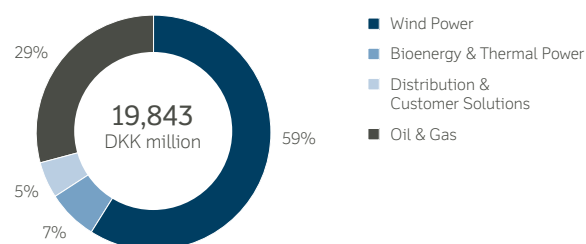
The most significant divestments were made by Wind Power, which divested ownership interests in Gode Wind 1 in Germany in 2015. In 2014, Wind Power divested ownership interests in the London Array wind farm as well as Westermost Rough in the UK and Gode Wind 2 in Germany.

## Oil and gas infrastructure remains state-owned

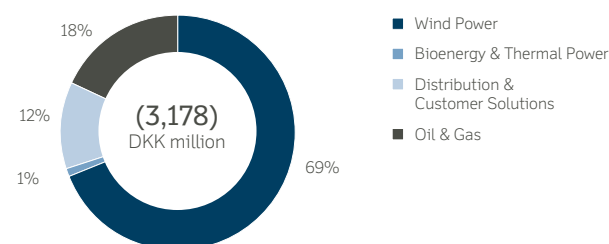
As part of the political agreement to launch an IPO of DONG Energy it was decided, that DONG Energy shall divest the Group's oil and gas transportation systems to the state-owned company Energinet.dk. In addition, the gas distribution grids in South Jutland and on West Zealand will also be divested to Energinet.dk.

The portion of the assets that are expected to be sold and transferred within a 12-month period has been reclassified as assets held for sale. Read more in note 3.8.

ADDITIONS OF PROPERTY, PLANT AND EQUIPMENT BY SEGMENT, % 2015



DISPOSALS OF PROPERTY, PLANT AND EQUIPMENT BY SEGMENT, % 2015



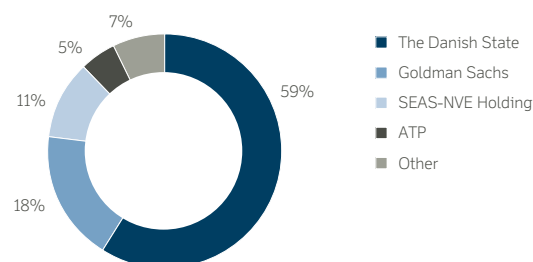
# BALANCE SHEET

31 DECEMBER

## EQUITY AND LIABILITIES

DKK million	Note	2015	2014	2013
Share capital	6.1	4,177	4,177	2,937
Reserves		20,855	20,428	8,431
Retained earnings		7,058	17,131	20,231
<b>Equity attributable to shareholders of DONG Energy A/S</b>		<b>32,090</b>	<b>41,736</b>	<b>31,599</b>
Hybrid capital	6.6	13,248	13,236	13,236
Non-controlling interests		6,398	6,561	6,708
<b>Equity</b>		<b>51,736</b>	<b>61,533</b>	<b>51,543</b>
Deferred tax	5.4	1,646	4,281	5,496
Provisions	3.3	17,754	15,397	12,891
Bank loans and issued bonds	6.2	31,775	35,849	36,767
Other payables	4.5	5,913	4,599	3,958
<b>Non-current liabilities</b>		<b>57,088</b>	<b>60,126</b>	<b>59,112</b>
Provisions	3.3	1,434	537	719
Bank loans and issued bonds	6.2	4,626	208	9,389
Derivative financial instruments	8.5	9,531	8,323	8,519
Construction contracts	4.2	671	1,667	415
Trade payables		10,673	9,031	7,329
Other payables	4.5	7,908	5,905	7,658
Income tax		2,657	2,584	986
<b>Current liabilities</b>		<b>37,500</b>	<b>28,255</b>	<b>35,015</b>
<b>Liabilities</b>		<b>94,588</b>	<b>88,381</b>	<b>94,127</b>
Liabilities relating to assets classified as held for sale	3.8	1,133	-	2
<b>Equity and liabilities</b>		<b>147,457</b>	<b>149,914</b>	<b>145,672</b>

OWNERS, at 31 December 2015, %



### Future ownership of DONG Energy

On 18 September 2015, the Danish State, represented by the Danish Ministry of Finance, announced plans to launch an IPO of DONG Energy within 18 months, subject to market conditions.

At 31 December 2015, the Danish State held an ownership interest of 59% of the shares in DONG Energy. After the IPO, the Danish State is expected to retain at least 51% of the shares in DONG Energy.

# STATEMENT OF CHANGES IN EQUITY

1 JANUARY – 31 DECEMBER

2015	Share capital	Hedging reserve	Translation reserve	Share premium	Retained earnings	Equity attributable to shareholders of DONG Energy A/S	Hybrid capital	Non-controlling interests	Total
DKK million									
Equity at 1 January 2015	4,177	(486)	(365)	21,279	17,131	41,736	13,236	6,561	61,533
Comprehensive income for the year:									
Profit (loss) for the year					(10,198)	(10,198)	714	31	(9,453)
Other comprehensive income:									
Hedging instruments		198				198			198
Exchange rate adjustments			303			303		355	658
Tax on other comprehensive income		(49)	(25)			(74)			(74)
<b>Total comprehensive income</b>	<b>-</b>	<b>149</b>	<b>278</b>	<b>-</b>	<b>(10,198)</b>	<b>(9,771)</b>	<b>714</b>	<b>386</b>	<b>(8,671)</b>
Transactions with owners:									
Coupon payments, hybrid capital							(822)		(822)
Bond discount and costs, hybrid capital							(64)		(64)
Tax on coupon and costs, hybrid capital							172		172
Additions, hybrid capital							4,424		4,424
Disposals, hybrid capital							(4,412)		(4,412)
Dividends paid								(549)	(549)
Share-based payment					103	103			103
Disposals, non-controlling interests					22	22			22
<b>Changes in equity in 2015</b>	<b>-</b>	<b>149</b>	<b>278</b>	<b>-</b>	<b>(10,073)</b>	<b>(9,646)</b>	<b>12</b>	<b>(163)</b>	<b>(9,797)</b>
Equity at 31 December 2015	4,177	(337)	(87)	21,279	7,058	32,090	13,248	6,398	51,736

## ACCOUNTING POLICIES

The hedging reserve comprises the accumulated net change in the fair value of hedging transactions that qualify for designation as hedges of future cash flows, and where the hedged transaction has yet to be realised, less the related tax. The reserve concerns primarily the Group's hedging of interest payments.

The translation reserve comprises:

- exchange differences arising on translation of the financial statements of foreign entities with a currency that is not the Group's functional currency,
- exchange rate adjustments relating to assets and liabilities that form part of the Group's net investment in such entities, and
- exchange rate adjustments relating to hedging transactions that hedge the Group's net investment in such entities, less the related tax.

On realisation or partial realisation of the net investment, the exchange rate adjustments are recognised in profit (loss) for the year if a gain or loss is realised by the divested entity. The foreign exchange gain (loss) is transferred to the item in which the gain or loss is recognised.

Share premium represents the excess of the amount of subscribed-for share capital over the nominal value of these shares in connection with capital injections. The reserve is part of DONG Energy's distributable reserves.

# STATEMENT OF CHANGES IN EQUITY

1 JANUARY – 31 DECEMBER

	Share capital	Hedging reserve	Translation reserve	Share premium	Retained earnings	Equity attributable to shareholders of DONG Energy A/S	Hybrid capital	Non-controlling interests	Total
<b>2014</b>									
DKK million									
Equity at 1 January 2014	2,937	(722)	(95)	9,248	20,231	31,599	13,236	6,708	51,543
Comprehensive income for the year:									
Profit (loss) for the year					(2,976)	(2,976)	588	78	(2,310)
Other comprehensive income:									
Hedging instruments		318				318		4	322
Exchange rate adjustments			(438)			(438)		347	(91)
Tax on other comprehensive income		(82)	168			86		(3)	83
<b>Total comprehensive income</b>	<b>-</b>	<b>236</b>	<b>(270)</b>	<b>-</b>	<b>(2,976)</b>	<b>(3,010)</b>	<b>588</b>	<b>426</b>	<b>(1,996)</b>
Transactions with owners:									
Coupon payments, hybrid capital							(754)		(754)
Tax on coupon and costs, hybrid capital							166		166
Dividends paid								(528)	(528)
Share-based payment					57	57			57
Shares issued	1,240			12,031	(264)	13,007			13,007
Disposals, non-controlling interests					83	83		(45)	38
<b>Changes in equity in 2014</b>	<b>1,240</b>	<b>-</b>	<b>-</b>	<b>12,031</b>	<b>(124)</b>	<b>13,147</b>	<b>(588)</b>	<b>(573)</b>	<b>11,986</b>
<b>Equity at 31 December 2014</b>	<b>4,177</b>	<b>(486)</b>	<b>(365)</b>	<b>21,279</b>	<b>17,131</b>	<b>41,736</b>	<b>13,236</b>	<b>6,561</b>	<b>61,533</b>
<b>2013</b>									
Equity at 1 January 2013	2,937	(1,692)	347	9,248	22,581	33,421	9,538	7,057	50,016
Comprehensive income for the year:									
Profit (loss) for the year					(2,327)	(2,327)	765	(29)	(1,591)
Other comprehensive income:									
Hedging instruments		1,299				1,299		(7)	1,292
Exchange rate adjustments		6	(294)			(288)		(147)	(435)
Tax on other comprehensive income		(339)	(94)			(433)		2	(431)
Change in tax rate		4	(54)			(50)	(10)		(60)
<b>Total comprehensive income</b>	<b>-</b>	<b>970</b>	<b>(442)</b>	<b>-</b>	<b>(2,327)</b>	<b>(1,799)</b>	<b>755</b>	<b>(181)</b>	<b>(1,225)</b>
Transactions with owners:									
Coupon payments, hybrid capital							(675)		(675)
Bond discount and costs, hybrid capital							(304)		(304)
Tax on coupon and costs, hybrid capital							224		224
Additions, hybrid capital							8,825		8,825
Disposals, hybrid capital							(5,127)		(5,127)
Dividends paid								(319)	(319)
Additions, non-controlling interests					(23)	(23)		151	128
<b>Changes in equity in 2013</b>	<b>-</b>	<b>970</b>	<b>(442)</b>	<b>-</b>	<b>(2,350)</b>	<b>(1,822)</b>	<b>3,698</b>	<b>(349)</b>	<b>1,527</b>
<b>Equity at 31 December 2013</b>	<b>2,937</b>	<b>(722)</b>	<b>(95)</b>	<b>9,248</b>	<b>20,231</b>	<b>31,599</b>	<b>13,236</b>	<b>6,708</b>	<b>51,543</b>

# STATEMENT OF CASH FLOWS

1 JANUARY – 31 DECEMBER

DKK million	Note	2015	2014	2013
Operating profit (loss) before depreciation, amortisation and impairment losses (EBITDA)		21,922	20,333	14,199
Change in derivative financial instruments and loans, business performance adjustments		(3,438)	(3,944)	805
Change in derivative financial instruments and loans, other adjustments		(128)	682	1,324
Change in provisions		(474)	(445)	(241)
Other items		121	(896)	1,457
Change in net working capital	4.6	1,318	4,128	(2,087)
Interest received and similar items		7,642	4,569	3,304
Interest paid and similar items		(8,301)	(5,634)	(6,176)
Income tax paid	5	(5,091)	(3,835)	(2,856)
<b>Cash flows from operating activities</b>		<b>13,571</b>	<b>14,958</b>	<b>9,729</b>
Purchase of intangible assets and property, plant and equipment		(18,739)	(14,631)	(21,039)
Sale of intangible assets and property, plant and equipment		2,029	7,495	3,981
Acquisition of enterprises	3.6		(429)	
Divestment of enterprises	3.7	576	3,133	9,184
Acquisition of other equity investments				(8)
Disposal of other equity investments		48		1,991
Purchase of securities		(8,119)	(22,983)	(13,569)
Sale/maturation of securities		11,356	12,653	12,365
Change in other non-current assets		(2)	(179)	41
Financial transactions with associates and joint ventures		32	130	532
Dividends received and capital reduction		20	15	39
<b>Cash flows from investing activities</b>		<b>(12,799)</b>	<b>(14,796)</b>	<b>(6,483)</b>
Proceeds from capital injection			13,007	
Proceeds from raising of loans		406	520	4,722
Instalments on loans		(848)	(9,338)	(11,157)
Coupon payments on hybrid capital		(822)	(754)	(675)
Repurchase of hybrid capital		(4,476)		(695)
Proceeds from issuance of hybrid capital	6.6	4,424		4,094
Transactions with non-controlling interests	3.9	(621)	(621)	(474)
Change in other non-current liabilities		42	89	353
<b>Cash flows from financing activities</b>		<b>(1,895)</b>	<b>2,903</b>	<b>(3,832)</b>
<b>Net change in cash and cash equivalents</b>		<b>(1,123)</b>	<b>3,065</b>	<b>(586)</b>
Cash and cash equivalents at 1 January	6.4	4,770	1,431	1,952
Net change in cash and cash equivalents		(1,123)	3,065	(586)
Cash flows for the year from assets classified as held for sale		(115)	29	93
Exchange rate adjustments of cash and cash equivalents		145	245	(28)
<b>Cash and cash equivalents at 31 December</b>		<b>3,677</b>	<b>4,770</b>	<b>1,431</b>

## ACCOUNTING POLICIES

Cash flows from operating activities are determined using the indirect method as profit (loss) before depreciation, amortisation and impairment losses adjusted for changes in provisions, value adjustments of financial instruments, etc., change in net working capital, interest received and interest paid, and income tax paid. Trade payables relating to purchases of intangible assets and property, plant and equipment are not recognised in change in net working capital.

Other items primarily comprise reversal of gain on divestment of assets, reversal of share of profit (loss) of and dividends in associates and joint ventures, reversal of exploration drilling expenses charged to the income statement, and changes in bad debt provisions.

Cash flows from investing activities comprise payments in connection with the purchase and sale of intangible assets, property, plant and equipment and other non-current assets, and the purchase and sale of securities that are not recognised as cash and cash equivalents as well as payments in connection with the divestment of enterprises and activities.

Cash flows from financing activities comprise changes in the size or composition of the share capital and hybrid capital, expenses associated with such changes, and dividend payments to owners and coupon payments on hybrid capital. Cash flows from financing activities also include the raising of loans and instalments on loans, transactions with non-controlling interests, and changes in other non-current loans and borrowings. Proceeds from the raising of short-term repo loans are presented net.

Cash flows in currencies other than the functional currency are translated at the average exchange rates for the month in question, unless these differ significantly from the rates at the transaction date.

# 1 BASIS OF REPORTING

In preparing the annual report, emphasis has been placed on ensuring that the content is relevant to the reader and the presentation clear.

## IN THIS SECTION

- 1.1 Consolidated financial statements
- 1.2 Foreign currency translation
- 1.3 Implementation of new standards and interpretations
- 1.4 New standards and interpretations
- 1.5 Definitions of performance highlights

The consolidated financial statements of DONG Energy have been prepared in accordance with IFRS as adopted by the EU and Danish disclosure requirements for annual reports of listed and state-owned public limited companies.

DONG Energy regularly assesses the effect of new IFRS reporting standards and interpretations (IFRIC). The Group implements new reporting standards and interpretations from their mandatory effective dates.

Due to the requirement that two years of comparative figures be provided in the prospectus in connection with the planned IPO, which may take place in 2016, the consolidated financial statements for 2015 contain comparative figures for two years. The comparative figures for the 2014 and 2013 financial years have been extracted from the consolidated financial statements published for 2014 and 2013 as adopted by the Executive Board and the Board of Directors on 5 February 2015 and 5 February 2014.

In preparing the consolidated financial statements, a number of accounting estimates and judgements have been made.

Management regularly reassesses these estimates and judgements, partly on the basis of historical experience and a number of other factors in the given circumstances.

Critical accounting estimates and judgements made in connection with the financial reporting are set out in the following notes:

- 2.3 Revenue
- 2.5 Other operating income
- 3.1 Impairment test, intangible assets and property, plant and equipment
- 3.1 Useful lives of production assets
- 3.3 Decommissioning obligations
- 3.3 Onerous contracts
- 3.3 Litigation
- 3.4 Investments in associates and joint ventures
- 4.2 Construction contracts
- 5.4 Deferred tax



# 1. BASIS OF REPORTING

## ACCOUNTING POLICIES

The financial statements for the period 1 January – 31 December 2015 comprise the consolidated financial statements of DONG Energy A/S and its subsidiaries (the Group) as well as separate financial statements for the parent company, DONG Energy A/S. Reference is made to page 144 for the parent company's accounting policies.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

The consolidated financial statements have also been prepared in accordance with Danish disclosure requirements for annual reports of listed and state-owned public limited companies.

The financial statements are presented in million Danish kroner (DKK), unless otherwise stated.

The consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments, financial instruments in the trading portfolio, financial instruments classified as available for sale and CO<sub>2</sub> emissions allowances in the trading portfolio that are measured at fair value.

The accounting policies have been applied consistently to the financial year and the comparative figures.

Due to the requirement that two years of comparative figures be provided in the prospectus in connection with the planned IPO, which may take place in 2016, the consolidated financial statements for 2015 contain comparative figures for two years. The comparative figures for the 2014 and 2013 financial years have been extracted from the consolidated financial statements published for 2014 and 2013 as adopted by the Executive Board and the Board of Directors on 5 February 2015 and 5 February 2014.

The accounting policies applied to the consolidated financial statements as a whole are described below, while the remaining accounting policies are described in the notes to which they relate.

The descriptions of accounting policies in the statements and notes form part of the overall description of accounting policies:

- Statement of comprehensive income
- Statement of changes in equity
- Statement of cash flows
- Segment information
- Business performance principle
- Revenue
- Share-based payment

note 2.1  
note 2.2  
note 2.3  
note 2.8

- Intangible assets and property, plant and equipment
- Exploration activities and licences
- Provisions and contingent assets and liabilities
- Investments in associates and joint ventures
- Acquisition of enterprises
- Divestment of enterprises
- Assets classified as held for sale
- Non-controlling interests
- Inventories
- Construction contracts
- Trade receivables
- Deferred tax
- Interest-bearing debt
- Financial resources
- Financial income and expenses
- Hybrid capital
- Market risks
- Hedge accounting and economic hedging
- Trading portfolio
- Credit risks
- Operating lease obligations
- Assets and liabilities measured at fair value

note 3.1  
note 3.2  
note 3.3  
note 3.4  
note 3.6  
note 3.7  
note 3.8  
note 3.9  
note 4.1  
note 4.2  
note 4.3  
note 5.4  
note 6.2  
note 6.4  
note 6.5  
note 6.6  
note 7.1  
note 7.2  
note 7.3  
note 7.5  
note 8.3  
note 8.5

### 1.1 CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements include the parent company DONG Energy A/S and subsidiaries controlled by DONG Energy A/S.

Enterprises in which the Group holds or has the ability to exercise, directly or indirectly, between 20% and 50% of the voting rights, but does not exercise control, are accounted for as associates. However, this is based on a specific assessment of the possibility of exercising influence. Any such enterprises that satisfy the criteria for joint control are instead accounted for as investments in joint ventures.

The consolidated financial statements have been prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements prepared in accordance with the Group's accounting policies. Intragroup income and expenses, shareholdings, balances and dividends as well as realised and unrealised gains and losses arising from intragroup transactions are eliminated on consolidation. Unrealised gains resulting from transactions with associates and joint ventures are eliminated to the extent of the Group's ownership interest. Unrealised losses are eliminated in the same way as unrealised gains to the extent that there has been no impairment.

The Group's share in joint operations is recognised in the consolidated balance sheet through recognition of the Group's own assets and liabilities and

income and expenses. The Group's share of joint income and expenses and assets and liabilities is then recognised. The proportionate share of realised and unrealised gains and losses arising from intragroup transactions between fully consolidated enterprises and joint operations is eliminated.

### 1.2 FOREIGN CURRENCY TRANSLATION

For each reporting enterprise in the Group, items are determined in the currency of the primary economic environment in which the individual reporting enterprise operates (functional currency). Transactions in currencies other than the functional currency of each enterprise are accounted for as transactions in foreign currencies and translated on initial recognition at the exchange rate at the transaction date. Exchange differences arising between the exchange rate at the transaction date and at the date of payment are recognised in profit (loss) for the year as financial income or expenses.

Receivables, payables and other monetary items in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rate at the balance sheet date and at the date at which the receivable or payable arose is recognised in profit (loss) for the year as financial income or expenses.

For foreign subsidiaries, joint operations, associates and joint ventures, the statements of comprehensive income are translated at monthly average exchange rates in so far as these do not deviate materially from the actual exchange rates at the transaction dates. Balance sheet items are translated at the exchange rates at the balance sheet date. All exchange differences are recognised in profit (loss) for the year, except for exchange differences arising on:

- translation of the opening equity of these entities at the exchange rates at the balance sheet date
- translation of the statements of comprehensive income of these enterprises from the exchange rates at the transaction date to the exchange rates at the balance sheet date
- translation of balances accounted for as part of the total net investment
- translation of the portion of loans and derivative financial instruments that has been entered into to hedge the net investment in these enterprises and that provides an effective hedge against corresponding foreign exchange gains (losses) on the net investment in the enterprise.

The above types of exchange differences are recognised in other comprehensive income. Such exchange rate adjustments are allocated between the parent company's and the non-controlling interests' equity.

On full or partial disposal of the net investment, the accumulated exchange rate adjustments, including any associated hedges, are recognised in the profit (loss) for the year if a foreign exchange gain (loss) is realised by the selling enterprise. The foreign exchange gain (loss) is transferred to the item in which the gain or loss is recognised. The part of the translation reserve that relates to non-controlling interests is not transferred to profit (loss) for the year.

# 1. BASIS OF REPORTING

## CONTINUED

On partial disposal of foreign subsidiaries that does not result in a loss of control, a proportionate share of the translation reserve is transferred from the parent company shareholders' share of equity to the minority shareholders' share of equity.

Repayment of balances that are considered part of the net investment does not constitute a partial disposal of the subsidiary.

### 1.3 IMPLEMENTATION OF NEW STANDARDS AND INTERPRETATIONS

DONG Energy implemented no new or amended standards (IAS and IFRS) or interpretations (IFRIC) in 2015.

### 1.4 NEW STANDARDS AND INTERPRETATIONS

IASB has issued a number of new or amended accounting standards and interpretations which have yet to be adopted by the EU and are consequently not relevant for 2015. The following accounting standards are the most relevant for DONG Energy:

- IFRS 9 Financial Instruments: Classification and Measurement of Financial Assets and Financial Liabilities. The number of categories of financial assets is reduced to three: Amortised cost, fair value or fair value through other comprehensive income. Fair value changes in financial liabilities arising from changes in own credit risk must be recognised in other comprehensive income. In addition, IFRS 9 includes simplified provisions concerning the possibility of using hedge accounting. In future, companies will only be required to perform efficiency tests and prepare a statement on the actual efficiency.
- IFRS 15 Revenue: New standard on revenue recognition. In the new standard, the model for recognising revenue is changed from having been based on the transfer of the risks and rewards of ownership of a product or service to being based on the transfer of control of the goods or services transferred to the customer. The underlying principle is that recognition of revenue must reflect the transfer of goods or services from a company to a customer at the time of the sale.

- IFRS 16 Leasing: New standard on leasing. The new standard changes the accounting treatment of leases which are currently treated as operating leases. The standard requires that all leases, regardless of type and with few exceptions, must be recognised in the lessee's balance sheet as an asset with a related liability. Also, the lessee's income statement will be affected, as the annual leasing costs will in future consist of two elements – depreciation and interest expenses – as opposed to now, where the annual costs relating to operating leases are recognised as one amount in other external expenses or in property, plant and equipment in connection with the construction of offshore wind farms.

The new or amended standards and interpretations are not mandatory in connection with the financial reporting for 2015. DONG Energy expects to implement the standards and interpretations from their mandatory effective dates.

An analysis of the effect of implementing IFRS 9 in DONG Energy is ongoing. This analysis has not yet been completed. The implementation of IFRS 9 is expected to have an effect on DONG Energy's consolidated financial statements.

An overall analysis of the cash flows in DONG Energy has been made with a view to assessing whether the implementation of IFRS 15 will have a significant impact on the recognition of income in DONG Energy. The analysis shows that the implementation of IFRS 15 will not have any significant impact on the recognition of income in DONG Energy.

An analysis of the effect of implementing IFRS 16 in DONG Energy will be started in 2016. The Group's operating lease obligations amount to DKK 5,893 million at 31 December 2015, and it is expected that the major part of this must be recognised in the balance sheet as an asset and liability, if the standard was applicable at 31 December 2015.

It is assessed that other amended standards and interpretations will not have any significant impact on the financial reporting.

# 1. BASIS OF REPORTING

## CONTINUED

### 1.5 DEFINITIONS OF PERFORMANCE HIGHLIGHTS

Performance highlights are calculated in accordance with the business performance principle.

Gross investments	Cash flows from investing activities, excluding dividends received from associates, joint ventures and equity investments, purchase and sale of securities, loans to joint ventures and joint operations, and divestments of assets and enterprises.	Capital employed	Non-interest-bearing net assets corresponding to non-interest-bearing assets less non-interest-bearing liabilities.
Net investments	Gross investments less divestments of assets and enterprises. To/from this is added/deducted acquired/transferred debt in connection with acquisitions and disposals of enterprises, and deducted non-controlling interests' share of investments in fully consolidated investment projects, and deducted the selling price of non-controlling interests.	Average capital employed	$\frac{\text{Capital employed beginning of year} + \text{capital employed year-end}}{2}$
Funds from Operations (FFO)	Supplementary concept for cash flows from operating activities determined as EBITDA less interest expenses (net) on interest-bearing net debt and hybrid capital (50%), interest element of decommissioning obligations and current tax. In addition, operating lease obligations have been recognised as if they were finance lease obligations, where operating lease payments have been reversed, and calculated interest expenses of the present value of lease payments have been deducted.	Return on capital employed (ROCE)	$\frac{\text{EBIT less current hydrocarbon tax}}{\text{Average capital employed}}$
Adjusted interest-bearing net debt	Interest-bearing net debt plus 50% of the hybrid capital, cash and securities not available for use with the exception of repo transactions, present value of lease payments (operating lease obligations calculated as if they were finance lease obligations), and the present value of decommissioning obligations less deferred tax.	Adjusted operating profit (loss)	EBIT less current hydrocarbon tax and impairment losses for the year
FFO to adjusted interest-bearing net debt	$\frac{\text{FFO}}{\text{Adjusted interest-bearing net debt}}$	Adjusted return on capital employed (adjusted ROCE)	$\frac{\text{Adjusted operating profit (loss)}}{\text{Average capital employed} + \text{impairment losses for the year with tax added back}}$
Free cash flow (FCF)	Cash flows from operating activities less gross investments and divestments.	Proposed dividend per share (DPS) of DKK 10	$\frac{\text{Total proposed dividend}}{\text{Number of shares year-end}}$
		Payout ratio	$\frac{\text{Total proposed dividend}}{\text{Profit (loss) for the year attributable to shareholders}}$
		Average number of shares	$\frac{1}{\text{Number of days}} \times \sum_{i=1}^{\text{Number of days}} X_i$
		Net working capital	Inventories, trade receivables, associates and joint ventures, prepayments and other operating current assets less trade payables and liabilities to associates and joint ventures, deferred income and other operating current liabilities.
		Net working capital, excluding trade payables relating to capital expenditure	Net working capital excluding trade payables relating to purchases of intangible assets and property, plant and equipment.

# 2 RETURN ON CAPITAL EMPLOYED

Adjusted return on capital employed (adjusted ROCE) is a strategic key ratio for DONG Energy that shows how profitable DONG Energy's business is. The strategic target for DONG Energy is that ROCE must be at least 12% by 2020

**-9.8bn**

EBIT less current hydrocarbon tax totals DKK -9,841 million in 2015

**7.2bn**

Adjusted operating profit (loss) totals DKK 7,192 million in 2015

**10.1%**

Adjusted return on capital employed (adjusted ROCE) is 10.1% in 2015 compared with 4.8% in 2014

## IN THIS SECTION

- 2.1 Segment information
- 2.2 Business performance principle
- 2.3 Revenue
- 2.4 Cost of sales
- 2.5 Other operating income
- 2.6 Other operating expenses
- 2.7 Employee costs
- 2.8 Share-based payment

### Reporting according to business performance principle

DONG Energy uses business performance as an alternative to profit (loss) for the year stated in accordance with IFRS. Business performance represents the underlying financial performance of the Group in the reporting period adjusted for temporary fluctuations in the market value of contracts (including hedging transactions) relating to other periods. The difference between the two principles will be eliminated as the contracts expire. Apart from this, there is no difference between business performance and the IFRS financial statements. Read more in note 2.2.

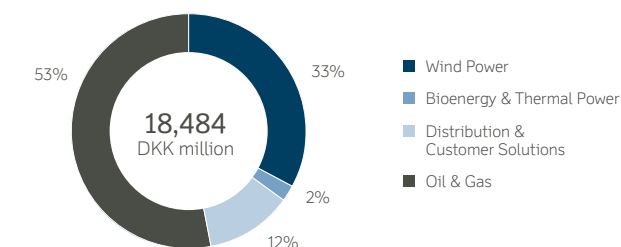
### Adjusted return on capital employed (adjusted ROCE)

Adjusted ROCE amounted to 10.1% in 2015 against 4.8% in 2014. The increase in ROCE adjusted for impairment losses is mainly due to the higher adjusted EBIT and lower average capital employed. Read more in note 2.1.

#### ADJUSTED OPERATING PROFIT (LOSS), business performance

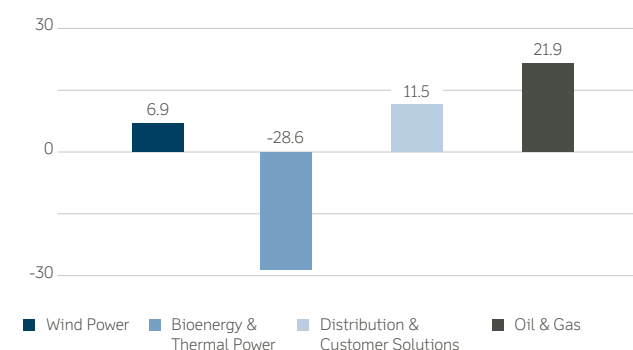
DKK million	2015	2014	2013
Operating profit (loss) (EBIT)	(7,250)	(1,177)	2,041
Current hydrocarbon tax	(2,591)	(3,526)	(1,105)
EBIT less current hydrocarbon tax	(9,841)	(4,703)	936
Reversal of impairment losses for the year	17,033	8,324	5,008
Adjusted operating profit (loss)	7,192	3,621	5,944

### EBITDA BY SEGMENT, % 2015<sup>1</sup>



<sup>1</sup> EBITDA is determined based on business performance.

### ADJUSTED RETURN ON CAPITAL EMPLOYED (ADJUSTED ROCE), % 2015<sup>2</sup>



<sup>2</sup> Adjusted return on capital employed (adjusted ROCE) is determined based on business performance.

## 2.1 SEGMENT INFORMATION



**WIND  
POWER**

DKK million	
Revenue	16,505
EBITDA	6,151
Gross investments	10,192
Number of employees	2,358

**Primary activity:**

Development, construction, ownership and operation of offshore wind farms in Denmark, the UK, Germany, the Netherlands and the USA.



**BIOENERGY  
& THERMAL POWER**

DKK million	
Revenue	5,178
EBITDA	283
Gross investments	1,214
Number of employees	797

**Primary activity:**

Power and heat generation from CHP plants in Denmark and a gas-fired power plant in the Netherlands.



**DISTRIBUTION  
& CUSTOMER SOLUTIONS**

DKK million	
Revenue	49,444
EBITDA	2,173
Gross investments	1,110
Number of employees	1,496

**Primary activity:**

Power and gas distribution and sales in the wholesale and retail markets in Denmark, Sweden, Germany and the UK as well as optimisation and hedging of the Group's overall energy portfolio.



**OIL  
& GAS**

DKK million	
Revenue	12,770
EBITDA	9,754
Gross investments	5,985
Number of employees	727

**Primary activity:**

Oil and gas production in Denmark, Norway, the UK, the Faroe Islands and Greenland as well as ownership interests in subsea gas pipelines and a gas treatment plant in the UK.

**Geographical distribution of revenue as well as intangible assets and property, plant and equipment**

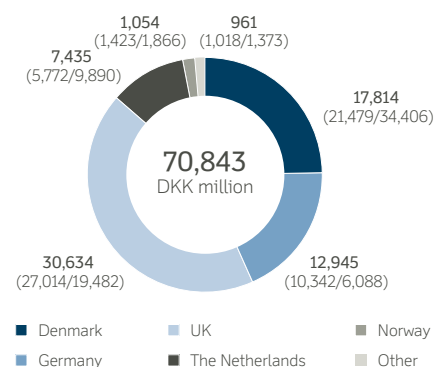
A significant part of the Group's sales are executed via power exchanges and gas hubs in Europe, the physical location of which does not reflect the Group's market risks.

Segment revenue is broken down, as far as possible, by the customer's geographical location based on supply point. However, when delivery is made directly from production platforms in the North Sea, the final supply point is not known to DONG Energy. In such cases, the customers' geographical location is defined on the basis of their invoicing address.

No single customer accounts for more than 10% of consolidated revenue.

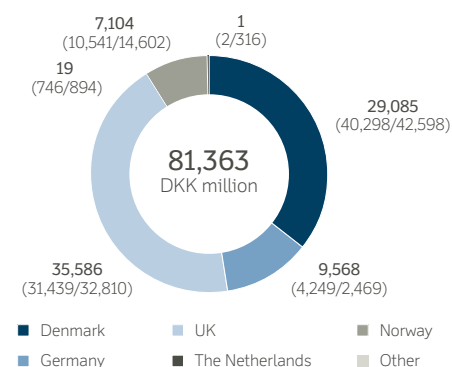
Non-current assets are broken down geographically based on the physical location of the assets and comprise intangible assets and property, plant and equipment.

REVENUE, DKK million 2015<sup>1</sup> (2014/2013)



<sup>1</sup> Revenue determined based on business performance.

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS, DKK million 2015 (2014/2013)



**ACCOUNTING  
POLICIES**





The Group presents an alternative performance measure, business performance, in connection with the statement of profit (loss) for the year. Segment income and segment expenses are stated in accordance with the business performance principle described in note 2.2.

Segment income and segment expenses are those items that, in the internal management reporting, are directly attributable to the individual segment or can be indirectly allocated to the individual segment on a reliable basis. Other activities primarily comprise income and expenses, assets and liabilities, investing activities, taxes, etc. that are not directly employed by the individual segment in its operating activities. Intersegment transactions are priced on arm's length terms.

## 2.1 SEGMENT INFORMATION

CONTINUED

NOTES / RETURN ON CAPITAL EMPLOYED





2015									
DKK million	Wind Power	Bioenergy & Thermal Power	Distribution & Customer Solutions	Oil & Gas	Reporting segments	Other activities/ eliminations	Business performance	Adjustments	IFRS
<b>INCOME STATEMENT</b>									
External revenue	11,818	4,651	48,485	5,399	70,353	490	70,843	3,544	74,387
Intragroup revenue	4,687	527	959	7,371	13,544	(13,544) <sup>1</sup>			
<b>Revenue</b>	<b>16,505</b>	<b>5,178</b>	<b>49,444</b>	<b>12,770</b>	<b>83,897</b>	<b>(13,054)</b>	<b>70,843</b>	<b>3,544</b>	<b>74,387</b>
Cost of sales	(7,930)	(3,819)	(45,259)	(902)	(57,910)	12,944	(44,966)	(106)	(45,072)
Employee costs and other external expenses	(3,140)	(1,572)	(2,080)	(3,468)	(10,260)	219	(10,041)		(10,041)
Other operating income and expenses	595	495	121	951	2,162	1	2,163		2,163
Gain (loss) on disposal of non-current assets	7	3	(53)	403	360	13	373		373
Share of profit (loss) in associates and joint ventures	114	(2)			112		112		112
<b>EBITDA</b>	<b>6,151</b>	<b>283</b>	<b>2,173</b>	<b>9,754</b>	<b>18,361</b>	<b>123</b>	<b>18,484</b>	<b>3,438</b>	<b>21,922</b>
Depreciation and amortisation	(3,164)	(1,367)	(1,109)	(3,028)	(8,668)	(33)	(8,701)		(8,701)
Impairment losses	(504)	(680)		(15,849)	(17,033)		(17,033) <sup>2</sup>		(17,033)
<b>Operating profit (loss) (EBIT)</b>	<b>2,483</b>	<b>(1,764)</b>	<b>1,064</b>	<b>(9,123)</b>	<b>(7,340)</b>	<b>90</b>	<b>(7,250)</b>	<b>3,438</b>	<b>(3,812)</b>
Current hydrocarbon tax				(2,591)	(2,591)		(2,591)		(2,591)
<b>EBIT less current hydrocarbon tax</b>	<b>2,483</b>	<b>(1,764)</b>	<b>1,064</b>	<b>(11,714)</b>	<b>(9,931)</b>	<b>90</b>	<b>(9,841)</b>	<b>3,438</b>	<b>(6,403)</b>
Reversal of impairment losses for the year	504	680		15,849	17,033		17,033 <sup>2</sup>		17,033
<b>Adjusted operating profit (loss)</b>	<b>2,987</b>	<b>(1,084)</b>	<b>1,064</b>	<b>4,135</b>	<b>7,102</b>	<b>90</b>	<b>7,192</b>	<b>3,438</b>	<b>10,630</b>
<b>KEY FIGURES</b>									
Property, plant and equipment and intangible assets	50,653	5,855	12,140	12,382	81,030	333	81,363		81,363
Investments in associates and joint ventures as well as other equity investments	1,227	9	404		1,640	2	1,642		1,642
Net working capital, operations	3,077	(2,344)	(4,755)	812	(3,210)	323	(2,887)		(2,887)
Net working capital, installations	(2,598)	(236)		(938)	(3,772)		(3,772)		(3,772)
Derivative financial instruments, net	479	128	1,696	5,653	7,956	(1,845)	6,111		6,111
Assets classified as held for sale, net			2,452		2,452	(1,000)	1,452		1,452
Decommissioning obligations	(2,461)	(790)	(185)	(7,708)	(11,144)		(11,144)		(11,144)
Other provisions	(1,648)	(859)	(2,977)	(3,524)	(9,008)	964	(8,044)		(8,044)
Tax, net	(1,296)	459	(143)	(1,223)	(2,213)	(1,487)	(3,700)		(3,700)
Other receivables and other payables, net	573		25		598	(689)	(91)		(91)
<b>Capital employed at 31 December</b>	<b>48,006</b>	<b>2,222</b>	<b>8,657</b>	<b>5,444</b>	<b>64,329</b>	<b>(3,399)</b>	<b>60,930</b>	<b>-</b>	<b>60,930</b>
<b>Return on capital employed (ROCE)</b>	<b>%</b>	<b>5.7</b>	<b>(50.0)</b>	<b>11.5</b>	<b>(101.9)</b>	<b>-</b>	<b>(15.6)</b>	<b>-</b>	<b>-</b>
<b>Adjusted ROCE</b>	<b>%</b>	<b>6.9</b>	<b>(28.6)</b>	<b>11.5</b>	<b>21.9</b>	<b>-</b>	<b>10.1</b>	<b>-</b>	<b>-</b>
Cash flows from operating activities	3,074	2,488	3,691	6,049	15,302	(1,731)	13,571		13,571
Gross investments	(10,192)	(1,214)	(1,110)	(5,985)	(18,501)	(192)	(18,693)		(18,693)
Divestments	1,603	280	108	591	2,582	(9)	2,573		2,573
<b>Free cash flow (FCF)</b>	<b>(5,515)</b>	<b>1,554</b>	<b>2,689</b>	<b>655</b>	<b>(617)</b>	<b>(1,932)</b>	<b>(2,549)</b>	<b>-</b>	<b>(2,549)</b>

<sup>1</sup> Of which elimination of intragroup revenue accounts for an outflow of DKK 15,735 million. <sup>2</sup> Includes DKK 2,516 million regarding onerous contracts relating to the construction of property, plant and equipment (read more in note 3.3).

## 2.1 SEGMENT INFORMATION

CONTINUED

NOTES / RETURN ON CAPITAL EMPLOYED





2014					Reporting segments	Other activities/ eliminations	Business performance	Adjustments	IFRS
	Wind Power	Bioenergy & Thermal Power	Distribution & Customer Solutions	Oil & Gas					
DKK million									
External revenue	7,920	6,207	46,897	5,768	66,792	256	67,048	4,781	71,829
Intragroup revenue	1,808	131	1,158	8,243	11,340	(11,340) <sup>1</sup>			
<b>Revenue</b>	<b>9,728</b>	<b>6,338</b>	<b>48,055</b>	<b>14,011</b>	<b>78,132</b>	<b>(11,084)</b>	<b>67,048</b>	<b>4,781</b>	<b>71,829</b>
Cost of sales	(3,424)	(4,372)	(44,383)	(911)	(53,090)	10,864	(42,226)	(837)	(43,063)
Employee costs and other external expenses	(2,149)	(1,680)	(2,279)	(4,516)	(10,624)	141	(10,483)		(10,483)
Other operating income and expenses	141	50	40	41	272	2	274		274
Gain (loss) on disposal of non-current assets	1,856	84	(29)	(34)	1,877	(8)	1,869		1,869
Share of profit (loss) in associates and joint ventures	(95)	2			(93)		(93)		(93)
<b>EBITDA</b>	<b>6,057</b>	<b>422</b>	<b>1,404</b>	<b>8,591</b>	<b>16,474</b>	<b>(85)</b>	<b>16,389</b>	<b>3,944</b>	<b>20,333</b>
Depreciation and amortisation	(2,574)	(1,405)	(1,321)	(3,922)	(9,222)	(20)	(9,242)		(9,242)
Impairment losses			(216)	(8,108)	(8,324)		(8,324)		(8,324)
<b>Operating profit (loss) (EBIT)</b>	<b>3,483</b>	<b>(983)</b>	<b>(133)</b>	<b>(3,439)</b>	<b>(1,072)</b>	<b>(105)</b>	<b>(1,177)</b>	<b>3,944</b>	<b>2,767</b>
Current hydrocarbon tax				(3,526)	(3,526)		(3,526)		(3,526)
<b>EBIT less current hydrocarbon tax</b>	<b>3,483</b>	<b>(983)</b>	<b>(133)</b>	<b>(6,965)</b>	<b>(4,598)</b>	<b>(105)</b>	<b>(4,703)</b>	<b>3,944</b>	<b>(759)</b>
Reversal of impairment losses for the year			216	8,108	8,324		8,324		8,324
<b>Adjusted operating profit (loss)</b>	<b>3,483</b>	<b>(983)</b>	<b>83</b>	<b>1,143</b>	<b>3,726</b>	<b>(105)</b>	<b>3,621</b>	<b>3,944</b>	<b>7,565</b>
<b>KEY FIGURES</b>									
Property, plant and equipment and intangible assets	42,455	6,863	15,496	22,282	87,096	179	87,275		87,275
Investments in associates and joint ventures as well as other equity investments	1,139	11	434		1,584		1,584		1,584
Net working capital, operations	605	(1,223)	(2,686)	1,819	(1,485)	(147)	(1,632)		(1,632)
Net working capital, installations	(1,196)	(106)		(1,113)	(2,415)		(2,415)		(2,415)
Derivative financial instruments, net	(178)	190	466	3,398	3,876	(1,006)	2,870		2,870
Decommissioning obligations	(2,074)	(789)	(609)	(6,896)	(10,368)		(10,368)		(10,368)
Other provisions	(1,438)	(947)	(3,118)	(9)	(5,512)	(54)	(5,566)		(5,566)
Tax, net	(1,031)	838	(90)	(1,943)	(2,226)	(3,815)	(6,041)		(6,041)
Other receivables and other payables, net	419		9		428	(624)	(196)		(196)
<b>Capital employed at 31 December</b>	<b>38,701</b>	<b>4,837</b>	<b>9,902</b>	<b>17,538</b>	<b>70,978</b>	<b>(5,467)</b>	<b>65,511</b>	<b>-</b>	<b>65,511</b>
<b>Return on capital employed (ROCE)</b>	<b>% 8.9</b>	<b>(17.5)</b>	<b>(1.1)</b>	<b>(36.5)</b>	<b>-</b>	<b>-</b>	<b>(6.6)</b>	<b>-</b>	<b>-</b>
<b>Adjusted ROCE</b>	<b>% 8.9</b>	<b>(17.5)</b>	<b>0.7</b>	<b>5.1</b>	<b>-</b>	<b>-</b>	<b>4.8</b>	<b>-</b>	<b>-</b>
Cash flows from operating activities	5,198	1,469	1,952	5,390	14,009	949	14,958		14,958
Gross investments	(7,827)	(725)	(1,739)	(5,032)	(15,323)	(36)	(15,359)		(15,359)
Divestments	7,330	294	2,818	94	10,536	117	10,653		10,653
<b>Free cash flow (FCF)</b>	<b>4,701</b>	<b>1,038</b>	<b>3,031</b>	<b>452</b>	<b>9,222</b>	<b>1,030</b>	<b>10,252</b>	<b>-</b>	<b>10,252</b>

<sup>1</sup> Of which elimination of intragroup revenue accounts for an outflow of DKK 13,250 million.

## 2.1 SEGMENT INFORMATION

CONTINUED

NOTES / RETURN ON CAPITAL EMPLOYED

2013					Reporting segments	Other activities/ eliminations	Business performance	Adjustments	IFRS
	Wind Power	Bioenergy & Thermal Power	Distribution & Customer Solutions	Oil & Gas					
DKK million									
External revenue	10,102	10,117	48,165	4,550	72,934	171	73,105	(906)	72,199
Intragroup revenue	1,858	(459)	1,498	7,794	10,691	(10,691) <sup>1</sup>			
<b>Revenue</b>	<b>11,960</b>	<b>9,658</b>	<b>49,663</b>	<b>12,344</b>	<b>83,625</b>	<b>(10,520)</b>	<b>73,105</b>	<b>(906)</b>	<b>72,199</b>
Cost of sales	(4,915)	(7,071)	(44,887)	(684)	(57,557)	10,333	(47,224)	101	(47,123)
Employee costs and other external expenses	(1,900)	(1,918)	(2,435)	(4,433)	(10,686)	240	(10,446)		(10,446)
Other operating income and expenses	(255)	73	6	97	(79)	10	(69)		(69)
Gain (loss) on disposal of non-current assets	73	3	1		77	272	349		349
Share of profit (loss) in associates and joint ventures	(710)	(1)			(711)		(711)		(711)
<b>EBITDA</b>	<b>4,253</b>	<b>744</b>	<b>2,348</b>	<b>7,324</b>	<b>14,669</b>	<b>335</b>	<b>15,004</b>	<b>(805)</b>	<b>14,199</b>
Depreciation and amortisation	(2,020)	(1,546)	(1,429)	(2,925)	(7,920)	(35)	(7,955)		(7,955)
Impairment losses	(339)	(1,000)	(6)	(3,663)	(5,008)		(5,008)		(5,008)
<b>Operating profit (loss) (EBIT)</b>	<b>1,894</b>	<b>(1,802)</b>	<b>913</b>	<b>736</b>	<b>1,741</b>	<b>300</b>	<b>2,041</b>	<b>(805)</b>	<b>1,236</b>
Current hydrocarbon tax				(1,105)	(1,105)		(1,105)		(1,105)
<b>EBIT less current hydrocarbon tax</b>	<b>1,894</b>	<b>(1,802)</b>	<b>913</b>	<b>(369)</b>	<b>636</b>	<b>300</b>	<b>936</b>	<b>(805)</b>	<b>131</b>
Reversal of impairment losses for the year	339	1,000	5	3,664	5,008		5,008		5,008
<b>Adjusted operating profit (loss)</b>	<b>2,233</b>	<b>(802)</b>	<b>918</b>	<b>3,295</b>	<b>5,644</b>	<b>300</b>	<b>5,944</b>	<b>(805)</b>	<b>5,139</b>
<b>KEY FIGURES</b>									
Property, plant and equipment and intangible assets	40,266	7,905	16,089	29,877	94,137	(448)	93,689		93,689
Investments in associates and joint ventures as well as other equity investments	1,368	9	946		2,323		2,323		2,323
Net working capital, operations	2,629	(708)	(279)	1,657	3,299	(1,195)	2,104		2,104
Net working capital, installations	(519)	(33)		(999)	(1,551)		(1,551)		(1,551)
Derivative financial instruments, net	(224)	103	1,393	(769)	503	125	628		628
Assets classified as held for sale			279		279	(1)	278		278
Decommissioning obligations	(1,575)	(852)	(606)	(5,788)	(8,821)		(8,821)		(8,821)
Other provisions	(696)	(1,104)	(2,753)	(135)	(4,688)	(101)	(4,789)		(4,789)
Tax, net	(1,304)	1,002	(682)	(3,181)	(4,165)	(2,018)	(6,183)		(6,183)
Other receivables and other payables, net	(10)	90	164	1	245	(578)	(333)		(333)
<b>Capital employed at 31 December</b>	<b>39,935</b>	<b>6,412</b>	<b>14,551</b>	<b>20,663</b>	<b>81,561</b>	<b>(4,216)</b>	<b>77,345</b>	<b>-</b>	<b>77,345</b>
<b>Return on capital employed (ROCE)</b>	<b>%</b>	<b>4.8</b>	<b>(17.7)</b>	<b>5.8</b>	<b>(1.9)</b>	<b>-</b>	<b>1.2</b>	<b>-</b>	<b>-</b>
<b>Adjusted ROCE</b>	<b>%</b>	<b>5.7</b>	<b>(7.6)</b>	<b>5.9</b>	<b>16.7</b>	<b>-</b>	<b>7.4</b>	<b>-</b>	<b>-</b>
Cash flows from operating activities	2,485	968	3,052	3,976	10,481	(752)	9,729		9,729
Gross investments	(9,485)	(680)	(1,447)	(9,610)	(21,222)	(12)	(21,234)		(21,234)
Divestments	7,972	4,911	550	3	13,436	1,896	15,332		15,332
<b>Free cash flow (FCF)</b>	<b>972</b>	<b>5,199</b>	<b>2,155</b>	<b>(5,631)</b>	<b>2,695</b>	<b>1,132</b>	<b>3,827</b>	<b>-</b>	<b>3,827</b>

<sup>1</sup> Of which elimination of intragroup revenue accounts for an outflow of DKK 12,554 million



## 2.2 BUSINESS PERFORMANCE PRINCIPLE

### ACCOUNTING POLICIES

The background to business performance

DONG Energy has an active hedging policy and hedges market price risks for up to five years to stabilise cash flows and ensure certainty about the Group's finances. With a view to ensuring transparency, it is desired that the financial effect of the hedging transactions is reflected in the financial reporting simultaneously with the hedged exposure (for example sales of power). This can normally be achieved by applying the IFRS rules on hedge accounting. However, for energy companies like DONG Energy it is sometimes difficult to ensure simultaneity. This is due to the fact that hedging instruments are not always available which precisely match the underlying commercial exposure, or which are sufficiently liquid. Consequently, the Group engages in some hedging in alternative markets or subject to alternative time horizons. For example, power generation in Denmark is to some extent hedged by financial contracts for EEX (Germany) and the Nord Pool areas (Scandinavia) as these normally develop uniformly over time.

This means that only some of the Group's financial hedging transactions comply with the IFRS provisions on hedge accounting even though the financial risk has been reduced. In case of non-compliance, the hedging transactions must be subjected to regular market value adjustments, which may give rise to considerable fluctuations in the income statement.

Due to the problem of ensuring simultaneity in the financial reporting, DONG Energy does not apply the IFRS rules on hedge accounting to transactions hedging energy prices and associated currency risks. Market value adjustments of these hedges are therefore recognised in the income statement in accordance with IFRS. Instead, an alternative measure – business performance – is used to ensure greater transparency in the financial reporting. In the income statement, the business performance result is shown in connection with the IFRS results. In the income statement, the difference between the two performance measures is shown in a separate column, 'Adjustments'.

### Description of business performance

The business performance results reflect the internal management of the Group and represents the underlying results for the period under review. Under the business performance principle, the value adjustment of the hedging transactions is deferred and recognised for the period in which the hedged exposure materialises. This is illustrated in the example below. The following two types of contracts are included in the business performance principle.

- hedging contracts concerning energy and related currencies
- commercial contracts concerning energy recognised at fair value

The Group's balance sheet, cash flows and equity are not affected.

When hedging instruments do not fully correspond to the hedged exposure, any difference between the development in the market value of the hedging contract and the market value of the hedged exposure is recognised immediately in the income statement as part of the gain (loss) from the trading portfolio. See note 7.3 for further information about the trading portfolio.

The method of recognition under business performance is otherwise identical with the method of recognition under IFRS. The method of recognition of the Group's hedging contracts according to IFRS and business performance is summarised in the table below.

### Overview of the accounting treatment of the Group's risk management

DONG Energy hedges risks associated with developments in energy, currencies and interest rates. Hedging is based on different accounting principles depending on the type of risk being hedged.

Hedging type	IFRS	Business performance
Hedging of energy and associated currency risks as well as fixed-price physical gas and power contracts	Fair value via income statement	Fair value adjustments are deferred and recognised in the period in which the exposure materialises
Hedging of interest rate risks	Fair value adjustments are deferred and recognised in the period in which the exposure materialises	Recognition the same as under IFRS
Hedging of currency risks associated with net investments in foreign entities	Fair value adjustments are recognised in other comprehensive income	Recognition the same as under IFRS
Trading portfolio	Fair value via income statement	Recognition the same as under IFRS

### EXAMPLE OF THE BUSINESS PERFORMANCE PRINCIPLE

In 20x1, DONG Energy entered into a hedging contract which expires in 20x5 with a positive market value of 80.

The development in market value for the individual years is shown in column 2.

Column 3 shows that the hedging contract is recognised in the business performance income statement in 20x5, at the same time as the hedged exposure. However, the development in market value is recognised on an ongoing basis in the IFRS income statement, see column 4. Upon the expiry of the contract in 20x5, the total effect on results over the period is the same under the IFRS and the business performance principles. Only the timing differs.

The business performance principle ensures simultaneity of recognition of the underlying exposure and the hedging contract.

The recognition of the market value of a hedging contract according to the business performance and IFRS principles in the income statement can be illustrated as follows:

Year	Development in market value	Recognised in the income statement as follows:	
		Business performance	IFRS
20x1	50	0	50
20x2	20	0	20
20x3	(30)	0	(30)
20x4	(70)	0	(70)
20x5	110	80	110
<b>Total market value</b>	<b>80</b>	<b>80</b>	<b>80</b>

## 2.2 BUSINESS PERFORMANCE PRINCIPLE

CONTINUED

### EXPECTED DATE OF TRANSFER TO EBITDA

DKK million				Deferred for subsequent recognition at 31 December 2015				Deferred for subsequent recognition at 31 December 2014				Deferred for subsequent recognition at 31 December 2013
	2016	2017	after 2017	2015	2016	after 2016	2014	2015	after 2015	2013		
Oil	1,301	698	212	2,211	(415)	182	39	(194)	(117)	(54)	(106)	(277)
Gas	2,876	1,027	723	4,626	2,027	1,093	548	3,668	93	125	135	353
Power	796	466	307	1,569	398	146	(63)	481	(99)	(55)	(333)	(487)
Coal	(156)	(33)	(2)	(191)	(187)	(66)	(2)	(255)	(164)	(47)	(3)	(214)
Currency	(680)	(411)	(436)	(1,527)	(94)	(138)	(169)	(401)	(436)	20	157	(259)
<b>Total</b>	<b>4,137</b>	<b>1,747</b>	<b>804</b>	<b>6,688</b>	<b>1,729</b>	<b>1,217</b>	<b>353</b>	<b>3,299</b>	<b>(723)</b>	<b>(11)</b>	<b>(150)</b>	<b>(884)</b>

### Accumulated difference between IFRS and business performance

Market value adjustments deferred for recognition in the business performance results in a subsequent period are specified in the table above. At 31 December 2015, a gain of DKK 6,688 million had been

deferred (2014: gain of DKK 3,299 million and 2013: loss of DKK -884 million), which will affect business performance EBITDA in subsequent years. Of the total deferred gain, business performance EBITDA is expected

to be affected by a gain of DKK 4,137 million in 2016 (2014: gain of DKK 1,729 million and 2013: loss of DKK -723 million).

### The 'Adjustments' column in the income statement

The difference between business performance and IFRS is shown in the 'Adjustments' column as follows: Adjustments are shown in the table on the right.

### Difference between IFRS and business performance for the year

The difference between IFRS and business performance is specified in the table on the right. Market value adjustments in respect of future periods totalled DKK 5,923 million (2014: DKK 5,662 million and 2013: DKK -162 million) and primarily relate to the hedging of gas, power and oil.

Reversal of deferred gain (loss) recognised according to business performance in 2015 totalled DKK -2,485 million (2014: DKK -1,718 million and 2013: DKK -643 million) and primarily relate to gain (loss) on the hedging of gas and, in part, power. These gain (loss) are recognised in business performance EBITDA in 2015 and in IFRS EBITDA in a previous period.

### SPECIFICATION OF THE DIFFERENCE BETWEEN EBITDA ACCORDING TO BUSINESS PERFORMANCE AND ACCORDING TO IFRS

DKK million	2015	2014	2013
<b>EBITDA – business performance</b>	<b>18,484</b>	<b>16,389</b>	<b>15,004</b>
Business performance adjustments in respect of revenue for the year	3,544	4,781	(906)
Business performance adjustments in respect of cost of sales for the year	(106)	(837)	101
<b>EBITDA – IFRS</b>	<b>21,922</b>	<b>20,333</b>	<b>14,199</b>
Total business performance adjustments for the year comprise:			
Market value adjustments for the year of financial and physical hedging contracts that relate to future periods	5,923	5,662	(162)
Reversal of deferred gain (loss) relating to hedging contracts from previous periods, where the hedged production or trade is recognised in business performance EBITDA for this period.	(2,485)	(1,718)	(643)
<b>Total adjustments</b>	<b>3,438</b>	<b>3,944</b>	<b>(805)</b>

## 2.2 BUSINESS PERFORMANCE PRINCIPLE

CONTINUED

### Market value adjustments for the year of hedging contracts

2015 was mainly affected by gains on the hedging of oil, gas and power as a result of declining prices in 2015 combined with a net sales position of oil, gas and power. This was partially offset by losses on the Group's currency hedges resulting from a strengthened USD and GBP in 2015.

2014 was primarily affected by gains on hedging contracts related to gas and power as a result of a decline in gas and power prices.

### Reversal of gain (loss) from previous periods

In 2015, a gain of DKK 2,485 million was recognised in business performance EBITDA, but as the gain was recognised in IFRS EBITDA in a previous period, the gain was reversed in the 'Adjustments' column in the income statement. The gain in 2015 is primarily attributable to the hedging of gas and power, the sales of which have been hedged at prices exceeding the actual prices in 2015.

2014 was primarily affected by a gain on hedging contracts relating to gas and power from previous periods as well as to currency hedging contracts. The gain is a result of the fact that sales were hedged at prices exceeding the actual prices in 2014.

2013 was primarily affected by a gain on hedging contracts relating to gas and power from a previous period. The gain is a result of the fact that the sales of gas and power were hedged at prices exceeding the actual prices in 2013.





### MARKET VALUE ADJUSTMENTS FOR THE YEAR OF FINANCIAL AND PHYSICAL HEDGING CONTRACTS





DKK million	2015	2014	2013
Oil hedge	2,114	(21)	(399)
Coal hedge	(189)	(268)	(247)
Currency hedge	(1,049)	(342)	(145)
Gas (commercial and hedge)	3,257	4,842	510
Power (commercial and hedge)	1,790	1,451	119
<b>Total market value adjustments</b>	<b>5,923</b>	<b>5,662</b>	<b>(162)</b>

### REVERSAL OF GAIN (LOSS) ON HEDGING CONTRACTS DEFERRED FROM PREVIOUS PERIODS

DKK million	2015	2014	2013
Oil hedge	291	48	(73)
Coal hedge	254	227	279
Currency hedge	(31)	5	(106)
Gas (commercial and hedge)	(2,298)	(1,519)	(475)
Power (commercial and hedge)	(701)	(479)	(268)
<b>Total reversal of gain (loss) from previous period</b>	<b>(2,485)</b>	<b>(1,718)</b>	<b>(643)</b>

## 2.3 REVENUE

2015	Wind Power 	Bioenergy & Thermal Power 	Distribution & Customer Solutions 	Oil & Gas 	Other activities/ eliminations	Total
DKK million						
Distribution and transmission			5,328	195	(38)	5,485
Sales of heat and steam		2,061				2,061
Sales of oil				3,260	21	3,281
Sales of gas			26,102	7,499	(8,697)	24,904
Sales of power	6,893	2,592	18,587		(4,336)	23,736
Revenue from construction contracts	8,287					8,287
Other revenue	1,325	525	(573)	1,816	(4)	3,089
<b>Total, business performance</b>	<b>16,505</b>	<b>5,178</b>	<b>49,444</b>	<b>12,770</b>	<b>(13,054)</b>	<b>70,843</b>
Adjustments	591	46	1,231	2,281	(605)	3,544
<b>Total, IFRS</b>	<b>17,096</b>	<b>5,224</b>	<b>50,675</b>	<b>15,051</b>	<b>(13,659)</b>	<b>74,387</b>

2014	Wind Power 	Bioenergy & Thermal Power 	Distribution & Customer Solutions 	Oil & Gas 	Other activities/ eliminations	Total
DKK million						
Distribution and transmission <sup>1</sup>			5,485	232	(292)	5,425
Sales of heat and steam		2,302				2,302
Sales of oil				5,331	28	5,359
Sales of gas			27,247	8,190	(9,176)	26,261
Sales of power	5,272	3,459	15,047		(1,369)	22,409
Revenue from construction contracts	2,897					2,897
Other revenue	1,559	577	276	258	(275)	2,395
<b>Total, business performance</b>	<b>9,728</b>	<b>6,338</b>	<b>48,055</b>	<b>14,011</b>	<b>(11,084)</b>	<b>67,048</b>
Adjustments	(4)	304	(206)	4,195	492	4,781
<b>Total, IFRS</b>	<b>9,724</b>	<b>6,642</b>	<b>47,849</b>	<b>18,206</b>	<b>(10,592)</b>	<b>71,829</b>

<sup>1</sup> Including revenue from inventory activity.

Revenue for the year increased from DKK 67,048 million in 2014 to DKK 70,843 million in 2015, up 6%. The increase is primarily attributable to higher activity related to construction contracts, increasing power generation from offshore wind farms and sales of green certificates. The increase in revenue was partially offset by lower oil and gas production and lower power, oil and gas prices. Revenue from construction contracts is primarily attributable to the construction of Borkum Riffgrund 1 and Gode Wind 1 and 2 for co-investors.

According to IFRS, revenue totalled DKK 74,387 million (2014: DKK 71,829 million and 2013: DKK 72,199 million), of which DKK 67,674 million (2014: DKK 65,136 million and 2013: DKK 65,775 million) represents revenue from the sale of goods, while DKK 6,713 million (2014: DKK 6,693 million and 2013: DKK 6,424 million) represents revenue from the sale of services.

### ACCOUNTING POLICIES

Revenue from the distribution and transmission of energy as well as sales of heat and steam, oil, gas and power is recognised in profit (loss) for the year when delivery and transfer of risk to the buyer have taken place and to the extent that the income can be measured reliably and is expected to be received.

Revenue is measured at the fair value of the agreed consideration excluding VAT and other indirect taxes collected on behalf of third parties. All forms of discounts granted are recognised in revenue.

Revenue from the Group's offshore wind farms comprises sales of power at market prices and regulated prices (fixed tariffs and guaranteed minimum prices for green certificates), which are recognised at the production date.





Construction contracts are recognised as revenue as the work is performed, with the effect that revenue corresponds to the selling price of the work performed during the year (percentage of completion method). When the outcome of a construction contract cannot be estimated reliably, revenue is recognised to the extent of costs incurred in so far as it is probable that these costs will be recovered.

Other revenue consists of income from the installation of offshore wind farms for customers, trading activities, financial hedging transactions, etc.

Adjustments consist of the reversal of business performance adjustments. Reference is made to note 2.2.

## 2.3 REVENUE

CONTINUED

2013	Wind Power 	Bioenergy & Thermal Power 	Distribution & Customer Solutions 	Oil & Gas 	Other activities/ eliminations	Total
DKK million						
Distribution and transmission <sup>1</sup>			5,219	235	(45)	5,409
Sales of heat and steam		2,729				2,729
Sales of oil		35		4,695	34	4,764
Sales of gas			34,520	7,927	(8,812)	33,635
Sales of power	5,065	6,066	8,877		(1,233)	18,775
Revenue from construction contracts	5,606					5,606
Other revenue	1,289	828	1,047	(513)	(464)	2,187
<b>Total, business performance</b>	<b>11,960</b>	<b>9,658</b>	<b>49,663</b>	<b>12,344</b>	<b>(10,520)</b>	<b>73,105</b>
Adjustments	(296)	228	(969)	320	(189)	(906)
<b>Total, IFRS</b>	<b>11,664</b>	<b>9,886</b>	<b>48,694</b>	<b>12,664</b>	<b>(10,709)</b>	<b>72,199</b>

<sup>1</sup> Including revenue from inventory activity.

### CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In connection with the determination of revenue, the accrual of revenue relating to sales of power and gas to residential and business customers is subject to considerable uncertainty due to the fact that customers' realised consumption can only be verified through meter readings, which are not available at the date of presentation of the annual report. Revenue is recognised on the basis of statements that take account of relevant factors, such as for example actual temperatures of the month as well as the individual customer's historical consumption at the particular time of the year.

## 2.4 COST OF SALES

DKK million	2015	2014	2013
Gas	15,637	17,560	26,260
Power	12,906	12,835	6,949
Coal	801	1,188	1,707
Biomass	1,251	1,231	1,270
Oil	69	88	209
Distribution and transmission costs	5,834	5,339	4,678
Costs associated with construction contracts	7,383	2,650	4,189
Other cost of sales	1,085	1,335	1,962
<b>Cost of sales, business performance</b>	<b>44,966</b>	<b>42,226</b>	<b>47,224</b>
Adjustments	106	837	(101)
<b>Cost of sales, IFRS</b>	<b>45,072</b>	<b>43,063</b>	<b>47,123</b>

Cost of sales pertains partly to gas and power trading, and partly to the firing of biomass, coal and oil by CHP plants in connection with the generation of power and heating.

Cost of sales in 2015 increased as a result of an increase in revenue from construction contracts. The increase in costs relating to construction contracts was partially offset by a decrease in gas costs.

Cost of sales decreased from 2013 to 2014, primarily as a result of lower gas sales in 2014.

## 2.5 OTHER OPERATING INCOME

DKK million	2015	2014	2013
Gain on divestment of assets	515	2,177	451
Insurance compensation	875	93	
Other compensation	689	17	
Miscellaneous operating income	854	179	254
<b>Other operating income</b>	<b>2,933</b>	<b>2,466</b>	<b>705</b>

### CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

As a part of the partnership model in Wind Power, the Group has sold ownership interests in offshore wind farms by selling 50% of DONG Energy's ownership interests. The resulting gain is recognised in other operating income in the income statement as the management does not believe the divested assets to constitute an enterprise. The reason for this is, among other things, that no processes in the form of the operation and maintenance of the offshore wind farm are transferred, but only an undivided interest in the offshore wind farm.

Prior to the divestment, the offshore wind farms were recognised as joint operations. This method of recognition has been maintained following the partial divestments due to the fact that the set-up is unchanged; the agreements concluded by the parties still support the parties' joint control, and the parties are still obliged to buy all the power generated by the offshore wind farm at a price which covers the production costs and administrative expenses borne by the offshore wind farm.

Gain on divestment of assets in 2015 consists primarily of an earn-out payment related to the sale of 60% of DONG Energy's ownership interest in the Glenlivet gas field in the UK in 2014 (Oil & Gas). Insurance compensations received relates to the settlement of insurance claims in Oil & Gas and Bioenergy & Thermal Power. Other compensation mainly consists of amounts received from Energinet.dk as well as suppliers as compensation for delayed deliveries in connection with the construction of offshore wind farms (Wind Power). Miscellaneous operating income includes the effect of a settled dispute relating to CO<sub>2</sub> emissions allowances in 2005 and the first half of 2006 amounting to DKK 384 million (Bioenergy & Thermal Power).

Gain on divestment of assets in 2014 consisted primarily of the gain from the divestment of 50% of DONG Energy's ownership interest in the UK offshore wind farm London Array, and the gain from the divestment of 50% of the UK offshore wind farm Westermost Rough (Wind Power). Insurance compensations received in 2014 relates to the settlement of insurance claims in Oil & Gas and Wind Power.

Gain on divestment of assets in 2013 consisted primarily of the gain from the sale of the office premises in Gentofte.

## 2.6 OTHER OPERATING EXPENSES

DKK million	2015	2014	2013
Loss on divestment of assets	142	308	102
Miscellaneous operating expenses	255	15	323
<b>Other operating expenses</b>	<b>397</b>	<b>323</b>	<b>425</b>

Loss on divestment of assets in 2014 primarily consisted of losses on the divestment of 50% of Gode Wind 2 and the sale of the installation vessel Sea Energy (Wind Power).

## 2.7 EMPLOYEE COSTS

DKK million	2015	2014	2013
Wages, salaries and remuneration	4,224	3,985	4,011
Share-based payment	103	57	
Pensions	370	351	343
Other social security costs	154	139	129
Other employee costs	47	49	58
<b>Employee costs before transfers to assets</b>	<b>4,898</b>	<b>4,581</b>	<b>4,541</b>
Transfers to assets	(1,094)	(1,245)	(1,050)
<b>Employee costs</b>	<b>3,804</b>	<b>3,336</b>	<b>3,491</b>

### Pension plans and number of employees

DONG Energy's pension plans are primarily defined-contribution plans that do not commit DONG Energy beyond the amounts contributed. The defined-benefit plans relate to obligations to pay a defined benefit to a few power station employees that are no longer with the company and to public servants taken over from municipally owned regional companies. In 2015, these obligations amounted to DKK 10 million (2014: DKK 12 million and 2013: DKK 13 million).

In 2015, the average number of employees in DONG Energy was 6,611 (2014: 6,416 employees and 2013: 6,692 employees).

EXECUTIVE BOARD	Henrik Poulsen			Marianne Wiinholt <sup>1</sup>			Executive Board, total		
	2015	2014	2013	2015	2014	2013	2015	2014	2013 <sup>2</sup>
DKK '000									
Fixed salary	9,112	8,695	8,614	4,876	4,728	1,152	13,988	13,423	13,770
Variable salary	1,815	1,569	2,131	1,186	1,013	253	3,001	2,582	3,098
Share-based payment	2,784	684		1,790	439		4,574	1,123	
Social security	2	2	2	2	2	1	4	4	4
Salary during notice period <sup>3</sup>									9,084
Termination payment									13,390
<b>Total</b>	<b>13,713</b>	<b>10,950</b>	<b>10,747</b>	<b>7,854</b>	<b>6,182</b>	<b>1,406</b>	<b>21,567</b>	<b>17,132</b>	<b>39,346</b>

<sup>1</sup> Joined in October 2013.

<sup>2</sup> 2013 includes salary and termination payment for Carsten Krogsaard Thomsen by DKK 18,483 thousand and Anders Eldrup by DKK 8,710 thousand.

<sup>3</sup> Comprises salaries, bonus and pension and is recognised on the date of departure.

### Remuneration of Group Executive Management

The remuneration of the Group Executive Management is based on a fixed salary, including personal benefits such as a company car, free telephone, etc., a variable salary, share-based payment and pension for the other members of the Group Executive Management<sup>4</sup>.

Members of the Group Executive Management whose contracts of service are terminated by the company will be entitled to 24 months' pay, including pension, made up of salary during their notice period (12 months) and a termination payment (12 months).

### OTHER MEMBERS OF THE GROUP EXECUTIVE MANAGEMENT<sup>4</sup>

DKK '000	2015	2014	2013
Fixed salary	17,418	15,100	14,803
Variable salary <sup>5</sup>	4,132	6,215	2,685
Share-based payment	3,072	640	
Pension	1,429	2,194	1,997
Salary during notice period <sup>3</sup>			2,264
Termination payment			3,494
<b>Total</b>	<b>26,051</b>	<b>24,149</b>	<b>25,243</b>

<sup>4</sup> Other members of the Group Executive Management: David Cook (joined in December 2014), Samuel Leopold (joined in March 2013), Thomas Dalsgaard, Morten Hultberg Buchgreitz (joined in March 2013), Lars Clausen (departed in May 2013) and Søren Gath Hansen (resigned in December 2014).

<sup>5</sup> The variable salary paid to other members of the Group Executive Management in 2014 includes pay relating to changes to the Executive Board of Oil & Gas.

## 2.7 EMPLOYEE COSTS

CONTINUED

### BOARD OF DIRECTORS

DKK '000	Directors' remuneration	Audit and Risk Committee	Remuneration Committee	2015	2014	2013
Thomas Thune Andersen	500		50	550	229	
Lene Skole (joined in March 2015)	250			250		
Lynda Armstrong (joined in March 2015)	146			146		
Pia Gjellerup	175		25	200	210	200
Martin Hintze <sup>1</sup>						
Benny D. Loft	175	100		275	398	225
Claus Wiinblad	175	50		225	188	
Poul Arne Nielsen	175			175	175	175
Poul Dreyer	175			175	131	
Benny Gøbel <sup>2</sup>	175			175	189	225
Jens Nybo Stilling Sørensen	175			175	175	175
Hanne Sten Andersen	175			175	175	175
Jørn P. Jensen (departed in March 2015)	75			75	281	225
Mogens Vinther (departed in March 2014) <sup>3</sup>					44	175
Jytte Koed Madsen (departed in March 2014)					44	175
Jacob Brogaard (departed in March 2014)					106	376
Fritz H. Schur (departed in March 2014)					138	550
Lars Nørby Johansen (departed in April 2013)						212
Jens Kampmann (departed in April 2012)						44
Lars Rebién Sørensen (departed in April 2012)						17
<b>Total</b>	<b>2,371</b>	<b>150</b>	<b>75</b>	<b>2,596</b>	<b>2,483</b>	<b>2,949</b>

No remuneration has been paid to the Board representatives (Chairman and Deputy Chairman) on the Nomination Committee.

No agreements on termination payments to Board members have been made, and no termination payments have been made to members of the Board of Directors. Remuneration of the Board of Directors comprises salaries only.

### The Board of Directors' shareholdings in DONG Energy A/S

As part of the share programme, the employee representatives on the Board of Directors, Hanne Sten Andersen, Benny Gøbel, Poul Dreyer and Jens Nybo Stilling Sørensen, in 2014 each subscribed for 372 shares. Other Board members do not hold any shares in the company.

<sup>1</sup> Martin Hintze has waived his right to receive directors' remuneration

<sup>2</sup> In 2014, Benny Gøbel received DKK 175 thousand as a member of the Board of Directors of DONG Energy A/S and DKK 14 thousand (2013: DKK 50 thousand) as a member of the Board of Directors of DONG Energy Thermal Power A/S

<sup>3</sup> In 2013, Mogens Vinther also received separate compensation of DKK 24 thousand.



## 2.8 SHARE-BASED PAYMENT

### Share programme

The Executive Board is covered by a share programme for managers in DONG Energy, which was established in 2014. Through the share programme, around 250 senior employees were invited to subscribe for shares in DONG Energy A/S for an amount equivalent to 60-100% of their annual salary, depending on their level of seniority. Other employees were invited to subscribe for shares in DONG Energy A/S for an amount of up to DKK 40,000 subject to a discount of 25% relative to the price paid both by the new investors and by the senior executives.

Either in the event of an IPO or in 2019 at the latest, managers and employees who have subscribed for shares will be entitled to a number

of free shares (restricted shares), depending on the individual manager's or employee's share purchase and DONG Energy's financial performance benchmarked against ten comparable European energy companies during the period from November 2013 to the end of the share programme. The number of free shares cannot exceed 125% of the number of shares subscribed for by the individual manager or employee in 2014. This maximum will apply if DONG Energy's performance is rated first or second among the 11 companies included in the above benchmarking. If DONG Energy is rated number 11 in the benchmarking, no free shares will be granted.

If the IPO does not go ahead, managers and employees may sell their

shares, including free shares, back to the company at the fair market value determined by an independent third party. The granting of free shares is subject to the employees still being employed at the time of the IPO or up until 2019. If the contract of employment is terminated by DONG Energy or due to the employee retiring or taking early retirement, the employee will, however, retain the right to receive free shares. Managers will earn this right gradually during the 2014-2017 period.

### Restricted shares

The maximum number of free shares allocated under the share programme if all associated conditions are met can be specified as follows:

	Executive Board	Other members of the Group Executive Management	Senior executives	Other employees	Total	% of total share capital
Maximum number of restricted shares ('000)						
Total outstanding restricted shares at 1 January 2015	119	80	1,356	1,329	2,884	0.7%
Cancelled			(109)	(67)	(176)	(0.1%)
<b>Total outstanding restricted shares at 31 December 2015</b>	<b>119</b>	<b>80</b>	<b>1,247</b>	<b>1,262</b>	<b>2,708</b>	<b>0.6%</b>
DKK million						
Market value of outstanding restricted shares at the time of granting	8	5	80	81	174	

### Valuation of restricted shares at the time of granting

The market value of restricted shares at the time of granting is calculated using a Monte Carlo simulation. The calculation of market value is based on the following assumptions:

	Time of granting 2014
Share price	DKK 107.25
Average volatility, peers	27.2%
Volatility, DONG Energy	27.2%
Estimated dividend per share in the period	DKK 7.1
Risk-free interest rate	0.8% p.a.
Expected term at time of granting	4.2 years

### ACCOUNTING POLICIES

The share programme is initially classified as an equity-based programme on the assumption that an IPO is carried out for DONG Energy A/S as this is the most likely scenario. The fair value of the restricted shares and estimates of the number of restricted shares granted are measured at the time of granting and recognised in the income statement under employee costs over the vesting period, and in the balance sheet under equity over the vesting period.

The valuation of the restricted shares and estimates of the number of restricted shares that are expected to be granted are made using a Monte Carlo simulation based on expectations of the DONG Energy share's performance in relation to ten comparable European energy companies.

### THE GROUP EXECUTIVE MANAGEMENT'S SHAREHOLDING IN DONG ENERGY A/S

Number of shares ('000)	2015	2014	2013
Henrik Poulsen	58	58	
Marianne Wiinholt	37	37	
Other members of Group Executive Management	64	64	
<b>All members of Group Executive Management</b>	<b>159</b>	<b>159</b>	<b>-</b>

# 3 CAPITAL EMPLOYED

DONG Energy's capital employed primarily relates to production facilities, some of which are under construction. Investment projects are monitored closely, as a large part of the Group's value is created in the development and construction phases

## 60.9bn

Capital employed amounted to DKK 60,930 million at 31 December 2015

## 18.7bn

Gross investments totalled DKK 18,693 million in 2015

## 2.6bn

Cash flows from divestments totalled DKK 2,573 million in 2015

### IN THIS SECTION

- 3.1 Intangible assets and property, plant and equipment
- 3.2 Exploration activities and licences
- 3.3 Provisions and contingent assets and liabilities
- 3.4 Investments in associates and joint ventures
- 3.5 Gross and net investments
- 3.6 Acquisition of enterprises
- 3.7 Divestment of enterprises
- 3.8 Assets classified as held for sale
- 3.9 Non-controlling interests

### Investments and divestments in 2015

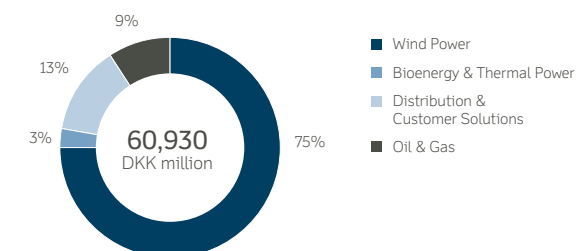
Total investments of DKK 18,693 million in offshore wind farms, bio-mass conversions, power and gas infrastructure as well as oil and gas fields were made in 2015, and divestments of DKK 2,573 million were made. The most significant assets under construction at the end of 2015 consisted of offshore wind farms in the UK and Germany as well as oil and gas fields in the UK and Denmark. See notes 3.1 and 3.7.

### Impairment losses

As a result of declining oil and gas prices, delay, higher capital expenditure and changed reserve estimates, the Group's oil and gas assets were impaired by DKK 12,333 million, assets classified as held for sale by DKK 1,000 million and provisions of DKK 2,516 million were made for losses on contracts relating to the construction of oil and gas-related production facilities. In addition, the Group's power station in the Netherlands was impaired by DKK 680 million as a result of lowered expectations for the development in the long-term power prices. Goodwill and property, plant and equipment relating to old installation vessels in Wind Power were impaired by DKK 504 million as a result of a challenging market situation.

DKK million	2015	2014	2013
Intangible assets and property, plant and equipment	81,363	87,275	93,689
Investments in associates and joint ventures as well as other equity investments	1,642	1,584	2,323
Net working capital	(6,659)	(4,047)	553
Derivative financial instruments, net	6,111	2,870	628
Assets classified as held for sale, net	1,452		278
Decommissioning obligations	(11,144)	(10,368)	(8,821)
Other provisions	(8,044)	(5,566)	(4,789)
Tax, net	(3,700)	(6,041)	(6,183)
Other receivables and other payables, net	(91)	(196)	(333)
<b>Capital employed at 31 December</b>	<b>60,930</b>	<b>65,511</b>	<b>77,345</b>

### CAPITAL EMPLOYED BY SEGMENT, % 2015



### 3.1 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

DKK million	Intangible assets	Land and buildings	Production assets	Exploration assets	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Property, plant and equipment
Cost at 1 January 2015	5,497	2,703	125,658	388	884	24,845	154,478
Exchange rate adjustments	10	2	341	1	(1)	794	1,137
Additions	369	4	446	139	151	19,103	19,843
Disposal on divestment of enterprises	(1)	(138)	(2,054)		(2)	(16)	(2,210)
Disposals	(345)	(39)	(437)	(514)	(24)	(2,164)	(3,178)
Adjustment of decommissioning obligations			543			493	1,036
Transfers to assets classified as held for sale	(29)	(29)	(8,994)		(1)	(1,775)	(10,799)
Transferred		100	7,769		131	(8,000)	
<b>Cost at 31 December 2015</b>	<b>5,501</b>	<b>2,603</b>	<b>123,272</b>	<b>14</b>	<b>1,138</b>	<b>33,280</b>	<b>160,307</b>
Depreciation and amortisation at 1 January 2015	(3,253)	(999)	(50,874)		(593)		(52,466)
Exchange rate adjustments	(8)	(1)	643		(1)		641
Depreciation and amortisation	(194)	(144)	(8,270)		(93)		(8,507)
Disposal on divestment of enterprises		58	803		1		862
Disposals	92	32	243		21		296
Transfers to assets classified as held for sale	29	5	7,581		1		7,587
<b>Depreciation and amortisation at 31 December 2015</b>	<b>(3,334)</b>	<b>(1,049)</b>	<b>(49,874)</b>	<b>-</b>	<b>(664)</b>	<b>-</b>	<b>(51,587)</b>
Impairment losses at 1 January 2015	(876)	(48)	(9,267)			(6,791)	(16,106)
Exchange rate adjustments			221			(211)	10
Impairment losses	(157)	(25)	(3,748)			(9,587)	(13,360)
Disposal on divestment of enterprises		9	503				512
Disposals						453	453
<b>Impairment losses at 31 December 2015</b>	<b>(1,033)</b>	<b>(64)</b>	<b>(12,291)</b>	<b>-</b>	<b>-</b>	<b>(16,136)</b>	<b>(28,491)</b>
<b>Carrying amount at 31 December 2015</b>	<b>1,134</b>	<b>1,490</b>	<b>61,107</b>	<b>14</b>	<b>474</b>	<b>17,144</b>	<b>80,229</b>

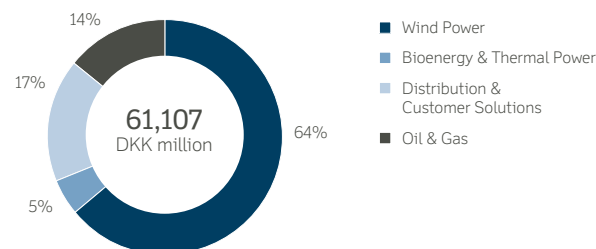
#### Intangible assets

Intangible assets comprise goodwill of DKK 125 million (2014: DKK 281 million and 2013: DKK 491 million), CO<sub>2</sub> emissions allowances of DKK 290 million (2014: DKK 396 million and 2013: DKK 747 million), other rights of DKK 392 million (2014: DKK 511 million and 2013: DKK 688 million), completed development projects of DKK 68 million (2014: DKK 70 million and 2013: DKK 137 million) and development projects in progress of DKK 259 million (2014: DKK 111 million and 2013: DKK 104 million).

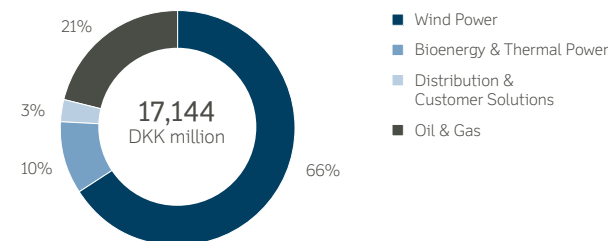
#### Collateral

Loans are secured on vessels with a carrying amount of DKK 398 million (2014: DKK 675 million and 2013: DKK 2,274 million, including loans secured on CHP plants). The outstanding balance is DKK 244 million (2014: DKK 244 million and 2013: DKK 1,744 million).

PRODUCTION ASSETS BY SEGMENT, % 2015



PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION BY SEGMENT, % 2015



### 3.1 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT CONTINUED



Wind Power

Wind Power's CGUs are made up of individual offshore wind farms and A2SEA, which each generate cash flows for the segments independently of each other.

The most significant CGUs are: Walney • Anholt  
 • West of Duddon Sands • Borkum Riffgrund 1 • London Array • Gunfleet Sands • Westernmost Rough • Gode Wind 1  
 • Gode Wind 2 • A2SEA

#### Impairment losses

##### Goodwill

In Wind Power, goodwill and production assets were impaired by DKK 504 million, of which DKK 157 million relates to goodwill and DKK 347 million relates to older installation vessels. The impairment losses were due to challenging market conditions.

In 2014, goodwill was impaired by a total of DKK 216 million in the UK and German sales activities in Distribution & Customer Solutions, also reflecting challenging market conditions. The entire impairment in respect of the sales activities concerned goodwill.



Bioenergy & Thermal Power

In Bioenergy & Thermal Power, the Danish CHP plants constitute a single CGU as overall production planning is for the Danish CHP plant portfolio as a whole. The Dutch power station Enecogen constitutes a single CGU.

Central CHP plants (including goodwill)  
 • Enecogen

##### Oil and gas activities

Property, plant and equipment under construction relating to the Hejre field and the area west of the Shetland Islands were impaired by DKK 9,587 million.

Production assets were impaired by DKK 2,746 million and concern Syd Arne, the Siri area, the Ula-Tambar-Oselvar area and Alve-Marulk.

The impairment losses are attributable to the continued fall in oil and gas prices, changed reserve estimates, delay and higher costs associated with the construction of installations.



Distribution & Customer Solutions

Distribution & Customer Solutions' CGUs are constituted primarily by distribution assets which each generate cash flows for the segment independently of each other.

Power distribution • Gas distribution • Oil pipes  
 • Offshore gas pipelines • Street lighting • DONG Energy Markets GmbH • DONG Energy Sales UK

The recoverable amounts of the impaired oil and gas assets are measured on the basis of market-based forward prices for oil and gas up until 2021. The prices applied in the period hereafter are based on management's best estimate, and from 2024 onwards an oil price of USD 70/bbl and a gas price of EUR 20/MWh have been applied. The recoverable amounts, determined on the basis of value in use, are discounted at a rate of interest after tax of 8.25-9.00%. Reference is also made to the section on critical accounting estimates and judgments on page 79.

In 2014, property, plant and equipment under construction in Oil & Gas were impaired by DKK 6,307



Oil & Gas

In Oil & Gas, the CGUs are constituted by oil and gas fields, which in some cases comprise several licences which are mutually dependent in terms of infrastructure, contracts, etc.

Ormen Lange • Hejre • The area west of the Shetland Islands • The Siri area • Gyda • Syd Arne • The Ula-Tambar-Oselvar area • Alve-Marulk • Trym

million as a result of lower oil and gas prices and higher costs associated with the construction of installations. The impaired assets related to Hejre and the area west of the Shetland Islands. Production facilities were impaired by DKK 1,801 million as a result of lower oil and gas prices and concerned the Ula-Tambar-Oselvar area and the Siri area.

In 2013, oil and gas-related production facilities were impaired by DKK 3,663 million and related to the fields in the Siri area, Gyda, the Ula-Tambar-Oselvar area and the ownership interest in the Norwegian Gassled transmission grid.

##### Other impairment losses

The Dutch power station Enecogen (Bioenergy & Thermal Power) has been impaired by DKK 680 million, of which DKK 655 million relates to production facilities and DKK 25 million relates to land and buildings. The reason for the impairment loss is falling power prices. In determination of the recoverable amount, which is determined as a value in use, a discount rate after tax of 6.5% has been applied.

In 2013, Enecogen was impaired by DKK 1,000 million, and property, plant and equipment under construction, consisting of project development costs, were impaired by DKK 339 million (Wind Power).

#### OVERVIEW OF IMPAIRMENT LOSSES

DKK million	Wind Power	Bioenergy & Thermal Power	Distribution & Customer Solutions	Oil & Gas	Total
2015	504	680	-	12,333	13,517
2014			216	8,108	8,324
2013	345	1,000		3,663	5,008

### 3.1 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT CONTINUED

DKK million	Intangible assets	Land and buildings	Production assets	Exploration assets	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Property, plant and equipment
Cost at 1 January 2014	5,912	3,041	121,482	1,192	832	20,810	147,357
Exchange rate adjustments	(74)	65	(478)	47	1	604	239
Addition on acquisition of enterprises			1,059				1,059
Additions	171	38	1,027	404	46	13,835	15,350
Disposal on divestment of enterprises	(10)	(66)	(2,791)		(1)		(2,858)
Disposals	(502)	(376)	(5,349)	(1,183)	(49)	(1,164)	(8,121)
Adjustment of decommissioning obligations			1,008	29		415	1,452
Transferred		1	9,700	(101)	55	(9,655)	
<b>Cost at 31 December 2014</b>	<b>5,497</b>	<b>2,703</b>	<b>125,658</b>	<b>388</b>	<b>884</b>	<b>24,845</b>	<b>154,478</b>
Depreciation and amortisation at 1 January 2014	(3,047)	(1,008)	(46,031)		(536)		(47,575)
Exchange rate adjustments	1	(42)	874		1		833
Depreciation and amortisation	(274)	(148)	(8,732)		(88)		(8,968)
Disposal on divestment of enterprises	10	43	1,819		1		1,863
Disposals	58	156	1,191		34		1,381
Transferred			5		(5)		
<b>Depreciation and amortisation at 31 December 2014</b>	<b>(3,252)</b>	<b>(999)</b>	<b>(50,874)</b>	<b>-</b>	<b>(593)</b>	<b>-</b>	<b>(52,466)</b>
Impairment losses at 1 January 2014	(698)	(54)	(7,699)			(513)	(8,266)
Exchange rate adjustments	3		233			(32)	201
Impairment losses	(216)		(1,801)			(6,307)	(8,108)
Disposals	35	6				61	67
<b>Impairment losses at 31 December 2014</b>	<b>(876)</b>	<b>(48)</b>	<b>(9,267)</b>	<b>-</b>	<b>-</b>	<b>(6,791)</b>	<b>(16,106)</b>
<b>Carrying amount at 31 December 2014</b>	<b>1,369</b>	<b>1,656</b>	<b>65,517</b>	<b>388</b>	<b>291</b>	<b>18,054</b>	<b>85,906</b>

### 3.1 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT CONTINUED

DKK million	Intangible assets	Land and buildings	Production assets	Exploration assets	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Property, plant and equipment
Cost at 1 January 2013	5,978	5,020	116,007	1,401	759	18,355	141,542
Exchange rate adjustments	11	(8)	(4,183)	(72)	(4)	(253)	(4,520)
Addition	287	15	3,953	1,082	64	14,323	19,437
Disposal on divestment of enterprises	(182)	(73)	(6,057)		(1)		(6,131)
Disposals	(163)	(1,926)	(270)	(1,136)	(32)	(157)	(3,521)
Adjustment of decommissioning obligations			475	(31)		81	525
Transfers to assets classified as held for sale	(19)		8		(5)	22	25
Transferred		13	11,549	(52)	51	(11,561)	
<b>Cost at 31 December 2013</b>	<b>5,912</b>	<b>3,041</b>	<b>121,482</b>	<b>1,192</b>	<b>832</b>	<b>20,810</b>	<b>147,357</b>
Depreciation and amortisation at 1 January 2013	(2,850)	(1,163)	(40,990)		(493)		(42,646)
Exchange rate adjustments	(10)	2	1,342		1		1,345
Depreciation and amortisation	(290)	(163)	(7,436)		(66)		(7,665)
Disposal on divestment of enterprises	103	31	891		1		923
Disposals		285	162		15		462
Transferred					6		6
<b>Depreciation and amortisation at 31 December 2013</b>	<b>(3,047)</b>	<b>(1,008)</b>	<b>(46,031)</b>	<b>-</b>	<b>(536)</b>	<b>-</b>	<b>(47,575)</b>
Impairment losses at 1 January 2013	(703)	(51)	(4,751)			(174)	(4,976)
Exchange rate adjustments	5	1	237				238
Impairment losses		(11)	(4,658)			(339)	(5,008)
Disposal on divestment of enterprises			1,444				1,444
Disposals		7	35				42
<b>Impairment losses at 31 December 2013</b>	<b>(698)</b>	<b>(54)</b>	<b>(7,693)</b>	<b>-</b>	<b>-</b>	<b>(513)</b>	<b>(8,260)</b>
<b>Carrying amount at 31 December 2013</b>	<b>2,167</b>	<b>1,979</b>	<b>67,758</b>	<b>1,192</b>	<b>296</b>	<b>20,297</b>	<b>91,522</b>

## 3.1 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT CONTINUED

### ACCOUNTING POLICIES

#### Intangible assets

Rights are measured at cost less accumulated amortisation and impairment losses. Gas purchase rights are amortised using the unit-of-production method. Other rights are amortised on a straight-line basis over their estimated future useful lives, which are 5-20 years.

Allocated and purchased CO<sub>2</sub> emissions allowances, including CO<sub>2</sub> credits that are accounted for as rights are measured on recognition at cost. If a grant is received in connection with an allocation, the cost constitutes the actual consideration paid for the allowances, ie nil if the allowances are allocated free of charge. CO<sub>2</sub> emissions allowances are not amortised as the value of the allowances upon surrender is on a par with the cost price or higher (allocated emissions allowances).

#### Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. In the case of property, plant and equipment, cost is, as a rule, depreciated on a straight-line basis over the estimated future useful lives, which are:

Buildings	20-50 years
Production assets, oil and gas <sup>1</sup>	20-40 years
Offshore wind farms <sup>2</sup>	20-24 years
Production assets, power (thermal) and district heating	20-25 years
Gas transportation system (marine pipelines)	20-40 years
Oil transportation system (marine pipeline)	15 years
Distribution networks, gas	20-40 years
Distribution networks, power	20-40 years
Fixtures and fittings, tools and equipment	3-10 years

<sup>1</sup> Depreciation is charged using the unit-of-production method based on the ratio of current production to estimated reserves by individual field

<sup>2</sup> Depreciation is based on the straight-line method or the diminishing-balance method, resulting in declining depreciation over the lifetime of the asset.

Cost comprises purchase price and any costs directly attributable to the acquisition until the date the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and labour. Borrowing costs relating to both specific and general borrowing directly attributable to assets under construction with a lengthy construction period are recognised in cost during the construction period. Cost is increased by the present value of the estimated obligations for demolition and decommissioning of assets to the extent that they are recognised as a provision.

Subsequent costs, for example in connection with replacement of parts of an item of property, plant and equipment, are recognised in the carrying amount of the asset in question when it is probable that future economic benefits will flow to the Group from the expenses incurred. Replaced parts are derecognised from the balance sheet, and their carrying amount is recognised in profit (loss) for the year. All other repair and maintenance expenses are recognised in profit (loss) for the year as incurred.

Accounting policies for exploration assets appear from note 3.2, to which reference is made.

### CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

#### Impairment test

Production assets are tested for impairment if there is any indication of impairment. For production assets with a limited lifetime such as wind turbines, CHP plants and oil and gas fields, cash flows are calculated based on forecasts for the entire lifetime of the asset. For power distribution, cash flows are calculated based on forecasts for the first 25 years with the addition of a terminal value. The determination of the recoverable amount for production assets is based on a number of assumptions where estimates are made that are material to the determination. Such assumptions include future market conditions, market prices of oil, gas, power, biofuel, coal, CO<sub>2</sub>, estimated oil and gas reserves, weighted average cost of capital (WACC), exchange rates, etc. The market prices applied are based on available forward prices for a period of up to five years and management's best estimate of long-term prices for the remainder of the period.

When calculating the recoverable amount of property, plant and equipment under construction, the expected completion costs and the commissioning date are also material assumptions.

The assessment of oil and gas reserves is based on estimates of both proved and probable reserves (Proved plus Probable/2P). Proved reserves are the estimated volumes of oil and gas that, under existing economic conditions, are recoverable using known technology from reservoirs in which oil or gas has been proved. Probable reserves are those additional reserves that are less likely to be recovered than proved reserves. DONG Energy conducts an annual internal evaluation and review of the Group's reserves. An independent valuer has reviewed DONG Energy's reserves classification system and guidelines and has verified that the internal guidelines are in agreement with the SPE-PRMS guidelines.

Exploration assets are tested for impairment when sufficient data have been obtained to assess each asset's technical and commercial potential and when exploration assets are reclassified as assets under construction. Impairment testing is also carried out if there is any indication of impairment. Significant estimates made in determining the recoverable amount of exploration assets include the timing and the timing of costs in connection with the exploration drillings, the results of existing exploration wells and the expectations concerning future exploration wells in the individual fields, including the probability that the exploration drillings will result in commercial discoveries.

#### Useful lives of production assets

The expected useful lives of production assets are determined based on historical experience and expectations concerning the future use of these assets. The expected future uses may subsequently prove not to be realisable, which may require the useful lives to be reassessed. Oil and gas production assets are depreciated using the unit-of-production method, which means that the useful lives of these production assets are determined based on expectations concerning annual production and estimated reserves for each field. Changed expectations concerning future annual production and/or estimated reserves for each field may therefore result in a need to reassess the useful lives of the production assets of the individual fields.

## 3.2 EXPLORATION ACTIVITIES AND LICENCES

### EXPLORATION ACTIVITIES

DKK million	2015	2014	2013
Income from exploration activities	407	26	
Exploration expenses	(868)	(1,292)	(1,823)
<b>Exploration expenses, net</b>	<b>(461)</b>	<b>(1,266)</b>	<b>(1,823)</b>
Exploration assets	39	486	1,347
Obligations in respect of exploration assets	(26)	(316)	(597)
<b>Exploration assets, net</b>	<b>13</b>	<b>170</b>	<b>750</b>
Cash flows from operating activities	(240)	(928)	(1,791)
Cash flows from investing activities	(139)	(404)	(1,082)
<b>Free cash flow (FCF)</b>	<b>(379)</b>	<b>(1,332)</b>	<b>(2,873)</b>

The Oil & Gas exploration activities have been reduced over the years, resulting in net costs of DKK 461 million in 2015. The activities have been reduced significantly relative to 2014 and 2013. In 2015, the exploration wells Xana and Solsort were expensed, reducing assets from exploration assets to DKK 39 million at 31 December 2015. The reason

is primarily the fall in oil and gas prices, which leads to uncertainty regarding the financial viability of any further development of these.

In 2014, the exploration wells in Rosebank and Cambo, among others, were expensed, which was the primary reason for the decline from 2013 to 2014.

### ACCOUNTING POLICIES

Exploration assets comprise exploration drilling expenses that relate to successful wells. Costs are recognised using the successful-efforts method. Under the successful-efforts method, exploration drilling expenses for drilling specific exploration wells are recognised in the balance sheet if the well is successful. Recognition in the balance sheet is maintained pending determination of commercial viability. Recognised exploration drilling expenses for commercial discoveries are transferred to property, plant and equipment under construction on commencement of the construction of a field. All exploration drilling expenses determined as unsuccessful are recognised in profit (loss) for the year as other external expenses. Application of the successful-efforts method means that the value of the Group's exploration assets is lower than if the full-cost method had been applied. Exploration assets are not depreciated, as depreciation of such assets does not commence until the assets are available for use, on which date they are transferred to production assets.

### HYDROCARBON EXPLORATION AND EXTRACTION LICENCES IN DENMARK AND ABROAD

Country	Licence	Ownership interest	■	■	■	Country	Licence	Ownership interest	■	■	■	Country	Licence	Ownership interest	■	■	■
Denmark	7/86 Lulita part	80%	■			Norway	PL122B Marulk	30%	■			UK	P967 Tobermory	33%			■
Denmark	7/89 Syd Arne Field	37%	■			Norway	PL122C Marulk	30%	■			UK	P1026 Rosebank	10%			■
Denmark	1/90 Lulita	40%	■			Norway	PL122D Marulk	30%	■			UK	P1028 Cambo	20%			■
Denmark	4/95 Nini Field	57%	■			Norway	PL147 Trym/Trym South	50%	■			UK	P1159 Tormore	20%		■	
Denmark	6/95 Siri	100%	■			Norway	PL159B Alve	15%	■			UK	P1189 Cambo	20%			■
Denmark	9/95 Maja	70%			■	Norway	PL208 Ormen Lange	45%	■			UK	P1190 Tornado	20%			■
Denmark	4/98 Svane/Solsort	70%			■	Norway	PL250 Ormen Lange	9%	■			UK	P1191 Rosebank South	10%			■
Denmark	5/98 Hejre	60%		■		Norway	PL274 Oselvar	55%	■			UK	P1195 Glentivet	20%		■	
Denmark	16/98 Cecilie Field	56%	■			Norway	PL274CS Oselvar	55%	■			UK	P1262 Tornado	20%			■
Denmark	1/06 Hejre Extension	48%		■		Norway	PL289 Musling	50%			■	UK	P1272 Rosebank	10%			■
Denmark	3/09 Solsort	35%			■	Norway	PL300 Tambar East	45%	■			UK	P1453 Edradour	20%		■	
Faroe Islands	F018 Naddoddur	100%			■	Norway	PL613 Fafner	40%			■	UK	P1598 Cragganmore	55%			■
Faroe Islands	F019 Marjun	100%			■	Norway	PL656 Clipper	20%			■	UK	P1678 Tormore	20%		■	
Greenland	G2013/40 Amaroq	18%			■	Norway	PL669 Ula NE	40%			■	UK	P1830 Black Rock	25%			■
Norway	PL019A Ula	20%	■			Norway	PL689 Hyse	40%			■	UK	P2014 Flett Basin	60%			■
Norway	PL019B Gyda	34%	■			Norway	PL698 Carmen	10%			■	UK	P2044 Dalwhinnie	35%			■
Norway	PL019D	34%			■	Norway	PL699 Ormen Korte	10%			■	UK	P2067 Catcher Area	15%			■
Norway	PL065 Tambar	45%	■			Norway	PL728 Turtles	45%			■	UK	P2138 Rockall	10%			■
Norway	PL113 Mjølner	70%			■	Norway	PL728B Turtles	45%			■	UK	P2194 Longjohn	20%			■
Norway	PL122 Marulk	30%	■			UK	P911 Laggan	20%			■						

■ Producing oil/gas field ■ Oil/gas field under development ■ Oil/gas field under evaluation



### 3.3 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

DKK million	2015				2014				2013			
	Decommissioning obligations	Onerous contracts	Other liabilities	Total	Decommissioning obligations	Onerous contracts	Other liabilities	Total	Decommissioning obligations	Onerous contracts	Other liabilities	Total
Provisions at 1 January	10,368	3,084	2,482	15,934	8,821	2,811	1,978	13,610	8,415	2,911	1,649	12,975
Exchange rate adjustments	(84)		88	4	(127)		47	(80)	(366)		(28)	(394)
Disposals	(44)	(323)	(472)	(839)	(256)	(300)	(527)	(1,083)	(32)	(296)	(665)	(993)
Provisions reversed during the year			(264)	(264)	(18)	(716)	(265)	(999)			(248)	(248)
Provisions made during the year	368	2,579	738	3,685	769	1,171	1,249	3,189	377	72	1,256	1,705
Change in estimates of other factors	516			516	684			684	135			135
Addition on acquisition of enterprises				-	141			141				
Disposal on divestment of enterprises/transferred to assets classified as held for sale	(474)			(474)	(62)			(62)	(71)			(71)
Interest element of provisions	494	132		626	416	118		534	363	124	14	501
<b>Provisions at 31 December</b>	<b>11,144</b>	<b>5,472</b>	<b>2,572</b>	<b>19,188</b>	<b>10,368</b>	<b>3,084</b>	<b>2,482</b>	<b>15,934</b>	<b>8,821</b>	<b>2,811</b>	<b>1,978</b>	<b>13,610</b>
Falling due as follows:												
0-1 year	31	1,070	333	1,434	16	192	329	537	38	199	482	719
1-5 years	1,894	2,993	1,688	6,575	2,162	1,209	1,722	5,093	1,917	795	1,281	3,993
After 5 years	9,219	1,409	551	11,179	8,190	1,683	431	10,304	6,866	1,817	215	8,898





Decommissioning obligations mainly comprise expected future expenses relating to demolition and decommissioning of wind farms, CHP plants and oil and gas fields.

Onerous contracts comprise: a contract for LNG terminal capacity in the Netherlands, DKK 1,158 million (2014: DKK 1,122 million and 2013: DKK 475 million), contracts for leasing of gas storage capacity in Germany, DKK 1,324 million (2014: DKK 1,478 million and 2013: DKK

2,264 million), contract regarding the Stenlille Gas Storage Facility, DKK 410 million (2014: DKK 484 million and 2013: DKK 0 million) and contracts relating to the construction of oil and gas-related production facilities, DKK 2,516 million. The provision concerning the construction of production facilities is recognised in depreciation, amortisation and impairment losses on intangible assets and property, plant and equipment in the income statement.

Other provisions primarily include provisions for guarantee obligations, divestments, CO<sub>2</sub> obligations, contractual obligations, etc., as well as expected repayments to power consumers etc., relating to litigation. Provisions for CO<sub>2</sub> obligations relate to the Group's own emissions. In 2015, DKK 235 million (2014: DKK 407 million and 2013: DKK 136 million) was spent, and further provisions of DKK 204 million were made (2014: DKK 235 million and 2013: DKK 347 million).

#### DECOMMISSIONING OBLIGATIONS BY SEGMENT

	Wind Power 	Bioenergy & Thermal Power 	Distribution & Customer Solutions 	Oil & Gas 	Total
0-5 years	57	115	3	1,750	1,925
5-10 years	298			1,577	1,875
10-20 years	1,612	480	72	4,381	6,545
After 20 years	494	195	110		799
<b>2015</b>	<b>2,461</b>	<b>790</b>	<b>185</b>	<b>7,708</b>	<b>11,144</b>
<b>2014</b>	<b>2,074</b>	<b>789</b>	<b>609</b>	<b>6,896</b>	<b>10,368</b>
<b>2013</b>	<b>1,575</b>	<b>852</b>	<b>606</b>	<b>5,788</b>	<b>8,821</b>

## 3.3 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES CONTINUED

### Contingent assets

#### Deferred tax

The DONG Energy Group has deferred tax assets of DKK 30,949 million (2014: DKK 20,160 million and 2013: DKK 12,949 billion) that have not been recognised. Reference is made to note 5.4.

#### Litigation

DONG Energy has initiated arbitration proceedings against suppliers regarding long-term, oil-indexed gas purchase contracts. The contingent effect of the claims have not been recognised, as the existence of these assets is subject to several uncertain future events that are outside DONG Energy's control.

### Contingent liabilities

#### Liability to pay compensation

According to legislation, DONG Energy's gas companies DONG Salg & Service A/S, DONG Oil Pipe A/S, DONG E&P A/S, DONG E&P Danmark A/S and DONG E&P Grønland A/S are liable to pay compensation for damage caused by their oil and gas activities, even where there is no proof of negligence (strict liability). The usual insurance has been taken out to cover any such claims.

#### Guarantees

DONG Energy A/S has furnished the Danish State with guarantees for fulfilment of licence obligations and liability in damages towards the State or third parties incurred by DONG E&P A/S or DONG E&P DK A/S in connection with the companies' participation in exploration and production licences, irrespective of whether the obligations and liability rest on DONG E&P A/S or DONG E&P DK A/S alone or jointly and severally with others. The guarantees are not capped, but if claims are made under a guarantee due to obligations assumed by DONG E&P A/S or DONG E&P DK A/S on a joint and several basis with other licensees, the guarantee sum cannot exceed a sum corresponding to twice DONG E&P A/S's or DONG E&P DK A/S' share of each obligation or liability.

As a condition for approval of its participation in oil and gas exploration and production on the Norwegian, UK, Greenland and Faroese continental shelves, DONG Energy A/S has provided a guarantee as normally required by the local authorities. The guarantees cover obligations and liability incurred or assumed by the DONG E&P Group in connection with its exploration and production activities. The guarantees are not capped, and the DONG E&P Group is jointly and severally liable with the other partners for obligations and liabilities.

#### Litigation

DONG Energy is a party to actions relating to the competition authorities' claim that Elsam A/S and Elsam Kraft A/S charged excessive prices in the Danish wholesale power market in some periods. Following a merger in 2008, Elsam Kraft A/S is now part of DONG Energy Thermal Power A/S.

The Competition Appeals Tribunal has concluded that Elsam A/S and Elsam Kraft A/S to some extent abused their dominant position in the wholesale power market in Western Denmark in the periods 1 July 2003 to 31 December 2004 and 1 January 2005 to 30 June 2006 by charging excessive prices. DONG Energy disputes the rulings, and appeals have been lodged with the Copenhagen Maritime and Commercial Court.

A group of power consumers has filed a claim with the Copenhagen Maritime and Commercial Court for compensation of up to DKK 4.4 billion with the addition of interest in connection with the above actions relating to excessive prices in Western Denmark. DONG Energy has made a provision of DKK 298 million (with the addition of interest), which has been determined on the basis of the Danish Competition Council's calculation of the consumers' losses.

In addition, DONG Energy is a party to a number of litigation proceedings and legal disputes, none of which will significantly impact the company's financial position, either individually or collectively.

### ACCOUNTING POLICIES

Provisions are recognised when, as a result of an event occurring before or at the balance sheet date, the Group has a legal or constructive obligation, the settlement of which is expected to result in an outflow from the Group of resources embodying economic benefits. A provision for onerous contracts is made when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. Provisions concerning CO<sub>2</sub> emissions are recognised when actual emissions exceed the Group's holding of CO<sub>2</sub> emissions allowances classified as intangible assets.

Decommissioning obligations are measured at the present value of the future liability in respect of demolition and decommissioning as expected at the balance sheet date. The value of the provision is recognised in property, plant and equipment and depreciated together with the associated asset. The increase in time of the present value of the provision is recognised in the profit (loss) for the year as financial expenses.



### CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates of the Group's provisions are updated quarterly on the basis of management's expectations.

#### Decommissioning obligations

Estimates of decommissioning obligations are based on management's expectations concerning timing and scope, future cost level and adopted laws and regulations on decommissioning. The timing of the decommissioning obligations depends on the useful lives of the assets. In the case of oil and gas fields, the expected useful lives depend on the current estimates of oil and gas reserves. The determination of these reserve estimates is subject to uncertainty, see the section on impairment testing in note 3.1 on property, plant and equipment. As regards the Danish CHP plants, it is assessed that these must be removed no later than 12 years after they have been decommissioned.

In measuring provisions, the costs required to meet the obligations are discounted. In determining decommissioning obligations at 31 December 2015, a discount rate of 4.5% is applied, the same discount rate that the Group applied at 31 December 2014 and at 31 December 2013. The applied discount rate of 4.5% is still expected to be applied over a prolonged period. The rate has been estimated on the basis of expectations concerning the future, long-term interest rate level, based on the historical interest rate level.

The extent to which demolition and decommissioning will be required is estimated based on current legislation and standards in this area. Expectations concerning the future cost level are based on variables such as expectations concerning the general price trend or the oil price trend, demand conditions and the development in existing technologies.

#### Onerous contracts

In the course of the Group's operations, a number of commercial contracts have been entered into with fixed terms of contract that may result in the contracts becoming onerous depending on market developments etc., and the obligations incurred by the Group as a result of these contracts may also be subject to uncertainty. The judgements concerning these complex contracts and their future effects are subject to significant uncertainties.

#### Litigation

When exercising a judgement about a potential liability in connection with litigation, the nature of the litigation, claim or statement is assessed. Other factors taken into account are the development of the case, the judgements and recommendations of legal or other advisers, experience from similar cases, and management's decision on how the Group will react to the litigation, claim or statement.

## 3.4 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

### INDIVIDUALLY MATERIAL ASSOCIATES

Name	Ownership interest	Registered office	Activity
Etzel Kavernenbetriebsgesellschaft mbH & Co. KG	33%	Bremen, Germany	Gas storage facility

### INDIVIDUALLY MATERIAL JOINT VENTURES

Name	Ownership interest	Registered office	Activity
Lincs Renewable Energy Holdings Ltd.	50%	London, UK	50% ownership interest in offshore wind farm

The table below provides financial information on the Group's individually material associates and joint ventures. The amounts stated are the overall accounting figures for the individual associates and joint ventures, determined applying the DONG Energy Group's accounting policies.

The most significant associates and joint ventures in the DONG Energy Group are Etzel Kavernenbetriebsgesellschaft mbH & Co. KG and Lincs Renewable Energy Holdings Ltd.

In 2015, the Group's share of the profit (loss) for the year in associates and joint ventures totalled DKK 104 million (2014: DKK -577 million and 2013: DKK -768 million) and was recognised in the income statement as share of profit (loss) in associates and joint ventures. Of this amount, DKK 112 million (2014: DKK -93 million and 2013: DKK -711 million) was recognised in income from the Group's principal activities and DKK -8

million (2014: DKK -484 million and 2013: DKK -57 million) was recognised in the Group's non-principal activities.

In 2013, Barrow Offshore Wind Ltd. was included as a joint venture due to a 50% ownership interest. In 2014, DONG Energy acquired the remaining 50%, and the investment was therefore consolidated 100% at the end of 2014.

### Capital commitments

At the end of 2015 and 2014, the Group had not assumed capital commitments in respect of, for example, offshore wind farm projects in connection with associates and joint ventures.

The capital commitments of DKK 780 million in 2013 included investments in offshore wind farm projects in joint ventures.

2015	DKK million	Revenue	Depreciation, amortisation and impairment losses	Tax on profit (loss) for the year	Profit (loss) for the year	Non-current assets	Current assets	Equity	Current liabilities	DONG Energy's share	
										Profit (loss) for the year	Equity
<b>Associates</b>											
		466	(131)	11	(26)	818	91	767	142	(9)	256
										35	19
<b>Joint ventures</b>											
				(30)	31	517	1,617	2,170	18	16	1,085
										62	61
	<b>Total</b>									<b>104</b>	<b>1,421</b>
<b>2014</b>											
<b>Associates</b>											
		463	(1,448)	13	(1,357)	919	94	791	222	(453)	263
										(41)	10
<b>Joint ventures</b>											
				(27)	(68)	585	1,569	2,122	32	(34)	1,061
										(49)	(19)
	<b>Total</b>									<b>(577)</b>	<b>1,315</b>

## 3.4 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES CONTINUED

											DONG Energy's share	
2013		Depreciation, amortisation and impairment losses	Tax on profit (loss) for the year	Profit (loss) for the year	Non-current assets	Current assets	Equity	Non-current liabilities	Current liabilities	Profit (loss) for the year	Equity	
DKK million	Revenue											
<b>Associates</b>												
Etzel Kavernenbetriebsgesellschaft mbH & Co. KG	466	(116)	27	(64)	2,210	102	2,153	1	158	(21)	718	
Other associates										(420)	4	
<b>Joint ventures</b>												
Lincs Renewable Energy Holdings Ltd.			28	(56)	778	1,377	2,115		40	(28)	1,058	
Barrow Offshore Wind Ltd.	189	(53)	3	55	702	110	464	293	55	27	232	
Other joint ventures										(326)	1	
<b>Total</b>										<b>(768)</b>	<b>2,013</b>	

### ACCOUNTING POLICIES

Investments in associates and joint ventures are measured in the consolidated financial statements using the equity method.

Profit (loss) of associates and joint ventures that are deemed to be part of the Group's principal activity is presented before EBITDA, while profit (loss) of associates and joint ventures that are deemed not to be part of the Group's principal activity is presented after EBIT.

Associates and joint ventures with a negative equity value are measured at nil. If the Group has a legal or constructive obligation to cover the enterprise's deficit, the obligation is recognised as a liability. Receivables from associates and joint ventures are measured at amortised cost, and write-downs are made for bad debts.

The proportionate share of associates' and joint ventures' profit after tax and non-controlling interests and after elimination of the proportionate share of intragroup gains (losses) is recognised in profit (loss) for the year.

On acquisition of investments in associates and joint ventures, the purchase method is applied. Gains or losses on disposal of investments in associates and joint ventures are determined as the difference between the selling price and the carrying amount of net assets, including goodwill, at the date of disposal and transaction costs. Gains and losses are recognised in profit (loss) for the year as gain or loss on divestment of enterprises.

### CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Investments in associates and joint ventures are tested for impairment if there is any indication of impairment. Such indications may include changes in regulatory, financial and technological factors and general market conditions.

On initial recognition and in connection with any restructuring of joint ventures and joint operations, an assessment is made of whether an investment is a joint venture or a joint operation. In both cases, joint management must be exercised. To decide whether a collaboration can be classified as a joint operation, the corporate form is assessed, and whether only DONG Energy is entitled to the net profit or income and expenses resulting from the operation. In addition, the fact that the parties buy all output, for example the power generated, will lead to the set-up being considered to be a joint operation. This is the case for several of the Group's wind farms as well as the Group's licences to extract oil and gas.

## 3.5 GROSS AND NET INVESTMENTS

DKK million	2015	2014	2013
Cash flows from investing activities	(12,799)	(14,796)	(6,483)
Dividends received and capital reduction, reversed	(20)	(15)	(39)
Purchase and sale of securities, reversed	(3,237)	10,330	1,204
Loans to associates and joint ventures, reversed	(32)	(250)	(760)
Sale of non-current assets, reversed	(2,605)	(10,628)	(15,156)
<b>Gross investments</b>	<b>(18,693)</b>	<b>(15,359)</b>	<b>(21,234)</b>
Transactions with non-controlling interests in connection with divestments	(32)	(1)	65
Interest-bearing balances on acquisition and divestment of enterprises		26	111
Sale of non-current assets	2,605	10,628	15,156
<b>Total cash flows from divestments</b>	<b>2,573</b>	<b>10,653</b>	<b>15,332</b>
<b>Net investments</b>	<b>(16,120)</b>	<b>(4,706)</b>	<b>(5,902)</b>

The table specifies the calculation of gross investments and net investments on the basis of cash flows from investing activities.

In 2015, gross investments totalled DKK 18,693 million (2014: DKK 15,359 million and 2013: DKK 21,234 million).

Gross investments in Wind Power primarily comprise development of wind activities (DKK 10,192 million), including the German offshore wind farms Borkum Riffgrund 1 and Gode Wind 1 and 2, the acquisition of the remaining ownership interest in Hornsea 1 and project rights to Hornsea 2 and the offshore wind farms Westermost Rough and Burbo Bank Extension in the UK.

In Oil & Gas, the most significant investments were made in the development of oil and gas fields (DKK 5,985 million), including Hejre and Syd Arne in Denmark and Laggan-Tormore in the UK.

In 2015, cash flows from the divestment of assets and enterprises totalled DKK 2,573 million (2014: DKK 10,653 million and 2013: DKK 15,332 million).

Divestments in Wind Power primarily consist of the divestment of 50% of Gode Wind 1 to Global Infrastructure Partners and the receipt of a deferred selling price relating to the divestment of 50% of Westermost Rough in 2014. Divestments in Bioenergy & Thermal Power primarily consist of the divestment of the Måbjerg CHP Plant. In Oil & Gas, divestments primarily consist of the divestment of the ownership interest in the Norwegian Gassled transmission grid and an earn-out payment related to the sale of 60% of DONG Energy's ownership interest in the Glenlivet gas field in the UK in 2014.

In 2014, divestments in Wind Power primarily consisted of the divestment of 50% of the ownership interests in London Array and Westermost Rough, and in Distribution & Customer Solutions they concerned the divestments of the Dutch trading company DONG Energy Sales B.V. and DONG Storage A/S.

## 3.6 ACQUISITION OF ENTERPRISES

### Acquisition of enterprises in 2015

There were no business combinations in 2015.

### Acquisition of enterprises in 2014

In 2014, DONG Energy obtained control of Barrow Offshore Wind Ltd., which owns and operates an offshore wind farm in the UK. The ownership interest was previously classified as a joint venture and was recognised according to the equity method.

At the time of acquisition, the cost of acquired assets and liabilities, including transferred cash and cash equivalents of DKK 45 million, was DKK 474 million. After fair value adjustment of net assets, goodwill was determined at DKK 0.

The acquisition contributed DKK 9 million and DKK 1 million to the Group's revenue and profit (loss) for 2014, respectively.

If DONG Energy had had control of Barrow Offshore Wind Ltd. throughout 2014, the Group would have posted revenue and profit (loss) for 2014 of DKK 72,025 million and a loss of DKK 2,306 million, respectively.

### Acquisition of enterprises in 2013

There were no business combinations in 2013.

2014	Previous ownership interest	Ownership interest acquired	DONG Energy ownership interest, total	Acquisition date	Core activity
Barrow Offshore Wind Ltd.	50%	50%	100%	19 December 2014	Power generation

### ACCOUNTING POLICIES

Enterprises acquired or formed are recognised in the consolidated financial statements from the date of acquisition or formation. The acquisition date is the date on which DONG Energy effectively obtains control of the acquiree. On acquisition of new enterprises whereby the parent company obtains control of the acquiree, the purchase method is applied, after which the acquiree's identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date.

The consideration transferred in exchange for an acquiree is measured at the fair value of the agreed consideration in the form of assets acquired, liabilities assumed and equity instruments issued. If parts of the consideration are contingent on future events, these are recognised in the

consideration at the acquisition-date fair value. Costs incurred in connection with business combinations are recognised directly in profit (loss) for the year as incurred.

The excess of the cost of the consideration transferred in exchange for the acquiree, the amount of any non-controlling interests in the acquiree and the fair value of the identifiable assets acquired and liabilities and contingent liabilities assumed (goodwill) is recognised as goodwill.

If there is any uncertainty, at the acquisition date, concerning the measurement of identifiable assets acquired and liabilities and contingent liabilities assumed, initial recognition is based on provisional fair values.

Subsequent adjustments, including goodwill, are made retrospectively within 12 months of the acquisition date, and comparative figures are restated. Changes in estimates of contingent consideration are generally recognised directly in profit (loss) for the year.

Non-controlling interests are measured on initial recognition either at fair value or at their proportionate interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. The measurement of non-controlling interests is elected on a transaction-by-transaction basis.

## 3.7 DIVESTMENT OF ENTERPRISES

DKK million	2015	2014	2013
Non-current assets	870	1,002	7,319
Current assets	36	479	250
Assets classified as held for sale			556
Non-current liabilities	(326)	(163)	(430)
Current liabilities	(36)	(465)	(3,490)
Liabilities relating to assets classified as held for sale			(115)
Gain on divestment of enterprises in the income statement	16	1,253	2,045
<b>Selling price on divestment of enterprises</b>	<b>560</b>	<b>2,106</b>	<b>6,135</b>
Of which selling price receivable		340	(125)
Of which recognised as other provisions	16	481	57
Cash transferred		206	3,117
<b>Cash selling price on divestment of enterprises</b>	<b>576</b>	<b>3,133</b>	<b>9,184</b>

In 2015, gains on the divestment of enterprises primarily concerned gains on the divestment of Måbjergværket A/S (Bioenergy & Thermal Power) and the divestment of the ownership interest in the Norwegian Gassled gas pipeline network (Oil & Gas).

In 2014, gains on the divestment of enterprises consisted primarily of gains on the divestment of DONG Storage A/S (Stenlille Gas Storage Facility) (Distribution & Customer Solutions).

In 2013, gains on the divestment of enterprises consisted primarily of Kraftgården AB (Wind Power), Polish and Danish onshore wind activities (Wind Power), Severn Power Limited (Bioenergy & Thermal Power) and Stadtwerke Lübeck (Distribution & Customer Solutions).

Assets and liabilities related to divested enterprises are shown in the table on the right.

### ACCOUNTING POLICIES

Enterprises divested or disposed of are recognised in the consolidated income statement up to the date of disposal. The date of disposal is the date on which DONG Energy A/S or its subsidiaries effectively relinquish control of the enterprise divested or disposed of.

Comparative figures are not restated to reflect disposals.

Gains or losses on divestment of subsidiaries and associates are determined as the difference between the selling price and the carrying amount of net assets, including goodwill, at the date of divestment and costs necessary to make the sale.

## 3.8 ASSETS CLASSIFIED AS HELD FOR SALE

DKK million	2015	2014	2013
Intangible assets	1		13
Property, plant and equipment	2,328		1
Other non-current assets	73		
<b>Non-current assets</b>	<b>2,402</b>	<b>-</b>	<b>14</b>
Current assets	183		266
<b>Assets classified as held for sale at 31 December</b>	<b>2,585</b>	<b>-</b>	<b>280</b>
Non-current liabilities	766		
Current liabilities	367		2
<b>Liabilities related to assets classified as held for sale at 31 December</b>	<b>1,133</b>	<b>-</b>	<b>2</b>
<b>Assets classified as held for sale, net</b>	<b>1,452</b>	<b>-</b>	<b>278</b>

On 18 September 2015, the Danish Ministry of Finance announced a plan for an IPO of DONG Energy. On this occasion, it was announced that DONG Energy's ownership of the gas distribution grid as well as oil and gas pipelines shall be divested to Energinet.dk. A process for the divestment of the Group's gas distribution activities and the North Sea oil pipeline (Distribution & Customer Solutions) has been initiated and is expected to be completed within 12 months. Consequently, both activities have been classified as assets held for sale at 31 December 2015. Assets classified as held for sale have been impaired by DKK 1,000 million due to the continued fall in oil and gas prices. Reference is made to the section on critical accounting estimates and judgements on page 79.

In 2013, assets classified as held for sale consisted of the Dutch sales company DONG Energy Sales B.V. (Distribution & Customer Solutions), which was divested in 2014. Reference is made to note 3.7.

### ACCOUNTING POLICIES

Assets classified as held for sale are measured at the lower of carrying amount before the reclassification and fair value less costs to sell.



## 3.9 NON-CONTROLLING INTERESTS

DKK million	2015	2014	2013
<b>Transactions with non-controlling interests</b>			
Dividends paid to non-controlling interests	(548)	(528)	(319)
Disposal of equity investments to non-controlling interests	(71)	(87)	(303)
Other capital transactions with non-controlling interests	(2)	(6)	148
<b>Transactions in total, see statement of cash flows</b>	<b>(621)</b>	<b>(621)</b>	<b>(474)</b>
<b>Disposal of equity investments to non-controlling interests</b>			
Selling price	22	34	(35)
Of which change in receivables relating to acquisition and disposal of non-controlling interests	(41)	(90)	(222)
Of which change in payables relating to acquisition and disposal of non-controlling interests	(52)	(31)	(46)
<b>Cash selling price, total</b>	<b>(71)</b>	<b>(87)</b>	<b>(303)</b>

The DONG Energy Group's subsidiaries with significant non-controlling interests include the following enterprises/groups:

	Non-controlling interest	Registered office
A2SEA A/S	49.0%	Fredericia, DK
Gunfleet Sands Holding Ltd.	49.9%	London, UK
Walney (UK) Offshore Windfarms Ltd.	49.9%	London, UK

### ACCOUNTING POLICIES

The amounts stated are the consolidated accounting figures of the individual enterprises/groups, determined applying the DONG Energy Group's accounting policies.

Transactions with non-controlling interests are accounted for as transactions with the shareholder base. Gains and losses on the divestment of equity investments to non-controlling interests are recognised in equity to the extent that the divestment does not result in a loss of control. Net assets acquired are not revalued on acquisition of non-controlling interests. Any difference between the carrying amount and the acquisition or selling price is recognised in equity.

DKK million	A2Sea A/S group			Gunfleet Sands Holding Ltd. group			Walney (UK) Offshore Windfarms Ltd.		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
<b>Statement of comprehensive income</b>									
Revenue	1,293	1,685	1,489	484	429	392	1,267	1,142	985
Profit (loss) for the year	(209)	191	250	54	(49)	36	179	6	99
Total comprehensive income	(209)	197	239	186	81	22	323	271	(237)
Profit (loss) for the year attributable to non-controlling interests	(124)	54	50	90	(20)	(115)	63	21	(131)
<b>Balance sheet</b>									
Non-current assets	2,332	2,859	2,691	3,252	3,128	3,132	8,318	8,359	8,322
Current assets	459	228	346	169	166	156	301	276	262
Non-current liabilities	258	320	293	313	269	225	712	688	477
Current liabilities	399	248	216	40	74	36	134	153	182
Carrying amount of non-controlling interests	961	1,171	1,194	1,531	1,472	1,510	3,886	3,896	3,914
<b>Statement of cash flows</b>									
Cash flows from operating activities	165	427	386	264	210	219	754	658	602
Cash flows from investing activities	(92)	(453)	(588)	(255)	(221)	(280)	(6)	(12)	(114)
Cash flows from financing activities	(163)	(227)	252	(255)	(221)	(280)	(720)	(659)	(616)
- of which dividends paid to non-controlling interests	(86)	(102)	(14)	(127)	(110)	(140)	(334)	(298)	(290)

# 4 WORKING CAPITAL

DONG Energy continuously strives to optimise funds tied up in working capital

**-2.9bn**

The Group's net working capital, excluding trade payables relating to capital expenditures in 2015

**1.3bn**

The Group reduced its working capital by DKK 1,255 million relative to 2014

## IN THIS SECTION

- 4.1 Inventories
- 4.2 Construction contracts
- 4.3 Trade receivables
- 4.4 Other receivables
- 4.5 Other payables
- 4.6 Change in net working capital

## Working capital

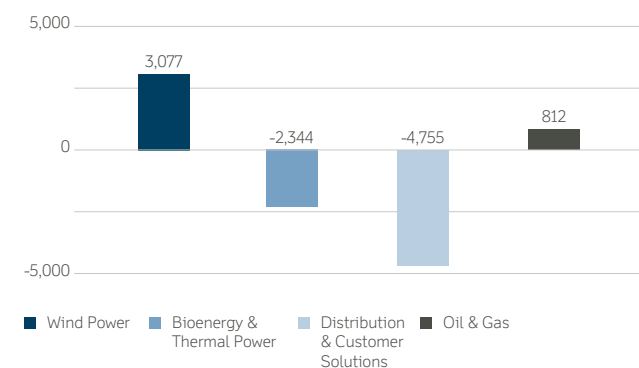
DONG Energy's most significant working capital items are inventories, construction contracts, trade receivables, trade payables and other payables, including prepayments from heat customers and connection charges from power and gas customers.

Working capital items vary across the year in line with the seasonal variations in the Group's production and sales. Contracts in Wind Power for the construction of offshore wind farms with co-investors and for the construction of offshore transmission systems in the UK also vary over the year and from year to year, as payments are received in the form of milestone payments upon divestment of the transmission systems after construction.

The Group's trade payables relating to capital investments are not included in this section as they are presented as part of the cash flows from investing activities.

DKK million	2015	2014	2013
Inventories	3,567	2,938	3,560
Construction contracts, net	3,193	144	1,475
Trade receivables	7,739	8,346	8,875
Other receivables	1,737	2,632	4,315
Receivables from associates and joint ventures	6	1	97
Trade payables, excluding trade payables relating to capital expenditure	(7,092)	(6,616)	(5,796)
Other payables	(12,037)	(9,077)	(10,422)
<b>Net working capital, excluding trade payables relating to capital expenditures at 31 December</b>	<b>(2,887)</b>	<b>(1,632)</b>	<b>2,104</b>

WORKING CAPITAL, DKK million 2015



## 4.1 INVENTORIES

DKK million	2015	2014	2013
Biomass	136	74	78
Gas	1,232	727	1,801
Coal	288	309	459
Oil	135	173	211
Green certificates	1,578	1,390	817
CO <sub>2</sub> emissions allowances	127	179	96
Other inventories	71	86	98
<b>Inventories at 31 December</b>	<b>3,567</b>	<b>2,938</b>	<b>3,560</b>

### ACCOUNTING POLICIES

In the case of gas, cost is determined as a weighted average of the previous month's buying prices, including transportation costs.

Allocated and purchased CO<sub>2</sub> emissions allowances that form part of the Group's trading activities with a view to generating gains from short-term price changes are measured at fair value.

Other inventories are measured at cost using the first-in, first-out (FIFO) principle or net realisable value. Inventories are written down to net realisable value whenever the cost exceeds the net realisable value.

## 4.2 CONSTRUCTION CONTRACTS

DKK million	2015	2014	2013
Selling price of construction contracts	11,761	4,861	9,125
Progress billings	(8,568)	(4,717)	(7,650)
<b>Construction contracts at 31 December</b>	<b>3,193</b>	<b>144</b>	<b>1,475</b>
Construction contracts (assets)	3,864	1,811	1,890
Construction contracts (liabilities)	(671)	(1,667)	(415)
<b>Construction contracts at 31 December</b>	<b>3,193</b>	<b>144</b>	<b>1,475</b>

### Construction contracts

Construction contracts in progress relate to the construction of 50% of the offshore wind farms Borkum Riffgrund 1, Gode Wind 1 and Gode Wind 2, which are owned by co-investors and are expected to be handed over in 2016, and the construction of five offshore transmission systems in the UK, which are expected to be handed over in 2016-2020.

In 2014, construction contracts in progress concerned the construction of 50% of the offshore wind farms Borkum Riffgrund 1 and Gode Wind 2, and the construction of three offshore transmission systems in the UK. In 2013, construction contracts in progress included Anholt and Borkum Riffgrund 1 as well as the construction of two offshore transmission systems in the UK.

### ACCOUNTING POLICIES

Construction contracts are recognised in revenue and primarily comprise the construction of assets for third parties involving a high degree of customisation in terms of design.

When the outcome of a construction contract can be estimated reliably, the contract is measured at the selling price of the work performed less progress billings, by reference to the completion degree of the contract at the balance sheet date and total expected income from the contract.

When it is probable that total contract costs on a construction contract will exceed total contract revenue, the expected loss on the contract is recognised as an expense and a provision.

Where the selling price of work performed on construction contracts exceeds progress billings and expected losses, the contracts are recognised as receivables. Where progress billings and expected losses exceed the selling price of construction contracts, the contracts are recognised as liabilities. Prepayments from customers are recognised as liabilities.

### CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The determination of the expected selling price of construction contracts includes estimates of the completion degree, the value of incentive agreements, liabilities assumed, etc., based on the individual contract. The determination of profit on payments received on account and the recognition of receivables are therefore subject to uncertainty. The determination is based on management's estimates of the most likely outcomes of future events.

## 4.3 TRADE RECEIVABLES

DKK million	2015	2014	2013
Trade receivables, not overdue	7,345	7,544	8,401
Trade receivables, 1-30 days overdue	270	676	286
Trade receivables, more than 30 days overdue	228	229	353
Trade receivables, write-down	(104)	(103)	(165)
<b>Trade receivables at 31 December</b>	<b>7,739</b>	<b>8,346</b>	<b>8,875</b>

### Trade receivables

The Group's trade receivables primarily concern residential customers in Distribution & Customer Solutions, where the general terms of payment vary according to customer type and product type down to payment terms of 10 days.

Write-downs for the year totalled DKK 24 million (2014: DKK 17 million and 2013: DKK 48 million). Losses for the year total DKK 21 million (2014: DKK 63 million and 2013: DKK 53 million).

### ACCOUNTING POLICIES

A write-down is made for expected losses where there is an indication that a receivable or a portfolio of receivables is impaired. The write-down is calculated as the difference between the carrying amount and the net present value of expected future cash flows associated with the receivable. The discount rate used is the effective interest rate for the individual receivable or the individual portfolio.

## 4.4 OTHER RECEIVABLES

DKK million	2015	2014	2013
Receivables from the divestment of equity investments to non-controlling interests	468	408	304
Receivables from the divestment of assets and investments	1,043	665	367
VAT and other indirect taxes receivable	456	369	623
Central clearing counterparties	40	546	1,656
Prepayments	657	892	1,009
Other accounts receivable	744	990	1,248
<b>Other receivables</b>	<b>3,408</b>	<b>3,870</b>	<b>5,207</b>
Of which working capital	1,737	2,632	4,315
Of which other capital employed	754	595	588
Of which interest-bearing net debt	917	643	304

### Other receivables

Receivables from the divestment of assets and investments concern primarily the divestment of 50% of the German offshore wind farm Gode Wind 1 (Wind Power) as well as receivables from the divestment of ownership interests in Glenlivet in 2014 (Oil & Gas).

Receivables from the divestment of assets and investments in 2014 primarily concerned the divestment of 50% of Westermost Rough and 50% of DONG Energy's ownership interest in the UK offshore wind farm London Array 1 (Wind Power) as well as the divestment of ownership interests in Glenlivet (Oil & Gas).

The Group's central clearing counterparties comprise receivables from banks in connection with exchange trading.

Prepayments consist primarily of prepaid drilling equipment and spare parts for ongoing developments and prepayments to partners.

The short-term portion of other receivables amounts to DKK 2,657 million (2014: DKK 3,357 million and 2013: DKK 4,929 million).

## 4.5 OTHER PAYABLES

DKK million	2015	2014	2013
Payables to associates and joint ventures	345	264	
Prepaid VAT on exports	1,549	1,357	1,357
CO <sub>2</sub> rights	111	179	362
VAT and other indirect taxes payable	1,389	1,397	2,182
Pay-related items payable	838	825	888
Accrued interest	801	766	855
Virtual gas storage	40	167	593
Prepayments from heat customers	1,891	1,062	402
Grid connection charges	1,645	1,558	1,414
Other deferred income	1,037	1,289	1,436
Clearing clearing counterparties	1,952	35	
Other accounts payable	2,223	1,605	2,127
<b>Other payables</b>	<b>13,821</b>	<b>10,504</b>	<b>11,616</b>
Of which working capital	12,037	9,077	10,422
Of which other capital employed	1,006	771	890
Of which interest-bearing net debt	778	656	304

### Other payables

Other accounts payable consist primarily of collateral provided respect of counterparties in connection with trading on energy exchanges (Distribution & Customer Solutions), and constitute the primary reason for the change relative to 2014. In addition, other accounts payable consist of debt to business partners (Oil & Gas).

The short-term portion of other payables amounts to DKK 7,908 million (2014: DKK 5,905 million and 2013: DKK 7,65 million).

## 4.6 CHANGE IN NET WORKING CAPITAL

DKK million	2015	2014	2013
Change in inventories	(589)	705	199
Change in construction contracts	(2,879)	1,435	(685)
Change in trade receivables	432	450	(1,305)
Change in other receivables	726	2,332	(315)
Change in trade payables	539	800	(531)
Change in other payables	3,089	(1,594)	550
<b>Change in net working capital</b>	<b>1,318</b>	<b>4,128</b>	<b>(2,087)</b>
Of which change relating to construction contracts and related trade payables	(1,418)	1,395	(1,592)
Of which change relating to other working capital	2,736	2,733	(495)

### Change in net working capital

The change in net working capital is due to falling oil and gas prices, higher receivables from construction contracts, and higher payables due to collateral provided in respect of counterparties in connection with trading on energy exchanges.

# 5 TAX

A large part of the Group's earnings comes from Oil & Gas's activities in Norway, where oil and gas production is taxed at a rate of 78%, resulting in significant tax payments in Norway each year. DONG Energy's tax payments in other countries such as Denmark, the UK and Germany have been limited in recent years due to the significant investments made by the Group

## -9.4bn

A loss before tax of DKK -9,367 million is recorded according to business performance

## 5.1bn

The Group's income tax paid amount to DKK 5,091 million

## 4.3bn

Current tax in 2015 amounts to DKK 4,315 million

### IN THIS SECTION

- 5.1 Tax in the DONG Energy Group
- 5.2 Borne and collected taxes and duties
- 5.3 Tax on profit (loss) for the year
- 5.4 Deferred tax

### DONG Energy's tax policy

DONG Energy's tax policy is public. DONG Energy acknowledges that tax plays a key role for society. We also believe that a responsible approach to tax is essential to the long-term sustainability of our business in the countries in which we operate.

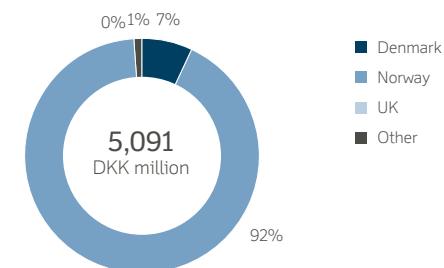
### Taxes and duties in DONG Energy

DONG Energy' borne taxes and duties are DKK 5,165 in 2015. 90% hereof is tax to Norway relating to Oil & Gas' hydrocarbon activities. In step with the commissioning of investment projects currently in progress, the Group expects to start paying taxes to Denmark again within the near future.

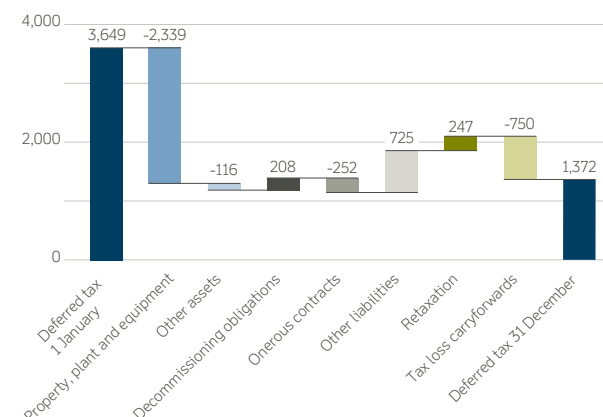
### Deferred tax

The development in deferred tax is significantly impacted by the impairment of property, plant and equipment in 2015.

INCOME TAX PAID BY COUNTRY, % 2015



DEVELOPMENT IN DEFERRED TAX ASSETS AND LIABILITIES, DKK million 2015



## 5.1 TAX IN THE DONG ENERGY GROUP

### Tax policy in DONG Energy

DONG Energy acknowledges the key role that tax plays for society. DONG Energy also believes that a responsible approach to tax is essential to the long-term sustainability of the company's business in the countries where it operates.

The nature of the company's business implies that a number of different direct, indirect and collected taxes apply and that there are many transactions between DONG Energy business units across country borders and between different tax regimes. The complexity of the company's business requires a significant focus on tax management.

DONG Energy published its tax policy in 2014. The tax policy sets out the principles by which DONG Energy manages its tax affairs and applies to the parent company DONG Energy A/S and its subsidiaries (the Group).

### Compliance

DONG Energy regularly assesses internal processes and controls to ensure that the business complies with the local and the international tax rules applying to the business. The nature of the company's business and the extent of its intercompany transactions across geographical borders make transfer pricing and VAT particularly important areas when it comes to conducting DONG Energy's tax practice responsibly.

DONG Energy do not use contrived or abnormal tax structures that are intended for tax avoidance, have no commercial substance, or do not meet the spirit of local or international tax law.

In 2015, DONG Energy founded a subsidiary in the Isle of Man. The decision to establish the company was not driven by tax reasons, but was done solely with the purpose of allowing DONG Energy to bid on wind projects in the area.

### Use of incentives

DONG Energy uses the incentives and tax reliefs where they apply in areas where the company has commercial substance and where this is the legislator's intention. Relevant incentives, particularly for the Group's Oil & Gas business, include accelerated depreciation and amortisation etc., which the Group makes use of.

### Dialogue with tax authorities

As a proactive approach to handling any uncertainties about the interpretation of tax rules, DONG Energy maintains an open dialogue with national tax authorities, both in Denmark and abroad about completed as well as contemplated transactions.

### Tax regimes to which the Group is subject

DONG Energy is subject to a number of different tax regimes in the countries in which it operates. At the end of 2015, the countries in which the Group had the most activities are Norway, Denmark and the UK.

### International joint taxation

Since 2005, DONG Energy has chosen to use Danish rules on international joint taxation, which are tax rules that were originally introduced to promote Danish companies' investments abroad. International joint taxation means that depreciation and amortisation for tax purposes and expenses incurred abroad can be deducted in the Danish calculated taxable income, just as profit earned abroad is taxed in Denmark. In recent years, DONG Energy has made significant investments in Denmark and abroad, especially in wind power and in developing oil and gas production. Over the past decade, DONG Energy has thus realised significant depreciation and amortisation for tax purposes and thereby increased deductions, resulting in some of DONG Energy's Danish tax payments being postponed to subsequent years.

The rules on Danish international joint taxation only result in a postponement of the tax payments to Denmark and will thus result in increased Danish tax payments at a later point in time, corresponding to the tax savings the Group has realised from foreign investments in previous years.

The deferred tax liability resulting from Danish international joint taxation is provided for in the consolidated financial statements and amounted to DKK 2,903 million in 2015 against DKK 2,656 million in 2014 (2013: DKK 2,763 million). Reference is made to note 5.4 for a specification of deferred tax.

### Local taxes

In Denmark, DONG Energy has for a number of years paid only modest income taxes. The reason for this is that the Group has incurred significant costs in connection with the establishment of wind farms, biomass conversions in Bioenergy & Thermal Power and the development and maintenance of existing production facilities in Oil & Gas. In addition, earnings in Denmark have decreased considerably due, among other things, to falling power prices. For Oil & Gas, exchange rate fluctuations have also meant that no hydrocarbon tax has been paid in recent years.

In Norway, DONG Energy pays two types of income taxes: ordinary income tax at a rate of 27% and a special tax, the so-called hydrocarbon tax, at a rate of 51% on the oil and gas extracted. The total hydrocarbon income from the extracted oil and gas is thus taxed at 78%.

The payment of income taxes in Norway is divided so that half of the expected income tax for the year is paid to the Norwegian State as provisional tax on account in the current year, and the remaining part is settled in the first half of the following year.

The Group's Oil & Gas activities in the UK are subject to a tax regime similar to the one in Norway as concerns taxation of oil and gas. In the UK, hydrocarbon income is subject to special income tax at a rate of 30% and hydrocarbon tax at a rate of 20%, resulting in a total rate of 50%. Ordinary income tax in, for example, our wind business is subject to ordinary income tax rules at a rate of 20% (in 2015). Concurrently with the development of our oil and gas fields, the Group has made significant investments in offshore wind farms in the UK. Due to the substantial costs associated with establishing both oil, gas and wind power production facilities in the UK, resulting in the accumulation of significant tax assets, the Group does not expect to have to pay tax in the UK in the foreseeable future.

## 5.2 BORNE AND COLLECTED TAXES AND DUTIES

### Borne taxes and duties

DONG Energy's borne taxes and duties in 2015 consist of the Group's energy taxes, real property taxes, VAT, etc., as well as hydrocarbon tax and income tax for the year. The Groups's own taxes and duties are paid primarily to Norway as a large portion of the income taxes paid by the Group is hydrocarbon tax paid to the Norwegian State.

Costs, including depreciation and amortisation for tax purposes, have for a number of years exceeded revenue in Denmark and the UK, and we have therefore not paid any significant income tax in the years from 2010 to 2013.

In 2015, DONG Energy has paid DKK 404 million in Danish corporate taxes regarding 2014.

### Taxes and duties collected on behalf of the Danish State

Collected taxes and duties consist primarily of energy taxes collected from customers, collected VAT and payroll taxes withheld on wages and salaries. Collected taxes and duties are primarily collected in Denmark and are therefore paid to the Danish State.

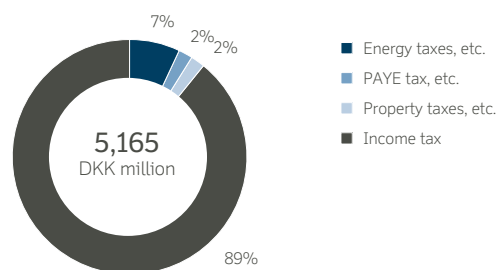
### Combined borne and collected taxes and duties

The combined taxes and duties paid and collected by DONG Energy amounted to DKK 19,929 million in 2015 against DKK 20,008 million in 2014 (2013: DKK 20,330 million). The combined taxes and duties consist of borne taxes and duties as well as taxes and duties collected.

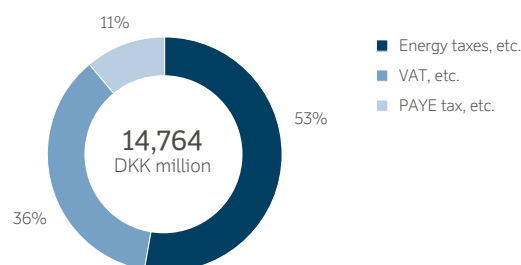
By far the largest share of the combined taxes and duties is made up of energy taxes (41%) and VAT (22%) paid to the Danish State. In addition, significant amounts are paid each year in hydrocarbon tax to Norway (21%).

The contributions are calculated in accordance with the Total Tax Contribution (TTC) model.

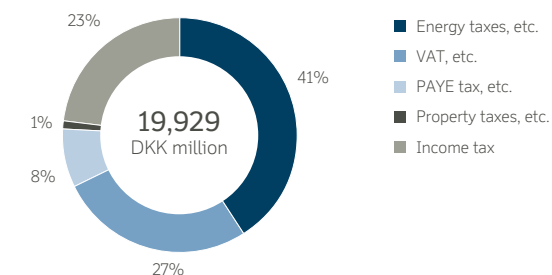
TOTAL BORNE TAXES AND DUTIES, DKK million 2015



TOTAL COLLECTED TAXES AND DUTIES, DKK million 2015



TOTAL BORNE AND COLLECTED TAXES AND DUTIES, DKK million 2015 (TTC-model)





## 5.3 TAX ON PROFIT (LOSS) FOR THE YEAR

### Corporate tax

In 2015, tax on profit (loss) according to business performance for the year amounts to DKK 2,717 million against DKK 3,171 million in 2014 (2013: DKK 1,222 million). The effective tax rate was -29% in 2015 against -150% in 2014 (2013: 534%).

Three significant factors affected the effective tax rate in 2015. The tax rate is increased as a result of the taxation of earnings from oil and gas production in Norway, where hydrocarbon income is taxed at 78%. Combined with non-deductible amortisation of licence rights, the effective tax rate for Norway is 83%. In the UK, the tax rate is affected by the capitalisation of deferred tax relating to certain tax loss carryforwards in respect of previous years, which are expected to be utilised in the Group. The effective tax rate in 2015 is also significantly impacted by impairment losses in respect of assets primarily from the oil and gas business in Denmark, Norway and the UK, where tax assets are not fully recognised as there is uncertainty about the possibilities of utilising these losses in the foreseeable future.

In 2014, the tax rate was increased as a result of the taxation of earnings from oil and gas production in Norway at a rate of 84%. In addition, the tax rate was affected by losses in Oil & Gas as well as impairment in the UK, where tax assets were not recognised as there was uncertainty about the possibilities of offsetting these losses in the foreseeable future. Finally, the tax rate was also affected by non-taxable gains and non-deductible losses on divestments.

In 2013, the tax rate was significantly affected by the fact that earnings from oil and gas production in Norway, where hydrocarbon income is taxed at 78%, were significantly higher than the Group's consolidated profit before tax, while it was reduced by non-taxable gains from divestments.

### ACCOUNTING POLICIES

DONG Energy A/S is taxed jointly with its Danish and foreign subsidiaries (international joint taxation). DONG Energy's subsidiaries are included in the joint taxation from the date they are included in the consolidated financial statements and up to the date on which they are no longer included in the consolidation.

Effective tax for the year consists of current tax, changes in deferred tax and adjustment in respect of previous years. Tax on profit (loss) for the year is recognised in the income statement, and tax on other comprehensive income items is recognised in other comprehensive income.

### 2015

DKK million

Oil and gas activities in Norway (hydrocarbon income)  
Oil and gas exploration activities in the UK and the Faroe Islands  
Gain (loss) from divestments and other non-taxable income and non-deductible costs  
Impairment losses  
Effect of change in tax rate  
Rest of DONG Energy

Effective tax for the year

BUSINESS PERFORMANCE		
Profit (loss) before tax	Tax on profit (loss) for the year	Tax rate
4,664	(3,887)	83%
(67)	547	816%
23	(16)	70%
(17,033)	1,236	7%
	63	n.a.
3,046	(660)	22%
(9,367)	(2,717)	(29%)

### 2014

Oil and gas activities in Norway (hydrocarbon income)  
Oil and gas exploration activities in the UK and the Faroe Islands  
Gain (loss) from divestments and other non-taxable income and non-deductible costs  
Impairment losses  
Effect of change in tax rate  
Rest of DONG Energy

Effective tax for the year

5,817	(4,893)	84%
(1,176)	0	0%
2,766	(160)	6%
(8,324)	1,632	20%
0	(3)	n.a.
(1,196)	253	21%
(2,113)	(3,171)	(150%)

### 2013

Oil and gas activities in Norway (hydrocarbon income)  
Oil and gas exploration activities in the UK and the Faroe Islands  
Gain (loss) from divestments and other non-taxable income and non-deductible costs  
Impairment losses  
Effect of change in tax rate  
Rest of DONG Energy

Effective tax for the year

5,364	(4,007)	75%
(757)	0	0%
2,287	(233)	10%
(5,008)	2,726	54%
0	(21)	n.a.
(1,657)	313	19%
229	(1,222)	534%

Subsidiaries that are engaged in oil and gas extraction (hydrocarbons) are subject to the hydrocarbon tax legislation in the countries in which they operate. Hydrocarbon taxes are calculated on the basis of taxable hydrocarbon income and include taxes calculated applying the respective country's ordinary income tax rate as well as taxes calculated applying increased tax rates. Hydrocarbon taxes are recognised under tax on profit (loss) for the year.

Liabilities in respect of uncertain tax positions are measured according to the single best estimate method and are recognised under income tax payable or deferred tax, depending on the relevant potential impact of the realisation of an uncertain tax position.

## 5.3 TAX ON PROFIT (LOSS) FOR THE YEAR

CONTINUED

INCOME TAX	2015		2014		2013	
	Business performance	IFRS	Business performance	IFRS	Business performance	IFRS
DKK million						
Tax on profit (loss) for the year	(2,717)	(3,524)	(3,171)	(4,136)	(1,222)	(1,015)
Tax on other comprehensive income	(74)	(74)	83	83	(491)	(491)
Tax on hybrid capital	172	172	166	166	224	224
<b>Total tax for the year</b>	<b>(2,619)</b>	<b>(3,426)</b>	<b>(2,922)</b>	<b>(3,887)</b>	<b>(1,489)</b>	<b>(1,282)</b>
Tax on profit (loss) for the year can be broken down as follows:						
Current tax calculated applying normal tax rates	(1,724)	(1,724)	(2,496)	(2,496)	(1,142)	(1,142)
Current tax, hydrocarbon tax calculated applying higher tax rate	(2,591)	(2,591)	(3,526)	(3,526)	(1,105)	(1,105)
Deferred tax calculated applying normal tax rates	1,197	390	1,941	976	1,087	1,294
Deferred tax, hydrocarbon tax calculated applying higher tax rate	429	429	1,037	1,037	(6)	(6)
Adjustment of tax concerning previous years	(28)	(28)	(127)	(127)	(56)	(56)
<b>Tax on profit (loss) for the year</b>	<b>(2,717)</b>	<b>(3,524)</b>	<b>(3,171)</b>	<b>(4,136)</b>	<b>(1,222)</b>	<b>(1,015)</b>
Tax on other comprehensive income can be broken down as follows:						
Current tax calculated applying normal tax rates	(74)	(74)	186	186	(289)	(289)
Deferred tax calculated applying normal tax rates	0	0	(103)	(103)	(202)	(202)
<b>Tax on other comprehensive income</b>	<b>(74)</b>	<b>(74)</b>	<b>83</b>	<b>83</b>	<b>(491)</b>	<b>(491)</b>

EFFECTIVE TAX RATE	2015		2014		2013	
	DKK million	%	DKK million	%	DKK million	%
DKK million/%						
Tax on profit (loss) for the year can be explained as follows:						
Calculated 23.5% tax on profit (loss) before tax (2014: 24.5% and 2013: 25%)	1,393	24	(447)	25	144	25
Adjustments of calculated tax in foreign subsidiaries in relation to 23.5% (2014: 24.5% and 2013: 25%)	62	1	296	(16)	14	2
Hydrocarbon tax	(2,162)	(37)	(2,489)	136	(1,111)	(193)
Tax effect of:						
Non-taxable income and non-deductible costs, net	(1,939)	(33)	267	(15)	502	87
Unrecognised tax assets and capitalisation of tax assets not previously capitalised	(875)	(15)	(1,495)	82	(317)	(55)
Share of profit (loss) in associates and joint ventures	24	1	(141)	8	(192)	(33)
Adjustment of tax concerning previous years	110	2	(124)	6	(34)	(6)
Effect of change in tax rate	(137)	(2)	(3)	1	(21)	(3)
<b>Effective tax for the year, IFRS</b>	<b>(3,524)</b>	<b>(59)</b>	<b>(4,136)</b>	<b>227</b>	<b>(1,015)</b>	<b>(176)</b>
Effective tax for the year, business performance	(2,717)	(29)	(3,171)	(150)	(1,222)	534

### Tax on profit (loss) for the year and other comprehensive income

In 2015, tax on profit (loss) according to IFRS for the year amounted to DKK 3,524 million consisting of current tax of DKK 4,315 million, a change in deferred tax of DKK -819 million and an adjustment of tax in respect of previous years of DKK 28 million. The change in deferred tax for the year is primarily due to impairment losses in respect of property, plant and equipment.

In 2014, tax on profit (loss) for the year totalled DKK 4,136 million consisting of current tax of DKK 6,022 million, a change in deferred tax of DKK -2,013 million and an adjustment of tax in respect of previous years of DKK 127 million. The change in deferred tax was due to impairment losses and increased decommissioning obligations in Denmark and Norway as well as a reduction of the retaxation balance.





In 2013, tax on profit (loss) for the year amounted to DKK 1,015 million, including a change in deferred tax of DKK -1,288 million. The change in deferred tax was primarily due to impairment losses on property, plant and equipment and increased decommissioning obligations.

## 5.4 DEFERRED TAX

### DEVELOPMENT IN DEFERRED TAX ASSETS AND LIABILITIES

2015								
DKK million	Balance sheet at 1 January	Exchange rate adjustments	Additions, individual assets and activities, net	Recognised in profit (loss) for the year	Transfers to assets classified as held for sale	Adjustments in respect of previous years etc.		Balance sheet at 31 December
Intangible assets	173			(23)		1		151
Property, plant and equipment	7,146	(96)	(276)	(2,285)	(279)	597		4,807
Other non-current assets	119	1		(165)		5		(40)
Current assets	(46)			63		2		19
Decommissioning obligations	(4,165)	137		(157)	95	133		(3,957)
Onerous contracts	(678)			(252)				(930)
Other non-current liabilities	(402)	47		54	2	66		(233)
Current liabilities	806			592		(36)		1,362
Retaxation	2,656			677		(430)		2,903
Tax loss carryforwards	(1,960)	(73)		676		(1,353)		(2,710)
<b>Deferred tax</b>	<b>3,649</b>	<b>16</b>	<b>(276)</b>	<b>(820)</b>	<b>(182)</b>	<b>(1,015)</b>		<b>1,372</b>

### DEFERRED TAX BY SEGMENT

2015								
DKK million	Wind Power 	Bioenergy & Thermal Power 	Distribution & Customer Solutions 	Oil & Gas 	Other activities/eliminations			Deferred tax at 31 December
Deferred tax, assets	143	681	56	156	(762)			274
Deferred tax, liabilities	1,677	224	221	0	(476)			1,646
Unrecognised tax assets	177	1	276	30,495	0			30,949

### Development in deferred tax assets and liabilities

Of the deferred tax of DKK 1,372 million (2014: DKK 3,649 million and 2013: DKK 5,366 million), DKK 1,594 million (2014: DKK 548 million and 2013: DKK 226 million) is expected to fall due within 12 months.

In 2015, deferred tax was reduced by DKK 2,277 million, due primarily to impairment. The tax base of impairment reduced deferred tax by a total of DKK 1,236 million. Furthermore, a major adjustment of deferred tax in respect of previous years was recognised due to additional payment of income tax for 2014 for Denmark. Finally, an amount was transferred to tax payable in respect of uncertain tax positions which are expected to materialise as tax payable if the uncertain tax position is realised.

### Deferred tax by segment

Deferred tax (equity and liabilities) in Wind Power primarily concerns property, plant and equipment which have been depreciated for tax purposes. Deferred tax assets in Bioenergy & Thermal Power and Oil & Gas are primarily attributable to property, plant and equipment for which impairment has been made.

Other activities/eliminations include the value of the deferred tax liability resulting from Danish international joint taxation (tax base of retaxation balance) as well as intragroup eliminations due to joint taxation across segments.

### Unrecognised deferred tax assets in 2015

Unrecognised deferred tax assets in the DONG Energy Group relate partly to unutilised losses in hydrocarbon income in Denmark and the UK, respectively, and partly to the basis of tax depreciation in Denmark in the hydrocarbon tax regime. It is considered unlikely that these tax assets can be utilised in the foreseeable future. The increase on 2014 is primarily due to impairment in Oil & Gas.

Of the non-recognised tax assets, losses in Danish hydrocarbon income (Chapter 3A of the Danish Hydrocarbon Tax Act (DHTA)) with a tax value of DKK 312 million expire in 2016. All other losses can be carried forward indefinitely.

### UNRECOGNISED TAX ASSETS, OIL & GAS

DKK million	
Denmark, hydrocarbon income (Chapter 3A of DHTA), tax base	23,717
Denmark, hydrocarbon income (Chapter 2 of DHTA), tax base	546
UK, hydrocarbon income, special income tax and hydrocarbon tax, tax base	6,011
Greenland and the Faroe Islands, hydrocarbon income, tax base	221
<b>Total at 31 December</b>	<b>30,495</b>

## 5.4 DEFERRED TAX

CONTINUED





### DEVELOPMENT IN DEFERRED TAX ASSETS AND LIABILITIES

#### 2014

DKK million	Balance sheet at 1 January	Exchange rate adjustments	Additions, individual assets and activities, net	Recognised in profit (loss) for the year	Recognised in other comprehensive income	Adjustments in respect of previous years etc.	Balance sheet at 31 December
Intangible assets	318		1	(159)		13	173
Property, plant and equipment	8,370	(187)	128	(1,174)	(48)	57	7,146
Other non-current assets	129	(11)		(10)		11	119
Current assets	209	(6)	(3)	(235)		(11)	(46)
Decommissioning obligations	(3,471)	21	(32)	(688)		5	(4,165)
Onerous contracts	(619)			(59)			(678)
Other non-current liabilities	(66)	110	36	(641)	64	95	(402)
Current liabilities	(308)			1,196		(82)	806
Retaxation	2,763			(154)		47	2,656
Tax loss carryforwards	(1,959)	(67)	13	(89)	87	55	(1,960)
<b>Deferred tax</b>	<b>5,366</b>	<b>(140)</b>	<b>143</b>	<b>(2,013)</b>	<b>103</b>	<b>190</b>	<b>3,649</b>

### DEFERRED TAX BY SEGMENT

#### 2014

DKK million	Wind Power 	Bioenergy & Thermal Power 	Distribution & Customer Solutions 	Oil & Gas 	Other activities/eliminations	Deferred tax at 31 December
Deferred tax, assets	89	1,015	31	557	(1,060)	632
Deferred tax, liabilities	1,201	178	148	0	2,754	4,281
Unrecognised tax assets	215	5	0	19,940	0	20,160

#### Unrecognised deferred tax assets in 2014

Unrecognised deferred tax assets in the DONG Energy Group relate primarily to the Group's Oil & Gas activities in Denmark and the UK.

### ACCOUNTING POLICIES

Deferred tax is measured using the balance sheet liability method in respect of all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. However, this does not apply to deferred tax on temporary differences in respect of goodwill not deductible for tax purposes, office properties and other items – apart from business combinations – where temporary differences have arisen at the acquisition date without having any effect on profit (loss) or taxable income.

Deferred tax is measured on the basis of management's planned use of the asset or settlement of the liability, respectively.

Deferred tax assets are recognised at the value at which they are expected to be utilised either by elimination against tax on future earnings or by offsetting against deferred tax liabilities within the same legal tax entity and jurisdiction.

Adjustment of deferred tax is made relating to eliminations made of unrealised intragroup gains and losses.

Deferred tax is measured in accordance with the tax rules and tax rates in the respective countries that will apply under the legislation enacted at the balance sheet date when the deferred tax is expected to materialise in the form of current tax. Changes in deferred tax as a result of changes in tax rates are recognised in profit (loss) for the year.

No provision is made for deferred tax on temporary differences between the carrying amounts and the tax base of acquisitions of joint operations, including licence interests.

### CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Deferred tax assets, including the tax base of tax loss carryforwards, are reassessed annually and recognised to the extent that it is probable that they will be utilised in the foreseeable future. Management's reassessment is based on whether a final investment decision has been made in companies involved in oil and gas exploration and companies with other development costs, and on the long-term outlook for the Group's development.

When a business is run across national borders, disputes may arise concerning taxation and transfer pricing with the tax authorities in the various countries. Management estimates have been applied in the assessment of the possible outcome of such disputes. DONG Energy believes that adequate provisions have been made for any such disputes which have not yet been decided by the local tax authorities. However, the actual obligation may be different as it depends on the outcome of the disputes and settlements reached with the tax authorities in question.

## 5.4 DEFERRED TAX

CONTINUED





### DEVELOPMENT IN DEFERRED TAX ASSETS AND LIABILITIES

2013

DKK million	Balance sheet at 1 January	Exchange rate adjustments	Additions, individual assets and activities, net	Recognised in profit (loss) for the year	Recognised in other comprehensive income	Adjustments in respect of previous years etc.	Balance sheet at 31 December
Intangible assets	225	(2)		12		83	318
Property, plant and equipment	10,860	(783)	80	(1,405)	83	(465)	8,370
Other non-current assets	117	1	48	(5)		(32)	129
Current assets	(150)	3	7	349			209
Decommissioning obligations	(3,339)	258		(480)		90	(3,471)
Onerous contracts	(727)			21		87	(619)
Other non-current liabilities	(173)	3	65	196	46	(203)	(66)
Current liabilities	(285)			(31)		8	(308)
Retaxation	2,911			(329)		181	2,763
Tax loss carryforwards	(2,787)	23	(51)	384	73	399	(1,959)
<b>Deferred tax</b>	<b>6,652</b>	<b>(497)</b>	<b>149</b>	<b>(1,288)</b>	<b>202</b>	<b>148</b>	<b>5,366</b>

### DEFERRED TAX BY SEGMENT

2013

DKK million	Wind Power 	Bioenergy & Thermal Power 	Distribution & Customer Solutions 	Oil & Gas 	Other activities/eliminations	Deferred tax at 31 December
Deferred tax, assets	205	605	33	0	(713)	130
Deferred tax, liabilities	1,586	(397)	723	2,292	1,292	5,496
Unrecognised tax assets	171	6	68	12,704	0	12,949

#### Unrecognised deferred tax assets in 2013

Unrecognised deferred tax assets in the DONG Energy Group relate primarily to the Group's Oil & Gas activities in Denmark and the UK.

# 6 CAPITAL STRUCTURE

DONG Energy's capital consists of 43% equity and 57% hybrid capital and interest-bearing debt. The capital is raised across several financing markets, financing institutions and maturities. In addition, the Group maintains a solid cash reserve

## 40.4%

FFO to adjusted interest-bearing net debt was 40.4% at 31 December 2015

## 31.1bn

The Group's adjusted interest-bearing net debt totalled DKK 31,070 million at 31 December 2015

## 35.4bn

The Group's cash reserve totalled DKK 35,428 million at 31 December 2015

### IN THIS SECTION

- 6.1 Capital structure
- 6.2 Interest-bearing debt
- 6.3 Funds from Operations (FFO)/ adjusted interest-bearing net debt
- 6.4 Financial resources
- 6.5 Financial income and expenses
- 6.6 Hybrid capital

### Financial resources

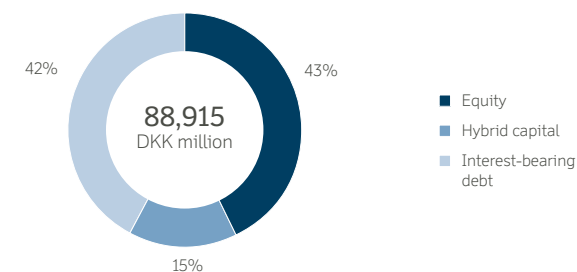
DONG Energy has decided to maintain robust financial resources to limit the company's sensitivity to unrest in the financial markets. The financial resources consist of cash, in the form of bank deposits and securities, as well as non-cancellable credit facilities from a group of strong Nordic and international banks. To ensure flexible and efficient access to financing in the bond market, DONG Energy also has an EUR 7 billion bond programme.

At 31 December 2015, the freely available cash and cash equivalents and securities totalled DKK 22,367 million, and the undrawn non-cancellable credit facilities amounted to DKK 13,061 million.

### Issuance of new hybrid capital

On 6 May 2015, DONG Energy issued new hybrid bonds with a face value of EUR 600 million (coupon 3.0%). The issuance refinanced hybrid bonds issued in 2005 with an outstanding balance of EUR 600 million, which was repaid on 29 June 2015. Read more in note 6.6.

CAPITAL BASE, at 31 December 2015, %



## 6.1 CAPITAL STRUCTURE

### Capital structure

Management evaluates the Group's capital structure on an ongoing basis to ensure that it is aligned with the interests of the Group and its shareholders and that it underpins the Group's strategy.

At the end of 2015, DONG Energy's capital base totalled DKK 88,915 million; it consists of equity, non-controlling interests, hybrid capital, bond loans and bank loans.

The Group's share capital did not change in 2015, but hybrid capital of EUR 600 million, issued in 2005, was repaid and replaced by new hybrid capital of the same amount.

In 2014, the capital structure was strengthened through the injection of equity capital of DKK 13 billion from new investors, existing minority shareholders and employees.

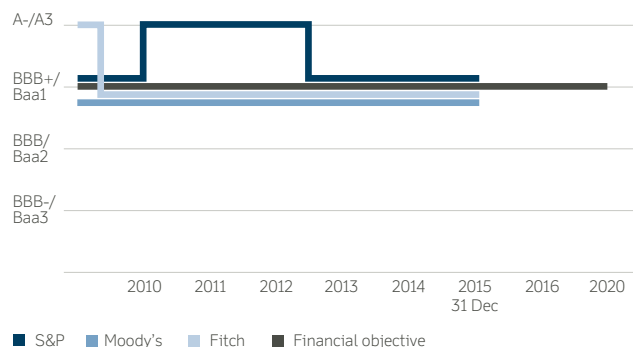
To ensure the financial strength to operate in the international energy and capital markets and secure financing on attractive terms, DONG Energy has defined a number of credit rating and capital structure targets.

The overarching capital structure targets are a credit rating of Baa1/BBB+ and an FFO/adjusted net debt credit metric of around 30%.

### Credit rating

Standard & Poor's	Minimum BBB+
Moody's	Minimum Baa1
Fitch	Minimum BBB+

### RATING, category



### Plan for IPO of DONG Energy

The political agreement concerning the IPO plans for DONG Energy was published on 18 September 2015. The Danish State confirmed its intention to retain a majority stake in DONG Energy after an IPO.

### Financing policy

DONG Energy manages its financing activities, debt portfolio and financial resources via various policies that are designed to ensure optimum financing arrangements and at the same time minimise DONG Energy's financial expenses and liquidity and refinancing risks.

The Group has diversified its borrowing activities among various funding sources and maturities and secured robust financial resources.

It is part of the Group's overall policy to concentrate its borrowing activities in the parent company in so far as is possible. The cash resources are made available to the Group via the internal bank.

### Cash management

DONG Energy has decided to maintain robust financial resources to limit the company's sensitivity to unrest in the financial markets. The financial resources consist of cash, in the form of bank deposits and securities, as well as non-cancellable credit facilities from a group of strong Nordic and international banks.

At 31 December 2015, financial resources totalled DKK 35,428 million (2014: DKK 45,806 million and 2013: DKK 34,712 million).

DKK million	2015	2014	2013
Equity attributable to shareholders of DONG Energy A/S	32,090	41,736	31,599
Hybrid capital	13,248	13,236	13,236
Non-controlling interests	6,398	6,561	6,708
Issued bonds	29,215	28,414	31,330
Bank loans	7,186	7,643	14,826
Other interest-bearing debt	778	656	304
<b>Capital base at 31 December</b>	<b>88,915</b>	<b>98,246</b>	<b>98,003</b>

### Share capital

DONG Energy's share capital is DKK 4,177,263,730, divided into shares of DKK 10 (2014: DKK 4,177,263,730 and 2013: DKK 2,937,099,000). All shares rank equally. There are no restrictions on voting rights. The shares are fully paid up.

DKK million	2015	2014	2013
Share capital at 1 January	4,177	2,937	2,937
Capital injection		1,240	
<b>Share capital at 31 December</b>	<b>4,177</b>	<b>4,177</b>	<b>2,937</b>

### Dividends

The Board of Directors recommends that no dividends be paid for the 2015 financial year. No dividends were paid for the 2014 and 2013 financial years.

## 6.2 INTEREST-BEARING DEBT

### Interest-bearing net debt

Interest-bearing net debt totalled DKK 9,193 million at the end of 2015, an increase of DKK 5,215 million relative to 2014. The increase is partly due to an increase in interest-bearing debt of DKK 466 million and a decrease in interest-bearing assets as a result of a smaller portfolio of securities and cash and cash equivalents. In 2014, interest-bearing net debt fell by DKK 21,825 million from DKK 25,803 million in 2013, primarily due to the DKK 13,007 million equity increase and to cash flows from operating activities substantially in excess of net investments.

### Fair value of bank loans and issued bonds

At 31 December 2015, the fair value of bank loans and issued bonds was DKK 7,433 million and DKK 33,980, respectively, (2014: DKK 7,851 million and DKK 33,868 million, respectively, and 2013: DKK 12,910 and DKK 34,018 million, respectively).

The fair value of issued bonds and bank loans exceeds the carrying amounts due to the fall in interest levels since the arrangement of the debt. The fair value of issued bonds, (Level 1 – quoted prices) has been determined as the market value at 31 December 2015. The fair value of bank loans (Level 2 – observable inputs) has been determined as the present value of expected future instalments and interest payments using the Group's current interest rate on loans as discount rate.

### Loan arrangements

At 31 December 2015, DONG Energy had loan obligations totalling DKK 7,186 million (2014: DKK 7,568 million and 2013: DKK 12,689 million) primarily to the European Investment Bank and the Nordic Investment Bank. The loans are recognised in the balance sheet under bank loans. The loans offered by these multilateral financial institutions include loans to co-fund infrastructure and energy projects on favourable terms and with maturities exceeding those normally available in the commercial banking market. In connection with these loans, the Group may be met with demands for:

- collateral in the event of the Danish State holding less than 50% of the share capital or voting rights in DONG Energy A/S (change of control), or
- repayment in the event of Moody's or Standard & Poor's downgrading DONG Energy A/S's rating to Baa3 or BBB- or less, respectively.

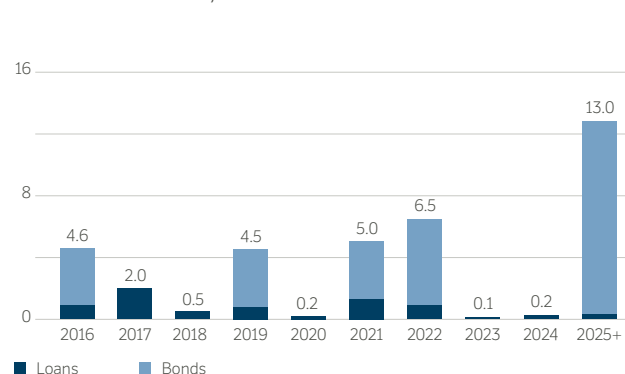
Furthermore, at 31 December 2015, the Group had non-cancellable credit facilities of DKK 13,061 million (2014: DKK 17,343 million and 2013: DKK 17,378 million) with a number of Nordic and international banks. In connection with these credit facilities, the Group may be met with demands requiring cancellation and repayment of any drawn amounts in the event of parties other than a group consisting of the Danish State and Danish power distribution companies acquiring more

### INTEREST-BEARING DEBT AND INTEREST-BEARING ASSETS

DKK million	2015	2014	2013
Interest-bearing debt comprises:			
Bank loans	7,186	7,643	14,826
Issued bonds	29,215	28,414	31,330
<b>Bank loans and issued bonds</b>	<b>36,401</b>	<b>36,057</b>	<b>46,156</b>
Other interest-bearing debt	778	656	304
<b>Total interest-bearing debt</b>	<b>37,179</b>	<b>36,713</b>	<b>46,460</b>
Interest-bearing assets comprise:			
Securities	21,221	24,948	16,118
Cash	4,965	6,028	2,894
Receivables from associates and joint ventures	883	1,116	1,341
Other receivables	917	643	304
<b>Total interest-bearing assets</b>	<b>27,986</b>	<b>32,735</b>	<b>20,657</b>
<b>Total interest-bearing net debt</b>	<b>9,193</b>	<b>3,978</b>	<b>25,803</b>

than 50% of the share capital or voting rights in DONG Energy A/S, or in the event of the Danish State ceasing to hold at least 20% of the share capital. The Group's financing agreements are not subject to any other unusual terms or conditions.

### MATURITY PROFILE, DKK billion



The above figure indicates the maturity profile of the principal amounts of DONG Energy's loans and issued bonds. At 31 December 2015, the principal amount of outstanding loans and issued bonds was DKK 36,635 million (2014: DKK 36,291 million and 2013: DKK 46,149 million).

### OUTSTANDING BONDS AT 31 DECEMBER 2015

Currency	Outstanding amount (million)	Coupon (%)	Maturing	Quoted in
<b>Senior bonds</b>				
EUR	500	4.000	16 Dec 2016	London
EUR	500	6.500	7 May 2019	London
EUR	500	4.875	16 Dec 2021	London
EUR	750	2.625	19 Sep 2022	London
GBP	750	4.875	12 Jan 2032	London
GBP	500	5.750	9 Apr 2040	London
<b>Hybrid bonds</b>				
EUR	700	6.250	Year 3013	Luxembourg
EUR	500	4.875	Year 3013	Luxembourg
EUR	600	3.000	Year 3015	Luxembourg



## 6.2 INTEREST-BEARING DEBT

CONTINUED

### Interest rate risk

DONG Energy's interest rate risks relate to interest-bearing debt, interest-bearing assets and financial price hedges. The interest rate risk is managed through the composition of assets and the variability of the cash flows generated by the assets. Fixed-interest financing over a longer term is sought for assets with fixed, interest-insensitive cash flows over a longer term. Conversely, more variable-interest financing is sought for assets with more varying, interest-sensitive cash flows.

DONG Energy has hedged part of its future interest payments. The hedging is in the form of raising fixed-rate debt and entering into interest rate swaps. At the end of 2015, 89% (2014: 88% and 2013: 71%) of the Group's debt was fixed-rate debt.

At 31 December 2015, the loan portfolio had an average time to maturity of 10.9 years (2014: 10.5 years and 2013: 10.2 years).

Interest-bearing assets consist primarily of short-term bonds with limited risk.

### Hedging of future interest payments

The table below shows interest rate swaps entered into to hedge interest payments on the loan portfolio.

At 31 December 2015, debt in the amount of DKK 5,781 million (2014: DKK 5,761 million and 2013: DKK 5,975 million) had been swapped from variable to fixed interest. The market value of interest rate swaps is negative at DKK 446 million (2014: DKK 552 million and 2013: DKK 431 million) due to the fact that the hedged interest rate exceeds the current market rate. The market value is recognised in other comprehensive income and transferred to the income statement over the term of the interest rate swap. In 2016, DKK -161 million (2014: DKK -131 million in 2015 and 2013: DKK -125 million in 2014) is expected to be transferred to the income statement.

### ACCOUNTING POLICIES

Issued bonds, bank loans and other payables are recognised at inception at fair value (typically proceeds received) net of transaction costs incurred. In subsequent periods, the liabilities are measured at amortised cost so that the difference between the cost (proceeds) and the nominal value is recognised in profit (loss) for the year as interest expenses over the term of the loan, using the effective interest rate method.

Financial liabilities are classified as current unless the Group has an unconditional right to defer settlement of the liability to at least one year after the balance sheet date.

The fair value of issued bonds has been determined as the market value at 31 December.

The fair value of bank loans has been determined as the present value of expected future instalments and interest payments using the Group's current interest rate on loans as discount rate.

### HEDGING OF FUTURE INTEREST PAYMENTS

DKK million	Notional amount	Fair value	Recognition in comprehensive income	Expected date of transfer to profit (loss) for the year		
				2016	2017	After 2017
Interest rate swaps at 31 December 2015	5,781	(446)	(461)	(161)	(101)	(199)
				2015	2016	After 2016
Interest rate swaps at 31 December 2014	5,761	(552)	(574)	(131)	(131)	(312)
				2014	2015	After 2015
Interest rate swaps at 31 December 2013	5,975	(431)	(495)	(125)	(93)	(277)

## 6.3 FUNDS FROM OPERATIONS (FFO)/ADJUSTED INTEREST-BEARING NET DEBT

### Funds from Operations (FFO)

In connection with the preparation of the annual report for 2013, FFO to adjusted interest-bearing net debt was introduced as a new credit metric. The long-term target is for FFO to be around 30% of adjusted interest-bearing net debt.

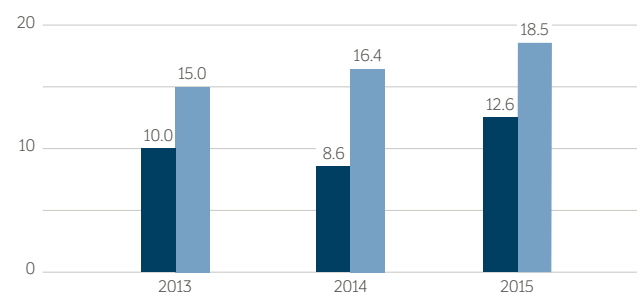
FFO is calculated on the basis of EBITDA calculated in accordance with business performance and is adjusted for interest expenses, the interest element of decommissioning obligations, 50% of the hybrid capital coupon payments and calculated interest paid on the Group's operating lease obligations, operating lease payment in profit (loss) for the year and total current tax.

### Adjusted interest-bearing net debt

In the calculation of adjusted interest-bearing net debt, 50% of the hybrid capital is added as the Group's rating agencies use a similar calculation method. Similarly, the Group's decommissioning obligations less tax and operating lease obligations are regarded as part of the interest-bearing debt, regardless of the fact that the associated assets are not recognised under non-current assets.

The Group's adjusted interest-bearing net debt totalled DKK 31,070 million at 31 December 2015, which is an increase of DKK 7,257 million relative to 2014. The primary reason for this is the Group's programme of continued investments in both Wind Power and Oil & Gas throughout 2015.

DEVELOPMENT IN FFO AND EBITDA, DKK billion



■ FFO ■ EBITDA

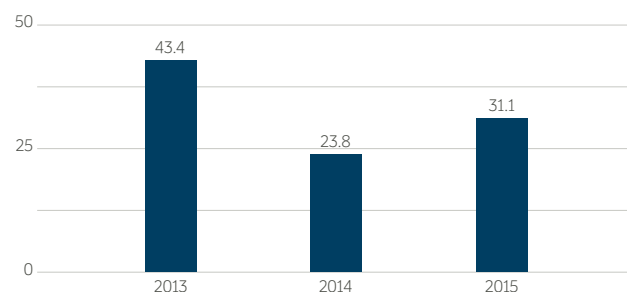
### FUNDS FROM OPERATIONS (FFO)

DKK million	2015	2014	2013
<b>EBITDA – business performance</b>	<b>18,484</b>	<b>16,389</b>	<b>15,004</b>
Interest expenses, net	(767)	(1,145)	(1,661)
Reversal of interest expenses transferred to assets	(389)	(339)	(282)
Interest element of decommissioning obligations	(494)	(416)	(363)
50% of coupon payments on hybrid capital	(411)	(377)	(337)
Calculated interest paid on operating lease obligations	(219)	(217)	(153)
<b>Adjusted interest expenses, net</b>	<b>(2,280)</b>	<b>(2,494)</b>	<b>(2,796)</b>
Reversal of recognised operating lease payment in profit (loss) for the year	753	545	354
Total current tax	(4,390)	(5,835)	(2,536)
<b>Funds from Operations (FFO)</b>	<b>12,567</b>	<b>8,605</b>	<b>10,026</b>

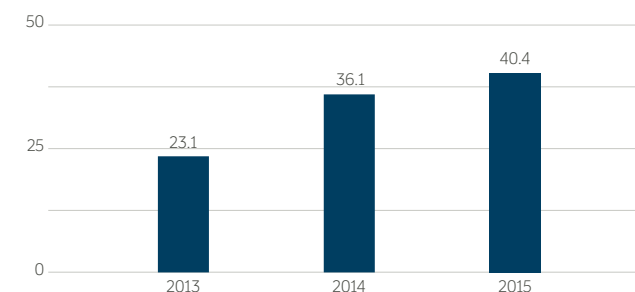
### FUNDS FROM OPERATIONS (FFO)/ADJUSTED INTEREST-BEARING NET DEBT

DKK million	2015	2014	2013
<b>Total interest-bearing net debt</b>	<b>9,193</b>	<b>3,978</b>	<b>25,803</b>
50% of hybrid capital	6,624	6,618	6,618
Cash and securities not available for distribution, excluding repo loans	3,818	2,519	1,678
Present value of operating lease payments	4,248	4,495	3,933
Decommissioning obligations	11,144	10,368	8,821
Deferred tax on decommissioning obligations	(3,957)	(4,165)	(3,471)
<b>Adjusted interest-bearing net debt</b>	<b>31,070</b>	<b>23,813</b>	<b>43,382</b>
Funds from Operations (FFO)	12,567	8,605	10,026
<b>Funds from Operations (FFO)/adjusted interest-bearing net debt</b>	<b>40.4%</b>	<b>36.1%</b>	<b>23.1%</b>

DEVELOPMENT IN ADJUSTED INTEREST-BEARING NET DEBT, DKK billion



DEVELOPMENT IN FFO/ADJUSTED INTEREST-BEARING NET DEBT, %



## 6.4 FINANCIAL RESOURCES

DONG Energy's liquidity and financing risks are managed centrally in accordance with principles and delegated authorities laid down by the Board of Directors. One of the most significant financial management tasks in DONG Energy is to secure sufficient and flexible financial resources in relation to the day-to-day operations, the Group's investment programme and its debt maturity profile. DONG Energy therefore defines minimum financial resources for the coming calendar year. Due to divestment activities and a capital increase primarily in 2013 and 2014, the Group's cash reserves at 31 December 2015 were still significantly above the minimum financial resource level defined. At 31 December 2015, financial resources totalled DKK 35,428 million (2014: DKK 45,806 million and 2013: DKK 34,712 million). The composition of the financial resources is shown in the charts to the right.

### Cash and cash equivalents and securities

Cash not available for use which is not part of the financial resources primarily comprises:

- cash and cash equivalents tied up for use in jointly controlled wind power projects and oil and gas licences
- cash and cash equivalents pledged as collateral for negative market values of financial instruments
- cash and cash equivalents pledged as collateral for insurance-related provisions, and
- cash and cash equivalents received from users of the North Sea oil pipeline for the maintenance of the pipeline.

Securities are a key element in the Group's financial resources, for which reason investments are primarily made in liquid AAA-rated Danish mortgage bonds and to a lesser extent in other bonds. Most of the securities qualify for repo transactions in Danmarks Nationalbank.

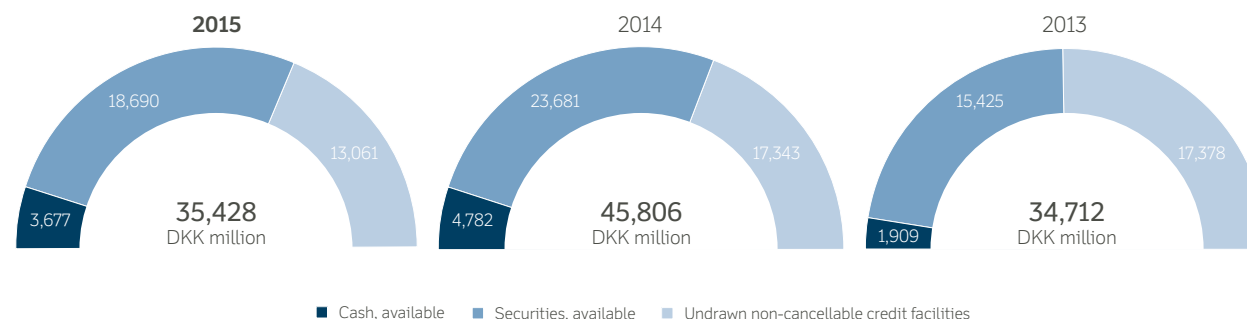
Securities not available for use comprise:

- securities that form part of genuine sale and repurchase transactions (repo transactions). At 31 December 2015, these amounted to DKK 0 million (2014: DKK 0 million and 2013: DKK 0 million)
- securities used to cover insurance-related provisions and
- securities used as collateral for negative market values of financial instruments. At 31 December 2015, these amounted to DKK 2,072 million (2014: DKK 823 million and 2013: DKK 283 million).

### OVERVIEW OF SECURITIES

DKK million	Fixed-rate	Floating-rate		Fixed-rate	Floating-rate		Fixed-rate	Floating-rate	
Maturities			2015			2014			2013
0-2 years	9,146	1,621	10,767	7,774	1,263	9,037	8,505	2,127	10,632
2-5 years	6,251	2,652	8,903	10,677	1,974	12,651	2,962	2,524	5,486
After 5 years	1,207	344	1,551	2,927	333	3,260			-
<b>Total carrying amount</b>	<b>16,604</b>	<b>4,617</b>	<b>21,221</b>	<b>21,378</b>	<b>3,570</b>	<b>24,948</b>	<b>11,467</b>	<b>4,651</b>	<b>16,118</b>

FINANCIAL RESOURCES, DKK million



### CASH AND CASH EQUIVALENTS AND SECURITIES

DKK million	2015	2014	2013
Cash, available	3,677	4,782	1,909
Bank overdrafts that are part of the ongoing cash management		(12)	(478)
<b>Cash and cash equivalents at 31 December, see statement of cash flows</b>	<b>3,677</b>	<b>4,770</b>	<b>1,431</b>
<b>Cash can be specified as follows:</b>			
Cash, available	3,677	4,782	1,909
Cash, not available for use, interest-bearing	1,288	1,252	985
<b>Cash at 31 December</b>	<b>4,965</b>	<b>6,034</b>	<b>2,894</b>
<b>Securities can be specified as follows:</b>			
Securities, available	18,690	23,681	15,425
Securities, not available for use, other	2,531	1,267	693
<b>Securities at 31 December</b>	<b>21,221</b>	<b>24,948</b>	<b>16,118</b>

At 31 December 2015, DONG Energy had received collateral from trading in financial instruments of DKK 65 million (2014: DKK 321 million and 2013: DKK 192 million).

### Hedging of fair values of securities

As part of its risk management, the Group has hedged part of the interest rate risk on its securities portfolio. DONG Energy has entered into interest rate swaps with a notional amount of DKK 796 million (2014: DKK 795 million and 2013: DKK 2,796 million). Market value amounts to DKK -10 million (2014: DKK -10 million and 2013: DKK 6 million).

## 6.4 FINANCIAL RESOURCES

CONTINUED

### MATURITY ANALYSIS OF LOANS AND BORROWINGS

#### 2015

DKK million	2016	2017	2018-2019	After 2019	2015
Bank loans and issued bonds					
- Principal amount	4,626	2,043	4,997	24,969	36,635
- Interest payments	1,560	1,405	2,624	11,909	17,498
Trade payables	10,673				10,673
Other payables	8,002	668	597	4,647	13,914
Derivative financial instruments	5,717	2,007	1,660	262	9,646
Liabilities relating to assets classified as held for sale	1,133				1,133
<b>Total payment obligations</b>	<b>31,711</b>	<b>6,123</b>	<b>9,878</b>	<b>41,787</b>	<b>89,499</b>

#### 2014

DKK million	2015	2016	2017-2018	After 2018	2014
Bank loans and issued bonds					
- Principal amount	208	4,779	2,491	28,813	36,291
- Interest payments	1,414	1,404	2,500	12,479	17,797
Trade payables	8,929	51	51		9,031
Other payables	5,913	303	488	3,820	10,524
Derivative financial instruments	5,231	2,027	1,242	748	9,248
<b>Total payment obligations</b>	<b>21,695</b>	<b>8,564</b>	<b>6,772</b>	<b>45,860</b>	<b>82,891</b>

#### 2013

DKK million	2014	2015	2016-2017	After 2017	2013
Bank loans and issued bonds					
- Principal amount	9,389	458	6,686	29,616	46,149
- Interest payments	1,617	1,413	2,773	14,337	20,140
Trade payables	7,329				7,329
Other payables	7,691	312	302	2,990	11,295
Derivative financial instruments	5,968	1,815	1,119	302	9,204
Liabilities relating to assets classified as held for sale	2				2
<b>Total payment obligations</b>	<b>31,996</b>	<b>3,998</b>	<b>10,880</b>	<b>47,245</b>	<b>94,119</b>

### Maturity analysis of loans and borrowings

The Group's cash needs in respect of its financial loans and borrowings are shown in the table on the left. The maturity analysis was determined at 31 December 2015.

The maturity analysis is based on undiscounted cash flows, including estimated interest payments. Interest payments are based on market conditions and interest-rate hedging entered into at 31 December 2015.

The maturity analysis does not include hybrid capital. At 31 December 2015, DONG Energy had issued hybrid capital with a principal amount totalling DKK 13,435 million due in 3013 (DKK 8,957 million) and 3015 (DKK 4,478 million).

### ACCOUNTING POLICIES

Securities comprise bonds that are monitored, measured and reported at fair value on an ongoing basis in conformity with the Group's investment policy. Changes in fair value are recognised in profit (loss) for the year as financial income and expenses.

For listed securities, fair value equals the market price, and for unlisted securities, fair value is estimated based on generally accepted valuation methods and market data.

Sold securities where a repurchase agreement (repo transactions) has been made at the time of sale are recognised in the balance sheet at the settlement date as if the securities were still held. The amount received is recognised as a liability, and the difference between the selling price and the purchase price is recognised in profit (loss) for the year over the term as interest. The return on the securities is recognised in profit (loss) for the year.

## 6.5 FINANCIAL INCOME AND EXPENSES

### NET FINANCIAL INCOME AND EXPENSES

DKK million	2015	2014	2013
Interest expenses, net	(767)	(1,145)	(1,661)
Interest element of provisions etc.	(683)	(572)	(501)
Capital losses on early repayment of loans and interest rate swaps			(665)
Value adjustments of derivative financial instruments, net	(109)	(255)	(293)
Exchange rate adjustments, net	131	534	(210)
Divestment of assets held under finance leases			(201)
Value adjustments of securities, net	(496)	(297)	(189)
Other financial income and expenses, net	(201)	25	(80)
<b>Net financial income and expenses</b>	<b>(2,125)</b>	<b>(1,710)</b>	<b>(3,800)</b>

Financial income and expenses are presented net above as currency and interest rate risks are managed on a net basis, for which reason foreign exchange gains cannot meaningfully be shown without including foreign exchange losses.

Derivative financial instruments entered into to hedge currency risks and exchange rate adjustments are presented net in the line 'Exchange rate adjustments, net'.

Exchange rate adjustments of currency derivatives are recognised in revenue and cost of sales with a loss of DKK 1,647 million (2014: a loss of DKK 922 million and 2013: a loss of DKK 656 million).

Borrowing costs transferred to assets under construction are calculated at the weighted average effective interest rate for general borrowing, which was 4.3% (2014: 4.1% and 2013: 4.0%).

### FINANCIAL INCOME AND EXPENSES

DKK million	2015	2014	2013
Interest income from cash etc.	147	173	267
Interest income from securities at fair value	571	499	297
Capital gains on securities at fair value	99	21	19
Foreign exchange gains	5,837	3,390	2,091
Value adjustments of derivative financial instruments	2,613	1,151	554
Other financial income	8	27	45
<b>Financial income</b>	<b>9,275</b>	<b>5,261</b>	<b>3,273</b>
Interest expenses relating to loans and borrowings	(1,874)	(2,156)	(2,507)
Interest expenses transferred to assets	389	339	282
Interest element of provisions	(626)	(534)	(501)
Capital losses on securities at fair value	(607)	(302)	(214)
Foreign exchange losses	(5,821)	(2,957)	(1,709)
Value adjustments of derivative financial instruments	(2,600)	(1,321)	(1,916)
Other financial expenses	(261)	(40)	(508)
<b>Financial expenses</b>	<b>(11,400)</b>	<b>(6,971)</b>	<b>(7,073)</b>

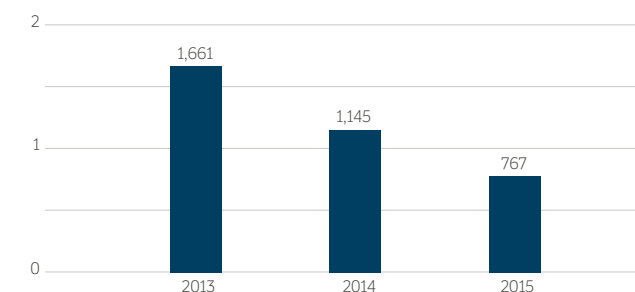
### ACCOUNTING POLICIES

Fair value adjustments of interest and currency derivatives that have not been entered into to hedge revenue, cost of sales or non-current assets are presented as financial income or expenses.

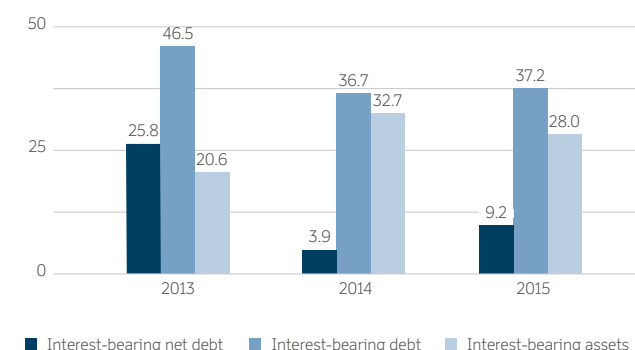
### Net financial income and expenses

Net interest expenses were reduced in 2014 and 2015 due to a continuous reduction in interest-bearing debt and an increase in interest-bearing assets. As the interest rate payable on most of the debt has been fixed for a long period of time and as DONG Energy is expected to have a net financing requirement in the coming years due to investing activities, repaying the debt has not made financial sense. Instead, surplus cash is invested in securities even though the return is significantly lower than the interest paid on the debt.

### DEVELOPMENT IN NET INTEREST EXPENSES, DKK million



### DEVELOPMENT IN INTEREST-BEARING NET DEBT, DKK billion



## 6.6 HYBRID CAPITAL

Hybrid capital with a total nominal value of DKK 13,435 million (EUR 1,800 million) comprises EUR hybrid bonds issued in the European capital markets. A series of special terms are attached to the hybrid bonds.

In May 2015, DONG Energy issued new hybrid bonds due in 3015 for nominally EUR 600 million (DKK 4,478 million). The issuance refinanced hybrid bonds due in 3005 and issued in 2005 with an outstanding balance of EUR 600 million.

The hybrid capital is subordinate to the Group's other creditors. The purpose of issuing hybrid capital was to strengthen the Group's capital base and fund the Group's investments.

The total hybrid capital consists of hybrid bonds due in 3013 and hybrid bonds due in 3015. Further details on DONG Energy's three hybrid bonds are provided in the table below.

Coupon on hybrid capital is settled annually. Coupon payments and their tax effect are recognised directly in equity.

DONG Energy A/S may, at its sole discretion, defer coupon payments to bond holders. Deferred coupon becomes payable, however, if DONG

Energy A/S subsequently pays dividends to its shareholders or pays coupon on another hybrid bond. So far, DONG Energy A/S has not used the option to defer coupon payments. Any deferred coupon will lapse upon maturity of the hybrid bonds in 3013 and 3015, respectively.

### ACCOUNTING POLICIES

Hybrid capital comprises issued bonds that qualify for treatment in accordance with the rules on compound financial instruments due to the special characteristics of the loan. The principal amount, which constitutes a liability, is recognised at present value, and equity has been increased by the difference between the net proceeds received and the present value of the discounted liability. Accordingly, any coupon payments are accounted for as dividends, which are recognised directly in equity at the time the payment obligation arises. This is because coupon is discretionary, and any deferred coupon therefore lapses upon maturity of the hybrid capital. Coupon payments consequently do not have any effect on profit (loss) for the year.

The part of the hybrid capital that is accounted for as a liability is measured at amortised cost. However, as the carrying amount of this component

amounted to nil on initial recognition, and because of the 1,000-year term of the hybrid capital, amortisation charges will only impact on profit (loss) for the year towards the end of the 1,000-year term of the hybrid capital. Coupon payments are recognised in the statement of cash flows in the same way as dividend payments within financing activities.

On redemption of the hybrid capital, the payment will be distributed between the liability and equity applying the same principles as used when the hybrid capital was issued. This means that the difference between the payment on redemption and the net proceeds received on issue is recognised directly in equity as the debt portion of the existing hybrid issues will be nil during the first part of the life of the hybrid capital.

On the date on which the Board of Directors decides to exercise an option to redeem the hybrid capital, the part of the hybrid capital that will be redeemed will be reclassified to loans and borrowings. The reclassification will be made at the fair value of the hybrid capital at the date the decision is made. Coupon and exchange rate adjustments following the reclassification to loans and borrowings will be recognised in profit (loss) for the year as financial income or expenses.

	Hybrid capital due in 3013 (June)	Hybrid capital due in 3013 (July)	Hybrid capital due in 3015 (November)
Carrying amount	DKK 5,127 million	DKK 3,698 million	DKK 4,423 million
Notional amount	EUR 700 million (DKK 5,225 million)	EUR 500 million (DKK 3,732 million)	EUR 600 million (DKK 4,478 million)
Issued	June 2013	July 2013	May 2015
Due	June 3013	July 3013	November 3015
First possible redemption date at par	26 June 2023	8 July 2018	6 November 2020
Interest	Coupon for the first ten years is fixed at 6.25% p.a., after which it is adjusted every five years with the 5-year euro swap + 4.75 percentage points from 2023-2043 and + 5.5 percentage points after 2043	Coupon for the first five years is fixed at 4.875% p.a., after which it is adjusted every five years with the 5-year euro swap + 3.8 percentage points from 2018, 4.05 percentage points from 2023 and 4.80 percentage points from 2038	Coupon for the first 5.5 years is fixed at 3.0% p.a., after which it is adjusted every five years with the 5-year euro swap + 2.819 percentage points from 2020, 3.069 percentage points from 2025 and 3.819 percentage points from 2040.
Deferral of interest payment	Optional deferral option	Optional deferral option	Optional deferral option

# 7 RISK MANAGEMENT

Market and credit risks are a natural part of DONG Energy's business activities and a precondition for being able to generate income and create value. Through risk management, risks are reduced to an acceptable level

## 5 years

DONG Energy's energy, currency and interest rate exposures are hedged with a risk management horizon of up to five years

## 2.5bn

In 2015, the Group's business performance EBITDA was positively impacted by DKK 2,485 million from hedging contracts

## 52.9bn

Hedging contracts in the amount of DKK 52,904 million have been entered into to hedge the Group's energy and related currency risks

### IN THIS SECTION

- 7.1 Market risks
- 7.2 Hedge accounting and economic hedging
- 7.3 Trading portfolio
- 7.4 Sensitivity analysis of financial instruments
- 7.5 Credit risks

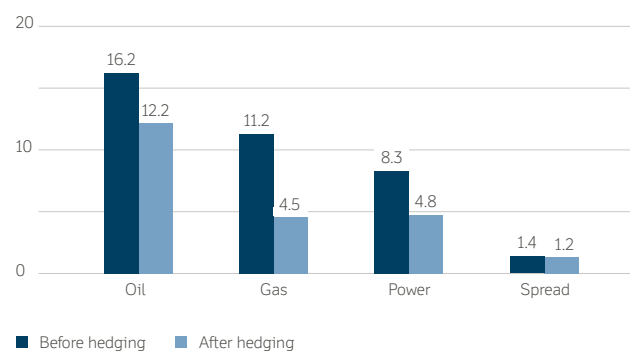
### Energy and currency exposures

At the end of 2015, the Group's energy and currency exposures from production, sales, investments and divestments had been reduced from DKK 82.0 billion to DKK 30.9 billion via hedging.

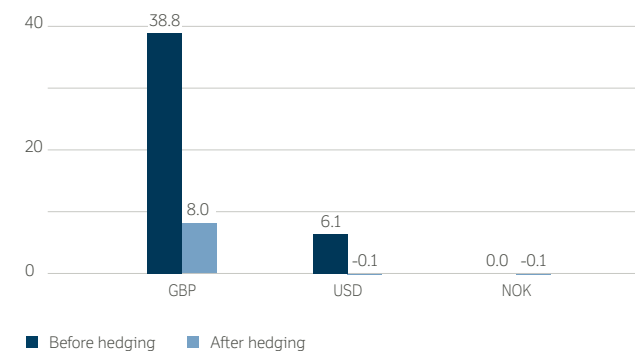
### Trading portfolio

DONG Energy has a limited trading portfolio, the main purpose of which is to optimise the execution of hedging contracts and gain from short-term energy price fluctuations. The trading activities comply with the mandates approved by the Board of Directors. Read more in note 7.3.

ENERGY EXPOSURE, DKK billion 2016-2020



CURRENCY EXPOSURE, DKK billion 2016-2020



# 7.1 MARKET RISKS

## Market risks and market risk management

DONG Energy's most significant market risks relate primarily to energy prices, foreign exchange rates and interest rates (see note 6.2).

The management of DONG Energy's market risks is based on the Group's desire for stable and robust financial ratios to ensure a solid foundation for the Group's growth strategy.

To reduce the fluctuations in the Group's cash flows in the short and medium terms, hedging contracts are concluded with a risk management horizon of up to five years. In the long term (beyond the five-year horizon), the Group's market risks are determined by the strategic choices made concerning the composition of the Group's production assets and long-term physical contracts.

Energy and currency exposures are transferred from the individual business units to Distribution & Customer Solutions and the Group's central treasury department, where they are consolidated prior to hedging in the market, thus using the Group's natural internal hedges.

## Energy price risks

The Group's energy price risks are hedged in accordance with the minimum hedging levels decided for each of the four business units. In the near future (the next two years or so), a high degree of hedging is wanted to secure results and cash flows after tax, while the degree of hedging is lower in subsequent years. The approach is chosen partly because there is less certainty about long-term production volumes, and partly because the financial and physical markets for price hedging instruments are less liquid in the long term.

DONG Energy's net oil, gas and power price exposures amount to DKK 12.2 billion, DKK 4.5 billion and DKK 4.7 billion for the 2016-2020 period.

## Currency risks

DONG Energy's international activities entail a financial risk in relation to exchange rate fluctuations. The most significant risk relates to GBP due to the Group's substantial investments in offshore wind farms in the UK.

The purpose of DONG Energy's currency risk management is to minimise the Group's currency risks over a five-year horizon. The main risk management principle is that the currency exposures are hedged once it is deemed relatively certain that the underlying cash flows in foreign currencies will materialise.

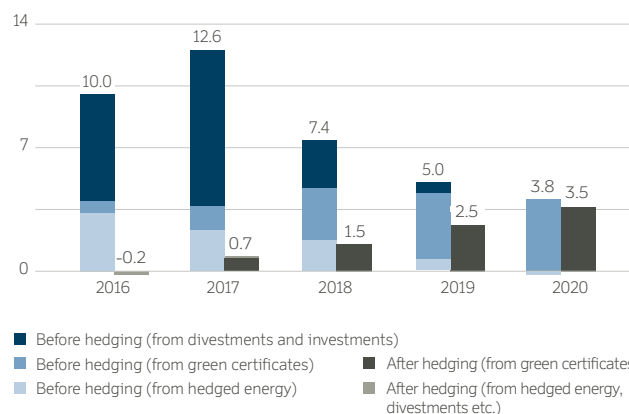
Thus, hedging of the currency risk associated with the energy prices takes place concurrently with the hedging of the energy price risk. Similarly, the currency risk associated with divestments and investments is hedged once the price is known. On the other hand, due to varying and thereby uncertain correlations between exchange rates and energy prices, currency risks associated with unhedged energy price risks are not hedged. This is the case, for example, with the USD risk associated with an unhedged oil price risk.

The hedging of cash flows relating to green certificates and fixed tariff elements from offshore wind farms in the UK derogates from the main principle as the hedging of these cash flows (less operating expenses) is based on a declining level of hedging over the risk management horizon. The target is to hedge 100% of the risk in year 1, declining by 20 percentage points each year, with 20% hedging in year 5. Fluctuations in GBP therefore constitute a strategic risk for DONG Energy.

The Group's EUR risk is subject to continuous assessment, but is generally not hedged as Denmark is deemed very unlikely to abandon its fixed exchange rate policy.

DONG Energy's GBP exposures after hedging amount to DKK 8.0 billion (long position) for the 2016-2020 period, consisting of DKK 8.2 billion regarding green certificates and DKK -0.2 billion regarding other exposures. USD and NOK exposures after hedging amount to DKK 0.1 billion (short position) and DKK 0.1 billion (short position) for the 2016-2020 period.

GBP EXPOSURE, DKK billion



## Wind Power

Earnings from the generation of power from offshore wind farms depend, in particular, on publicly regulated prices. The most significant elements are fixed tariffs (Denmark, Germany and the UK) and guaranteed minimum prices for green certificates (the UK).

At the end of 2015, such fixed tariffs and guaranteed minimum prices cover 90% of the expected income from the wind power portfolio over the next five years.

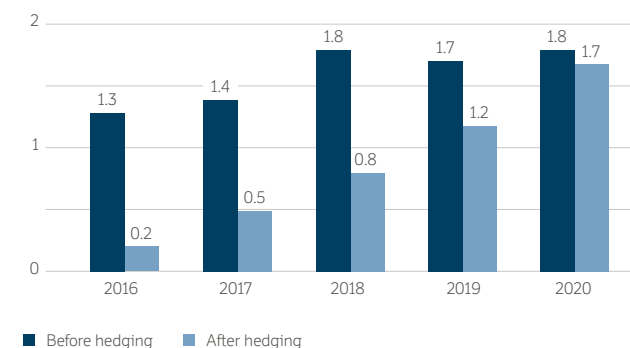
The market price risk primarily pertains to sales of power in the UK. It is regarded as a direct price risk and is managed with a time horizon of up to five years.

The net exposure associated with power generation from offshore wind farms amounts to DKK 4.4 billion for the 2016-2020 period.

## Bioenergy & Thermal Power

DONG Energy's CHP plant portfolio consists of gas, coal and biomass-fired plants in Denmark and a gas-fired power station in the Netherlands. The profitability of the individual CHP plants depends on the general supply and demand situation, the relative prices of the individual fuels, the price of CO<sub>2</sub> emissions allowances as well as the varying generation from renewable energy sources such as hydro, wind and solar power.

WIND POWER'S PRICE EXPOSURE, DKK billion





# 7.1 MARKET RISKS

## CONTINUED

Risk management for the CHP plants is based on the fixing of the contribution margin for the future power generation through the concurrent selling and buying of fuel and CO<sub>2</sub> emissions allowances. Heat generation does not give rise to direct exposures as the associated costs are borne by the heat customers, but to indirect exposures as a large number of the Group's CHP plants produce both power and heat. The risk management horizon is three years and thus shorter than for oil and gas due to lower liquidity in the market for power, coal and carbon price hedging instruments.

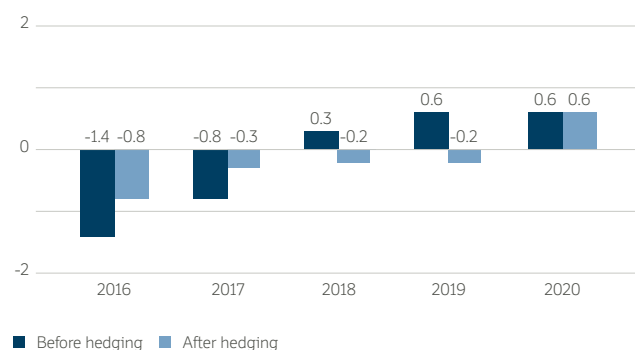
At the end of 2015, the price of 48% of the expected thermal power generation in 2016 was hedged. The total net exposure associated with thermal power generation for the period 2016-2020 is DKK 1.2 billion.

### Distribution & Customer Solutions

Distribution & Customer Solutions' price exposure primarily stems from the purchase and sale of gas and power.

The price risk associated with the purchase and sale of gas results from differences in the indexing of sales and purchase prices. Both gas purchases and gas sales are expected to be increasingly indexed to pure gas prices, while the conventional indexing relative to oil is expected to fall. In 2015, oil-indexed gas purchases accounted for 18% of total Distribution & Customer Solutions purchases. Risk management is based on the

DISTRIBUTION & CUSTOMER SOLUTIONS'S PRICE EXPOSURE, DKK billion



indexing which is expected to apply after completion of the current re-negotiations of the oil-indexed gas purchase contracts. If the results of the renegotiations deviate from expectations, the level of hedging may need adjusting.

The price risk associated with Distribution & Customer Solutions' power purchases and sales is constituted by the difference between the purchase and sales prices. The price risk relates primarily to timing differences between purchases and sales and is therefore considered to be limited.

For the 2016-2020 period, the business unit's net gas, oil and power exposures total DKK 1.0 billion (short position), DKK 0.3 billion (short position) and DKK 0.4 billion (long position), or DKK 0.9 billion in all.

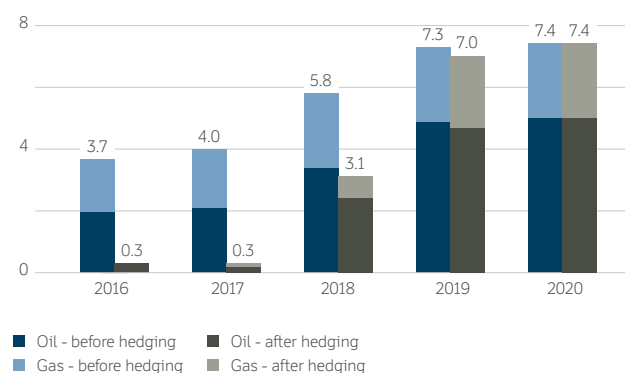
### Oil & Gas

Oil & Gas's price exposures relate to the production of gas and oil.

The hedging of the gas and oil exposures is carried out after tax, including the special hydrocarbon tax, to achieve the desired stabilisation of cash flows after tax.

For 2016-2020, the net gas and oil exposures amount to DKK 5.6 billion and DKK 12.5 billion, respectively, or DKK 18.1 billion in total.

OIL & GAS'S PRICE EXPOSURE, DKK billion

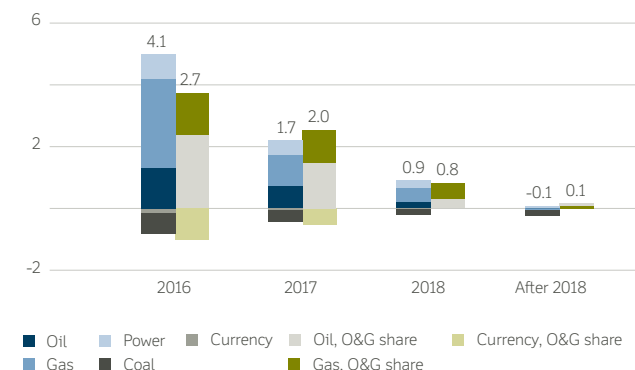


### Accounting impact of hedging

DONG Energy's hedging of market risks is based on a number of different accounting principles depending on the type of risk being hedged.

Under the business performance principle, value adjustments of contracts hedging energy and related currency risks are postponed and recognised in the period in which the hedged exposure materialises. The figure below shows the expected time of transfer of the Group's energy and currency hedges to EBITDA.

EXPECTED YEAR OF TRANSFER TO BUSINESS PERFORMANCE EBITDA, GROUP AND O&G, DKK billion



### ACCOUNTING POLICIES

Exposure is calculated as the expected production (or net purchase/sale) multiplied by the forward price for the respective years. The oil and gas exposure is calculated on the basis of a reduced exposure volume so as to factor in the difference between the taxation of hydrocarbon income and hedging instruments. In addition, the exposure is determined on the basis of the expected exposure after renegotiations of oil-indexed gas purchase contracts.

# 7.1 MARKET RISKS

CONTINUED

## OVERVIEW OF THE GROUP'S POSITIONS

		2015				2014				2013			
		Energy		Currency/interest		Energy		Currency/interest		Energy		Currency/interest	
DKK million	Note	Contra- tual principal amount	Fair value	Contra- tual principal amount	Fair value	Contra- tual principal amount	Fair value	Contra- tual principal amount	Fair value	Contra- tual principal amount	Fair value	Contra- tual principal amount	Fair value
Economic hedging	2.2, 7.2	32,564	8,791	20,340	(1,658)	34,379	4,419	20,406	(651)	39,480	293	7,940	(263)
Hedging of fair value, securities	6.4			796	(10)			795	(10)			2,796	6
Hedging of fair value, currency	7.2			18,930	1,403			15,914	611			15,115	(127)
Hedging of cash flows, interest	6.2			5,781	(446)			5,761	(552)			5,975	(431)
Hedging of cash flows, currency	7.2			9,512	62								
Hedging of net investments	7.2			27,958	(2,655)			23,464	(1,181)			44,011	733
Trading portfolio	7.3	1,672	496			1,765	271			3,883	470		
Other interest derivatives	7.2			2,752	15			2,746	50			4,952	81
Other currency derivatives	7.2			2,258	113			2,043	(87)			1,331	(134)
<b>Total</b>		<b>34,236</b>	<b>9,287</b>	<b>88,327</b>	<b>(3,176)</b>	<b>36,144</b>	<b>4,690</b>	<b>71,129</b>	<b>(1,820)</b>	<b>43,363</b>	<b>763</b>	<b>82,120</b>	<b>(135)</b>

### Accounting for hedges

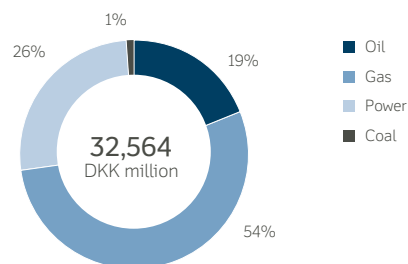
The above table shows the Group's derivative and hedging contracts according to method of recognition. The method of recognition and classification of hedging contracts depends on the purpose of the hedging:

- economic hedging comprises hedging of energy-related risks, including related currency risks. These hedging contracts are treated as hedge accounting in accordance with the business performance principle (see note 2.2 for detailed description), whereby the value adjustment is postponed and only recognised during the period in which the hedged transaction materialises. Under IFRS, the value adjustment of this type of hedging is recognised directly in the income statement.
- hedging of the fair value of securities or currency comprises hedging of recognised assets or liabilities.
- hedging of cash flows concerning interest rates and currencies comprises hedging of future interest payments and currency risks on future income.
- hedging of net investments comprises hedging of the currency risk associated with investments in assets located in foreign countries.
- the trading portfolio and other interest and currency derivatives are recognised at fair value in the income statement.

Note 2.2 provides further details concerning economic hedging, including information about the underlying products traded.

At 31 December 2015, the contractual value of contracts categorised as economic hedging was DKK 52,904 million against DKK 54,785 million at 31 December 2014 (2013: DKK 47,420 million).

DISTRIBUTION OF ENERGY HEDGING, % 2015



### ACCOUNTING POLICIES

DONG Energy applies the provisions on hedge accounting to derivative financial instruments and loans for hedging currency and interest rate risks. Hedging of commodities and related currency exposures is not accounted for as cash flow hedge accounting. Market value adjustments of these, which were previously recognised in comprehensive income and a special reserve in equity, are recognised in profit (loss) for the year as the underlying transactions are realised or if the hedges are judged to no longer be effective. Value adjustments of financial contracts that are not used as economic hedges of the Group's principal activities or that are part of the Group's trading portfolio are recognised as financial income and expenses.

## 7.2 HEDGE ACCOUNTING AND ECONOMIC HEDGING

### Economic hedging and commercial contracts

The purpose of economic hedging is to reduce the Group's risk, for which reason the fluctuations in value are expected to be offset by the underlying exposure.

DONG Energy has entered into a number of commercial contracts under which physical delivery is made and which are managed together with the financial contracts, for which reason they are recognised at fair value in accordance with IFRS.

Under the business performance principle, the market value adjustment of contracts concluded for the purpose of economic hedging and commercial contracts is postponed to the period during which the hedged transaction affects results, see note 2.2.

DONG Energy's hedging of energy prices and commercial contracts recognised at fair value is specified below.

The table shows an overall effect on EBITDA from agreements with a contractual principal amount of DKK 52,904 million (2014: DKK 54,785 million and 2013: DKK 47,420 million).

### ACCOUNTING POLICIES

Fair value adjustments of financial contracts offered to customers with a view to price hedging and financial instruments that have been entered into to hedge the Group's principal operating activities are recognised as revenue or cost of sales. Likewise, fair value adjustments of physical and financial contracts relating to energy that are concluded in the course of the Group's trading activities with a view to generating gains from short-term price changes are recognised as revenue.

Under the business performance principles, economic hedging is accounted for as effective hedging, and the resulting market value adjustment is consequently postponed to the period in which the hedged transaction affects results.

The contractual principal amount has been determined as the net position per derivative type.

### ECONOMIC HEDGING AND COMMERCIAL CONTRACTS

DKK million	2015		2014		2013	
	Contractual principal amount	Fair value	Contractual principal amount	Fair value	Contractual principal amount	Fair value
<b>Energy</b>						
Oil swaps	6,185	2,211	463	(194)	4,150	(190)
Oil options					173	(2)
Gas swaps	17,499	4,588	24,777	3,661	26,719	353
Gas options	57	37	624	21		
Power swaps	8,179	2,154	6,948	1,269	5,211	704
Power options	172	(8)	580	(83)	1,627	(358)
Coal	472	(191)	987	(255)	1,600	(214)
<b>Currency</b>						
Forward exchange contracts	20,340	(1,658)	20,406	(651)	5,775	(142)
Options					2,165	(121)
<b>Total</b>	<b>52,904</b>	<b>7,133</b>	<b>54,785</b>	<b>3,768</b>	<b>47,420</b>	<b>30</b>

## 7.2 HEDGE ACCOUNTING AND ECONOMIC HEDGING

### CONTINUED

#### Hedging of net investments in foreign subsidiaries

DONG Energy's foreign activities entail a currency risk. The chart below shows the distribution of the Group's net investments in foreign currencies. The currency risk is hedged through the raising of loans in foreign currencies as well as forward exchange contracts and currency swaps.

The table to the right presents DONG Energy's currency risk from investments in foreign enterprises after hedging. The net position expresses the accounting exposure. If, for example, the GBP/DKK exchange rate had gone up by 10% on 31 December 2015, equity would have increased by DKK 1,066 million, corresponding to 10% of 10,662.

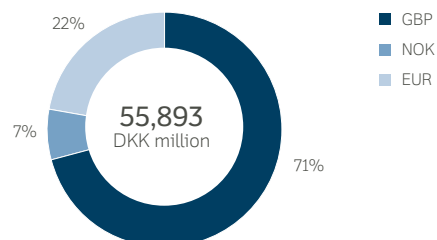
At 31 December 2015, the accumulated exchange rate adjustments totalled DKK -167 million in the form of the exchange rate adjustment of the net investment of DKK 2,860 million and the hedging thereof of DKK -3,027 million.

Ineffectiveness relating to hedging of net investments in foreign subsidiaries was DKK 9 million (2014: DKK 24 million and 2013: DKK 8 million) and is recognised in financial income and expenses.

#### ACCOUNTING POLICIES

Changes in the fair value of derivative financial instruments and loans that are used to hedge net investments in foreign subsidiaries or associates and that provide effective hedges against changes in foreign exchange rates in these enterprises are recognised in the consolidated financial statements directly in equity within a separate translation reserve.

#### NET INVESTMENTS IN FOREIGN CURRENCY, % 2015



#### 2015

DKK million	Net investments, including equity-like loans	Of which non-controlling interests	Hedged amount in currency	Net position	Accumulated exchange rate adjustment of net investments, including equity-like loans	Accumulated exchange rate adjustment of hedging of net investments, including equity-like loans	Accumulated net exchange rate adjustment recognised in equity
<b>Currency</b>							
GBP	39,311	(5,418)	(23,231)	10,662	3,847	(3,489)	358
NOK	4,203		(249)	3,954	(994)	487	(507)
SEK	205			205	(15)	(14)	(29)
EUR	12,159		(4,478)	7,681	22	(11)	11
Other	15			15			
<b>Total</b>	<b>55,893</b>	<b>(5,418)</b>	<b>(27,958)</b>	<b>22,517</b>	<b>2,860</b>	<b>(3,027)</b>	<b>(167)</b>

#### 2014

<b>Currency</b>							
GBP	32,858	(5,369)	(20,624)	6,865	1,903	(2,283)	(380)
NOK	5,505		(2,840)	2,665	(704)	672	(32)
SEK	281			281	(43)	(14)	(57)
EUR	4,505			4,505	(2)		(2)
Other	9			9			
<b>Total</b>	<b>43,158</b>	<b>(5,369)</b>	<b>(23,464)</b>	<b>14,325</b>	<b>1,154</b>	<b>(1,625)</b>	<b>(471)</b>

#### 2013

<b>Currency</b>							
GBP	37,843	(5,425)	(32,289)	129	12	(331)	(319)
NOK	9,959		(6,104)	3,855	(163)	486	323
SEK	473	(52)	(355)	66	10	(54)	(44)
EUR	2,758			2,758	6		6
Other	8			8			
<b>Total</b>	<b>51,041</b>	<b>(5,477)</b>	<b>(38,748)</b>	<b>6,816</b>	<b>(135)</b>	<b>101</b>	<b>(34)</b>

## 7.2 HEDGE ACCOUNTING AND ECONOMIC HEDGING

### CONTINUED

#### HEDGING OF FAIR VALUE, CURRENCY

##### 2015

DKK million	EUR	USD	GBP	NOK	Other	Total
Financial assets	16,373	2,664	7,571	214	196	27,018
Financial liabilities	(30,717)	(2,282)	(18,686)	(281)	(175)	(52,141)
Hedged using hedging instruments	6,269		12,661			18,930
<b>Net position</b>	<b>(8,075)</b>	<b>382</b>	<b>1,546</b>	<b>(67)</b>	<b>21</b>	<b>(6,193)</b>
Fair value of hedging instruments	14		1,389			1,403

##### 2014

Financial assets	16,871	779	6,833	431	321	25,235
Financial liabilities	(31,292)	(1,516)	(16,267)	(526)	(105)	(49,706)
Hedged using hedging instruments	4,020		11,894			15,914
<b>Net position</b>	<b>(10,401)</b>	<b>(737)</b>	<b>2,460</b>	<b>(95)</b>	<b>216</b>	<b>(8,557)</b>
Fair value of hedging instruments	(11)		622			611

##### 2013

Financial assets	12,036	2,180	4,646	976	395	20,233
Financial liabilities	(34,592)	(2,911)	(15,298)	(612)	(53)	(53,466)
Hedged using hedging instruments	5,036		10,079			15,115
<b>Net position</b>	<b>(17,520)</b>	<b>(731)</b>	<b>(573)</b>	<b>364</b>	<b>342</b>	<b>(18,118)</b>
Fair value of hedging instruments	17		(144)			(127)

#### Hedging of fair value, currency

The table above presents the currency risk from financial assets and liabilities based on the currencies with the greatest impact on DONG Energy. A portion of this currency risk is hedged through the use of forward exchange contracts and currency swaps. Hedges are recognised as fair value hedges when the hedged item is a recognised financial asset or a financial liability.

The net position expresses the Group's currency risk from financial assets and liabilities at 31 December.

#### Other currency and interest derivatives

Changes to the fair value of currency and interest derivatives which are not categorised as hedging are recognised in financial income and expenses. These are shown in the table to the right.

The contractual principal amount of other currency and interest derivatives was DKK 5,010 million at 31 December 2015 (2014: DKK 4,789 million and 2013: DKK 6,283 million), and the market value was DKK 128 million at 31 December 2015 (2014: DKK -37 million and 2013: DKK -53 million).

#### Cash flow hedging, currency

Forward exchange contracts have been concluded for the purpose of hedging the currency risk associated with the construction of wind farms which are expected to be divested. The forward exchange contracts corresponded to a contractual principal amount of DKK 6,204 million and a market value of DKK 113 million at 31 December 2015. The market value is expected to be transferred to revenue in the following amounts: DKK 70 million in 2016 and DKK 43 million in 2017.

Forward exchange contracts have been concluded for the purpose of hedging the currency risk associated with interest payments on loans in GBP. These forward exchange contracts correspond to a contractual principal amount of DKK 3,308 million and a market value of DKK -51 million and are expected to be transferred to financial income and expenses in the following amounts: DKK -9 million in 2016, DKK -9 million in 2017 and DKK -33 million after 2017.

Ineffectiveness of currency hedging amounted to a charge of DKK 0 million (2014: DKK -4 million and 2013: DKK -85 million).

#### OTHER CURRENCY AND INTEREST DERIVATIVES

##### 2015

DKK million	Contractual principal amount	Fair value
Forward exchange contracts and currency swaps	2,258	113
Interest rate swaps	2,752	15
<b>Total derivative financial instruments</b>	<b>5,010</b>	<b>128</b>

##### 2014

Forward exchange contracts and currency swaps	2,043	(87)
Interest rate swaps	2,746	50
<b>Total derivative financial instruments</b>	<b>4,789</b>	<b>(37)</b>

##### 2013

Forward exchange contracts and currency swaps	1,331	(134)
Interest rate swaps	4,952	81
<b>Total derivative financial instruments</b>	<b>6,283</b>	<b>(53)</b>

#### ACCOUNTING POLICIES

Changes to the fair value of hedging instruments that qualify for recognition as a hedge of future cash flows and that provide an effective hedge against changes in the value of the hedged item are recognised in other comprehensive income within a separate hedging reserve. On realisation of the hedged cash flow, the resulting gain or loss is transferred from equity and recognised in the same item as the hedged item. However, on hedging of proceeds from future loans, the resulting gain or loss is transferred from equity over the term of the loan.

If the hedged cash flows are no longer expected to be realised, the accumulated value change is transferred immediately to profit (loss) for the year.

Changes in the fair value of derivative financial instruments that are designated as and qualify for recognition as hedges of the fair value of a recognised asset or liability are recognised in profit (loss) for the year together with changes in the value of the hedged asset or liability to the extent of the hedged risk.

## 7.3 TRADING PORTFOLIO

### DONG Energy's trading portfolio

DONG Energy has a trading portfolio which is managed by Distribution & Customer Solutions for the purpose of:

- optimising the execution of hedging contracts,
- contributing to increased market insight, and
- profiting from short-term fluctuations in energy prices

The trading portfolio consists primarily of positions in oil, gas and power. The table to the right shows the composition of the trading portfolio at 31 December.

The trading portfolio constitutes a small part of the Group's total portfolio of derivatives, and the associated risk is limited. Also, earnings from the trading portfolio constitute a limited share of DONG Energy's total earnings. The graph to the right below shows annual earnings from the trading portfolio in the past five years.

### Trading portfolio mandate

Trading activities are carried out within mandates approved by the Board of Directors. The mandates comprise a Value-at-Risk (VaR) mandate and a stress mandate and a limit for the maximum positions measured in energy units per product (oil, gas, etc.). The mandates are described at the bottom right-hand side of this page. The Group's central Risk Management department performs daily follow-ups. The graph to the right shows the daily VaR of the trading portfolio relative to the maximum limit permitted for all products traded as part of the trading portfolio.

When hedging instruments do not fully correspond to the hedged risk, any difference between the development in market value of the hedging contract and the market value of the hedged exposure is recognised immediately in the income statement as part of the gain (loss) from the trading portfolio. The gain (loss) from the trading portfolio thus expresses the internal measurement of the performance of the trading portfolio. The trading portfolio mandates are measured on the basis of the open position, regardless of whether this is due to the transfer of an internal position which needs executing in the market, or whether the open position is due to trading with external parties. An overview of risk management principles is provided in note 7.1 on page 112.

### ACCOUNTING POLICIES

Fair value adjustments of physical and financial contracts relating to energy that are concluded in the course of the Group's trading activities with a view to generating gains from short-term price changes are recognised as revenue.

### OVERVIEW OF THE GROUP'S TRADING PORTFOLIO

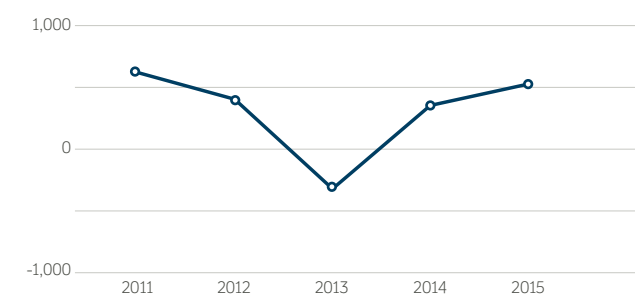
DKK million	2015		2014		2013	
	Contractual principal amount <sup>1</sup>	Fair value	Contractual principal amount <sup>1</sup>	Fair value	Contractual principal amount <sup>1</sup>	Fair value
Energy						
Oil swaps	199	(312)	104	75	301	112
Oil options					49	(1)
Gas swaps	1,365	823	1,115	165	819	160
Gas options			177	(3)		
Power swaps	57	8	232	76	2,537	247
Power options			24		70	5
CO <sub>2</sub> emissions allowances	49	(21)	102	(42)	15	(1)
Coal	2	(2)	11		92	(52)
<b>Total</b>	<b>1,672</b>	<b>496</b>	<b>1,765</b>	<b>271</b>	<b>3,883</b>	<b>470</b>

<sup>1</sup> The contractual principal amount has been determined as the net position per derivative type.

### DAILY POSITION IN THE TRADING PORTFOLIO, MARKET TRADING MANDATES, DKK million



### GROSS PROFIT FROM THE TRADING PORTFOLIO, DKK million



### MARKET TRADING MANDATES

VaR max in 2015: DKK 120 million  
(January 2016: DKK 70 million)

VaR indicates the largest loss in one trading day to a probability of 95%. VaR is based on data for the past 60 trading days with the heaviest weighting being assigned to the most recent trading days.

Stress max in 2015: DKK 500 million  
(January 2016: DKK 400 million)

Stress indicates the largest daily loss which could be sustained with the given portfolio. Stress based on data from 1 January 2006 to the present day.

Maximum open positions in trading portfolio

- Max 10TWh gas
- Max 4 million boe oil
- Max 8TWh power
- Max 3 million tonnes CO<sub>2</sub>
- Max 2 million tonnes coal

## 7.4 SENSITIVITY ANALYSIS OF FINANCIAL INSTRUMENTS

### SENSITIVITY ANALYSIS OF FINANCIAL INSTRUMENTS

Risk	Price change	31 December 2015			31 December 2014			31 December 2013		
		Effect on profit (loss) before tax		Effect on equity before tax	Effect on profit (loss) before tax		Effect on equity before tax	Effect on profit (loss) before tax		Effect on equity before tax
		Trading portfolio	Economic hedging <sup>1</sup>		Trading portfolio	Economic hedging <sup>1</sup>		Trading portfolio	Economic hedging <sup>1</sup>	
Oil	10%	(6)	(396)		(11)	(56)		(16)	(219)	
	-10%	6	407		11	56		15	216	
Gas	10%	(18)	(928)		(62)	(1,470)		(58)	(3,244)	
	-10%	18	939		58	1,484		58	3,244	
Power	10%	(3)	(506)		42	(464)		(227)	(423)	
	-10%	3	515		(41)	456		229	403	
Coal	10%		(34)		1	(34)		(2)	(5)	
	-10%		34		(1)	34		2	5	
USD	10%	(2)	(501)	3	(7)	(182)		(3)	1	
	-10%	2	501	(8)	7	182		3	32	
GBP	10%	(109)	(979)	(286)	(9)	(1,588)		97	(612)	(526)
	-10%	109	979	286	9	1,588		(97)	612	526
NOK	10%		(7)		4	(10)		9	36	
	-10%		7		(4)	10		(9)	(36)	
EUR	10%	107	(288)		164	(600)		114	(2,042)	
	-10%	(107)	288		(164)	600		(114)	2,059	
Interest	100 basis points	(333)		210	(426)		222	(199)		258

<sup>1</sup> Economic hedging comprises derivatives entered into to hedge future financial risks. The market value changes of these contracts will be offset, wholly or in part, by a change in the hedged risk. Also included are commercial contracts recognised at fair value.

The sensitivity analysis in the table shows the effect of market value changes assuming a relative price change at 31 December. Effect on profit (loss) before tax comprises financial instruments that remained open at the balance sheet date and have an effect on profit (loss) in the financial year in question.

Effect on profit (loss) before tax is broken down by sensitivity of the portion that is recognised in:

- trading portfolio, these contracts will affect profit.
- economic hedging, including commercial contracts. The market value changes of contracts allocated as economic hedging will be offset, wholly or in part, by a change in the hedged risk.

Effect on equity before tax comprises financial instruments that remained open at the balance sheet date and are value-adjusted directly in

equity. Besides derivative financial instruments on commodities and currency, financial instruments in this context include receivables and payables in foreign currencies.

The illustrated sensitivities only comprise DONG Energy's financial instruments and therefore omit the effect from contracts concluded under which physical delivery of the underlying assets is made, as these are not recognised as financial instruments in accordance with IAS 39. If the hedged exposure had been included in the sensitivity analysis, the effect of a price change would have been reduced. The Group's expected exposures before and after hedging are illustrated in note 7.1.

Net investments and associated hedging of net investments in foreign subsidiaries are not included in the table, as the effect of the sum of the investment and the hedging is considered to be neutral to price

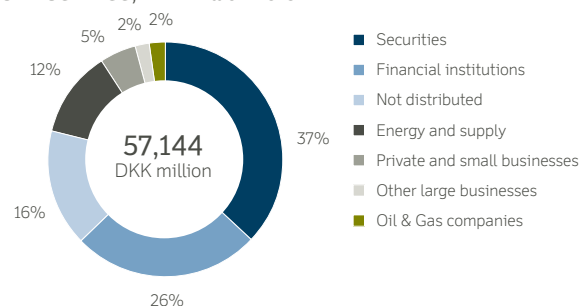
changes. A 10% increase in the currencies hedged in connection with net investments would reduce equity by DKK 2,796 million (2014: DKK 2,346 million and 2013: DKK 3,875 million) arising from the hedging instruments. All other conditions being equal, a decrease in the exchange rate would have had a corresponding opposite effect. For further details on currency positions hedged by hedging of net investments, reference is made to note 7.2, 'Hedging of net investments in foreign subsidiaries'.

## 7.5 CREDIT RISKS

### THE CREDIT QUALITY OF THE GROUP'S COUNTERPARTIES

DKK million	2015	2014	2013
Clearing centres	3,734	1,967	2,336
AAA/Aaa	14,877	18,962	13,969
AA/Aa	6,176	6,294	2,345
A/A	8,601	8,476	7,697
BBB/Baa	4,209	4,463	3,029
Not rated	19,547	15,161	15,474
<b>Total credit exposure</b>	<b>57,144</b>	<b>55,323</b>	<b>44,850</b>

### THE GROUP'S CREDIT EXPOSURE DISTRIBUTED BY LINE OF BUSINESS, DKK million 2015



DONG Energy's counterparty risks are mainly concentrated on large international energy companies and banks. Such trading is regulated under standard agreements, such as EFET and ISDA agreements, which feature, for instance, credit rating and netting provisions. DONG Energy seeks to limit credit risks by systematically rating its counterparties within the fields of energy trading and financial activities, by extending a credit limit or demanding that collateral be furnished. The counterparties and credit limits granted are monitored on an ongoing basis.

The monitoring of counterparties and granting of credit limits are based on the framework established by the Board of Directors and the Executive Board. For the most significant counterparties, an internal credit rating is required. Information from external credit rating agencies, publicly available information and own analyses are included in the determination of an internal rating and the granting of credit limits.

DONG Energy did not suffer any losses from any single major counterparty in the 2013-2015 period.

The credit quality of the Group's financial assets is primarily assessed for the items derivative financial instruments, cash and bond portfolios and receivables, and is based on the individual counterparty's ratings with Standard & Poor's, Moody's and Fitch. Positions have been calculated before offsetting any collateral, and the figures therefore do not reflect the Group's actual credit exposure.

The AAA/Aaa category covers DONG Energy's position in Danish AAA-rated government and mortgage bonds and the non-rated category predominantly consists of trade receivables from customers such as end-users and PSO customers.

The increased credit exposure in 2014 can mainly be explained by the increase in the Group's portfolio of securities and cash and cash equivalents.



## 7.5 CREDIT RISKS

CONTINUED

### OFFSETTING OF FINANCIAL ASSETS

DKK million	Derivative financial instruments	Trade receivables	2015	Derivative financial instruments	Trade receivables	2014	Derivative financial instruments	Trade receivables	2013
Financial assets	29,555	39,953	69,508	21,606	17,697	39,303	3,835	19,484	23,319
Financial liabilities, offset	(19,386)	(37,843)	(57,229)	(15,635)	(15,100)	(30,735)	(2,307)	(17,275)	(19,582)
<b>Financial assets in the balance sheet</b>	<b>10,169</b>	<b>2,110</b>	<b>12,279</b>	<b>5,971</b>	<b>2,597</b>	<b>8,568</b>	<b>1,528</b>	<b>2,209</b>	<b>3,737</b>
Amounts not offset in the balance sheet:									
Liabilities with right of set-off	(1,610)		(1,610)	(1,052)		(1,052)	(352)		(352)
Collateral received in the form of bonds	(65)		(65)	(321)		(321)	(192)		(192)
<b>Net</b>	<b>8,494</b>	<b>2,110</b>	<b>10,604</b>	<b>4,598</b>	<b>2,597</b>	<b>7,195</b>	<b>984</b>	<b>2,209</b>	<b>3,193</b>

### OFFSETTING OF FINANCIAL LIABILITIES

DKK million	Derivative financial instruments	Trade payables	2015	Derivative financial instruments	Trade payables	2014	Derivative financial instruments	Trade payables	2013
Financial liabilities	26,936	40,532	67,468	21,418	18,462	39,880	3,397	19,940	23,337
Financial assets, offset	(19,386)	(37,843)	(57,229)	(15,635)	(15,100)	(30,735)	(2,307)	(17,275)	(19,582)
<b>Financial liabilities in the balance sheet</b>	<b>7,550</b>	<b>2,689</b>	<b>10,239</b>	<b>5,783</b>	<b>3,362</b>	<b>9,145</b>	<b>1,090</b>	<b>2,665</b>	<b>3,755</b>
Amounts not offset in the balance sheet:									
Assets with right of set-off	(1,610)		(1,610)	(1,052)		(1,052)	(352)		(352)
Collateral provided in the form of bonds	(2,072)		(2,072)	(823)		(823)	(283)		(283)
<b>Net</b>	<b>3,868</b>	<b>2,689</b>	<b>6,557</b>	<b>3,908</b>	<b>3,362</b>	<b>7,270</b>	<b>455</b>	<b>2,665</b>	<b>3,120</b>

#### Offsetting of financial assets and liabilities

DONG Energy has offsetting agreements with many of its financial counterparties. Both long and short positions are traded with a number of these counterparties where gross financial assets and liabilities can be significant before offsetting. The offsetting agreements with the individual counterparties are often limited to offsetting within specific products. In addition, the settlement of liabilities and the realisation of

assets often do not take place simultaneously. Consequently, only some of the Group's offsetting agreements meet the IFRS offsetting criteria.

The table above shows financial assets and liabilities that are subject to offsetting agreements, and related collaterals.

The increase in the amount offset in derivative financial instruments is primarily attributable to the increase in the market value of oil-related trades.



#### ACCOUNTING POLICIES

Positive and negative values are only offset if the company is entitled to and intends to settle several financial instruments net.

# 8 OTHER NOTES

This section contains the remaining statutory notes

**163** companies

The DONG Energy group comprises 163 Danish and foreign companies

**44.5bn**

DONG Energy's contractual obligations are DKK 44,457 million at 31 December 2015

**5.9bn**

DONG Energy's operating lease obligations are DKK 5,893 million at 31 December 2015

## IN THIS SECTION

- 8.1** Related-party transactions
- 8.2** Auditor's fees
- 8.3** Operating lease obligations
- 8.4** Contractual obligations
- 8.5** Assets and liabilities measured at fair value
- 8.6** Categories of financial instruments
- 8.7** Company overview
- 8.8** Events after the reporting period

### Operating lease obligations

DONG Energy has entered into operating leases, both in relation to the operation of commissioned assets and the construction of offshore wind farms.

Assets held under operating leases comprise, among other things, land and seabed relating to offshore wind farms in the UK, gas storage facilities in Germany as well as harbour areas and drilling rigs. Finally, the office premises in Gentofte and London are also held under operating leases.

### Contractual obligations

DONG Energy has entered into agreements on investments in property, plant and equipment in connection with the construction of offshore wind farms, biomass conversion of power station units, improvement of the power distribution grid and construction of oil and gas production facilities.

## 8.1 RELATED-PARTY TRANSACTIONS

DKK million	Joint ventures			Associates			Owners		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
Dividends received and capital reductions	53	20		5	2	74			
Capital transactions, net		(53)	(41)		(50)	(29)		8,000	
Trade receivables		23	33	36	92	49	954	965	
Trade payables	(72)	(91)	(110)	(24)	(29)	(42)			
Interest, net	28	40	38	(201)	1	1			
Receivables	883	879	1,202	5	239	238	256	102	
Payables	344	261			3				

Related parties that have control over the Group comprise the Danish State, represented by the Danish Ministry of Finance. Related parties with a significant influence include Goldman Sachs. Other related parties are the Group's associates and joint ventures, members of the Board of Directors and the Executive Board and other senior executives.

Reference is made to note 8.7 for an overview of the Group's joint ventures and associates.

Transactions with joint ventures and associates appear from the table above. Remuneration to the Board of Directors, the Executive Board and other senior executives is disclosed in notes 2.7 and 2.8.

Related-party transactions are made on arm's length terms. Intragroup transactions have been eliminated in the consolidated financial statements.

DONG Energy uses the exemption set out in IAS 24.25 concerning entities in which the state is a related party, and transactions with state enterprises are therefore not disclosed. Transactions with owners consist solely of transactions with Goldman Sachs.

There were no other related-party transactions during the year.

## 8.2 AUDITOR'S FEES

DKK million	2015	2014	2013
Statutory audit	9	12	13
Other assurance engagements	6	2	9
Tax and VAT services	8	5	16
Non-audit services	11	7	26
<b>Total fees to PwC</b>	<b>34</b>	<b>26</b>	<b>64</b>

### PwC is DONG Energy's auditors appointed by the general meeting

Subject to certain rules, DONG Energy's auditors may be used for certain non-audit services, and DONG Energy's auditors will often be the obvious choice due to their knowledge about the business and confidentiality. Examples of assignments undertaken by DONG Energy's auditors appointed by the general meeting include consulting and related assignments in connection with the upcoming IPO, other assurance engagements as well as accounting advice on matters closely related to annual reporting.





Other assurance engagements primarily include reviews of quarterly figures as well as review of non-financial data and of regulatory financial statements.

Tax and VAT advice primarily includes advice in connection with the divestment of assets and companies and advice in connection with the preparation of tax returns and the calculation of the income subject to international joint taxation.

Other services include other consultancy services from PwC, including financial advice in connection with the IPO, divestment of assets and companies, capital injections, etc.

## 8.3 OPERATING LEASE OBLIGATIONS

### OPERATING LEASE OBLIGATIONS BY SEGMENT

DKK million	Wind Power 	Bioenergy & Thermal Power 	Distribution & Customer Solutions 	Oil & Gas 	Reporting segments	Other activities	Total
<b>2015</b>							
0-1 year	207	7	147	271	632	177	809
1-5 years	444	21	462		927	800	1,727
After 5 years	1,309	114	181		1,604	1,753	3,357
<b>Total</b>	<b>1,960</b>	<b>142</b>	<b>790</b>	<b>271</b>	<b>3,163</b>	<b>2,730</b>	<b>5,893</b>
Present value	1,306	82	677	183	2,248	2,000	4,248
<b>2014</b>							
0-1 year	278	10	148	507	943	137	1,080
1-5 years	476	24	529	208	1,237	738	1,975
After 5 years	590	130	260		980	1,733	2,713
<b>Total</b>	<b>1,344</b>	<b>164</b>	<b>937</b>	<b>715</b>	<b>3,160</b>	<b>2,608</b>	<b>5,768</b>
Present value	1,055	96	789	676	2,616	1,879	4,495
<b>2013</b>							
0-1 year	350	16	147	11	524	174	698
1-5 years	286	25	602	17	930	615	1,545
After 5 years	863	137	487		1,487	1,565	3,052
<b>Total</b>	<b>1,499</b>	<b>178</b>	<b>1,236</b>	<b>28</b>	<b>2,941</b>	<b>2,354</b>	<b>5,295</b>
Present value	1,125	90	1,010	26	2,251	1,682	3,933

### SUPPLEMENTARY INFORMATION TO OPERATING LEASE OBLIGATIONS

DKK million	2015	2014	2013
Present value of lease payments	4,248	4,495	3,933
Lease payments recognised in profit (loss) for the year	753	545	354
Calculated interest expenses on lease obligations	219	217	153
Internal rate of return applied	4.5%	4.5%	4.5%

Assets held under operating leases comprise land and seabed relating to wind farms in the UK until 2039, a harbour area in Belfast, Northern Ireland until 2017 (Wind Power), a power station site in the Netherlands until 2039 (Bioenergy & Thermal Power), gas storage facilities in Germany until 2023 (Distribution & Customer Solutions), drilling rigs until 2016 (Oil & Gas), office premises in Gentofte and London until 2029 and other office premises, etc. (Other activities).

In addition, the Group has entered into leases for drilling rigs (Oil & Gas) for the period 2016-2017, which are not included in the statement of operating lease obligations. The minimum lease payments are calculated at DKK 493 million.

Lease payments relating to leasing of seabed in connection with offshore wind farms in the UK vary with the MWh generated, but with agreed minimum lease payments.

Lease payments recognised in profit (loss) for the year amount to DKK 753 million (2014: DKK 545 million and 2013: DKK 354 million).





For the purpose of calculating the FFO/adjusted interest-bearing net debt credit metric, the present value and interest expenses of the lease obligations are calculated. The results etc. are shown in the table with supplementary information for operating lease obligations.

### ACCOUNTING POLICIES

Lease payments under operating leases are recognised on a straight-line basis in profit (loss) for the year over the term of the lease if the agreement concerns operating expenses. Lease payments in respect of construction of assets will be added to the cost in step with the construction of the asset.

## 8.4 CONTRACTUAL OBLIGATIONS

### CONTRACTUAL OBLIGATIONS BY SEGMENT

DKK million	Wind Power 	Bioenergy & Thermal Power 	Distribution & Customer Solutions 	Oil & Gas 	Total
0-1 year	19,800	984	157	924	21,865
1-5 years	19,649	137	1,255	1,548	22,589
After 5 years	3				3
<b>2015</b>	<b>39,452</b>	<b>1,121</b>	<b>1,412</b>	<b>2,472</b>	<b>44,457</b>
2014	38,418	1,041	33	3,297	42,789
2013	37,096	212	-	5,933	43,241

Contractual obligations at 31 December 2015 in Wind Power mainly relate to wind turbines, foundations and cables, etc., for construction of offshore wind farms. The obligations of Bioenergy & Thermal Power relate to biomass conversion of power station units at Studstrup Power Station and Skærbæk Power Station, among other things, while obligations in Distribution & Customer Solutions relate to roll-out of intelligent meters. In Oil & Gas the obligations relate to constructing production facilities in the Hejre field and the area west of the Shetland Islands.

## 8.5 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

### FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

DKK million	Quoted prices (level 1)	Observable inputs (level 2)	Non-observable inputs (level 3)	2015	Quoted prices (level 1)	Observable inputs (level 2)	Non-observable inputs (level 3)	2014
Securities	16,739	4,482		21,221	24,376	572		24,948
<b>Total securities</b>	<b>16,739</b>	<b>4,482</b>	<b>-</b>	<b>21,221</b>	<b>24,376</b>	<b>572</b>	<b>-</b>	<b>24,948</b>
Commodities	4,993	8,569	796	14,358	2,953	6,239	673	9,865
Currency		1,195		1,195		1,180		1,180
Interest		89		89		148		148
<b>Total derivative financial instruments</b>	<b>4,993</b>	<b>9,853</b>	<b>796</b>	<b>15,642</b>	<b>2,953</b>	<b>7,567</b>	<b>673</b>	<b>11,193</b>
<b>Total assets</b>	<b>21,732</b>	<b>14,335</b>	<b>796</b>	<b>36,863</b>	<b>27,329</b>	<b>8,139</b>	<b>673</b>	<b>36,141</b>
Commodities	680	3,573	818	5,071	2,884	1,831	461	5,176
Currency		3,930		3,930		2,489		2,489
Interest		530		530		658		658
<b>Total derivative financial instruments</b>	<b>680</b>	<b>8,033</b>	<b>818</b>	<b>9,531</b>	<b>2,884</b>	<b>4,978</b>	<b>461</b>	<b>8,323</b>
<b>Total equity and liabilities</b>	<b>680</b>	<b>8,033</b>	<b>818</b>	<b>9,531</b>	<b>2,884</b>	<b>4,978</b>	<b>461</b>	<b>8,323</b>

## 8.5 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE CONTINUED

The table shows the distribution of assets and liabilities recognised at fair value based on their calculated fair values. Market values are included in 'quoted prices (level 1)' if the fair value can be derived directly from an active market, for example for listed securities. Market values are included in 'observable inputs (level 2)' if the market value has been calculated using inputs which can be derived from active markets etc. Market values are included in 'non-observable inputs (level 3)' if the market value has been calculated using inputs which cannot be derived from active markets etc., often because trading in the active market is within a short time horizon. The valuation of this group is therefore subject to some uncertainty.

### Valuation principles and material assumptions

In order to keep modifications of parameters, calculation models or the use of subjective estimates to a minimum, it is the Group's policy to determine fair values on the basis of external information that most accurately reflects the values of assets or liabilities.

Market values are determined by the Risk Management function, which reports to the CFO. The development in market values is monitored on a continuous basis and reported to the Executive Board.

The most significant parameter resulting in contracts being classified as level 3 (material non-observable inputs) is the power price. Nor-

mally, the price can be observed for a maximum of five years in the power market, after which an active market no longer exists. Beyond the five-year horizon, the energy price is thus projected on the basis of material non-observable inputs, with the projection being based on the observable forward price for years 1 to 5. As the forward price of power develops stably during the five-year period for which an observable price is available, the projection over a small number of years is not deemed to be associated with any material risk.

### FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

DKK million	Quoted prices (level 1)	Observable inputs (level 2)	Non-observable inputs (level 3)	2013
Securities	16,118			16,118
<b>Total securities</b>	<b>16,118</b>	-	-	<b>16,118</b>
Commodities	1,804	5,415	765	7,984
Currency		1,008		1,008
Interest		155		155
<b>Total derivative financial instruments</b>	<b>1,804</b>	<b>6,578</b>	<b>765</b>	<b>9,147</b>
<b>Total assets</b>	<b>17,922</b>	<b>6,578</b>	<b>765</b>	<b>25,265</b>
Commodities	2,856	3,444	921	7,221
Currency		800		800
Interest		498		498
<b>Total derivative financial instruments</b>	<b>2,856</b>	<b>4,742</b>	<b>921</b>	<b>8,519</b>
<b>Total equity and liabilities</b>	<b>2,856</b>	<b>4,742</b>	<b>921</b>	<b>8,519</b>

### ACCOUNTING POLICIES

Level 1 comprises quoted securities and derivative financial instruments that are traded in active markets.

Level 2 comprises derivative financial instruments, where valuation models with observable inputs are used to measure fair value, but with discounting to present value applying one of the discount rates set by the Group.

Level 3 comprises primarily long-term contracts on the purchase/sale of, in particular, power and gas, and oil options. The fair values are based on assumptions concerning the long-term prices of, in particular, power, gas, coal, USD, EUR, volatilities as well as risk premiums in respect of liquidity and market risks and are determined by discounting of expected cash flows. Level 3 also includes other financial instruments in which primarily power, oil and gas prices have been estimated, and where the sum of these estimated, non-observable inputs may have a significant effect on fair value.

The fair value of financial instruments based on non-observable inputs is significantly affected by the non-observable inputs used.

All assets and liabilities measured at fair value are measured on a recurring basis.

## 8.6 CATEGORIES OF FINANCIAL INSTRUMENTS

### Categories of financial instruments

Financial instruments are divided into categories according to their purpose. The purpose of the financial instrument determines whether the fair value adjustments of the financial instrument should be recognised in the profit (loss) for the year or in the hedging reserve in equity.

The carrying amount of the financial instruments corresponds to the fair value, with the exception of issued bonds and bank loans, which are recognised at amortised cost. The fair value of issued bonds and bank loans is stated in note 6.2.

DKK million	2015	2014	2013
Financial assets measured at fair value through profit (loss) for the year (Derivative financial instruments)	8,213	10,234	7,806
Financial assets measured at fair value through profit (loss) for the year (Securities)	21,221	24,948	16,118
Financial assets used as hedging instruments	7,429	959	1,341
Loans and receivables	15,548	17,841	16,612
Available-for-sale financial assets	190	242	261
Financial liabilities measured at fair value through profit (loss) for the year	456	6,232	7,359
Financial liabilities used as hedging instruments	9,075	2,091	1,160
Financial liabilities measured at amortised cost	53,255	48,529	57,330

## 8.7 COMPANY OVERVIEW

Segment/company/registered office	Type <sup>1</sup>	Owner-ship interest	Segment/company/registered office	Type <sup>1</sup>	Owner-ship interest	Segment/company/registered office	Type <sup>1</sup>	Owner-ship interest
<b>PARENT COMPANY</b>								
DONG Energy A/S, Fredericia, Denmark		-	DONG Energy - Anholt Offshore A/S, Fredericia, Denmark	S	100%	DONG Energy Horns Rev 2 A/S, Fredericia, Denmark	S	100%
<b>WIND POWER</b>			DONG Energy Borkum Riffgrund I GmbH, Hamburg, Germany	S	100%	DONG Energy Isle of Man (UK) Ltd., Isle of Man	S	100%
A2Sea A/S, Fredericia, Denmark	S	51%	DONG Energy Borkum Riffgrund I HoldCo GmbH, Hamburg, Germany	S	100%	DONG Energy Lincs (UK) Ltd., London, UK	S	100%
A2Sea Deutschland GmbH, Hamburg, Germany	S	100%	DONG Energy Borkum Riffgrund II GmbH, Hamburg, Germany	S	100%	DONG Energy London Array Ltd., London, UK	S	100%
A2Sea Ltd., London, UK	S	100%	DONG Energy Borkum Riffgrund West I GmbH, Hamburg, Germany	S	100%	DONG Energy London Array II Ltd., London, UK	S	100%
Anholt Havvindmøllepark I/S, Fredericia, Denmark	JO	50%	DONG Energy Borkum Riffgrund West II GmbH, Hamburg, Germany	S	100%	DONG Energy Nearshore Wind ApS, Fredericia, Denmark	S	100%
Barrow Offshore Wind Ltd., London, UK	S	100%	DONG Energy Burbo (UK) Ltd., London, UK	S	100%	DONG Energy Nysted I A/S, Fredericia, Denmark	S	86%
Bay State Wind LLC., Delaware, USA	S	100%	DONG Energy Burbo Extension (UK) Ltd., London, UK	S	100%	DONG Energy Power (Gunfleet Sands) Ltd., London, UK	S	100%
Borkum Riffgrund I Holding A/S, Fredericia, Denmark	S	100%	DONG Energy Gode Wind 1 Holding GmbH, Hamburg, Germany	S	100%	DONG Energy Power (Participation) Ltd., London, UK	S	100%
Borkum Riffgrund I Offshore Windpark A/S GmbH & Co. oHG, Norden, Germany	JO	50%	DONG Energy Gode Wind 2 GmbH, Hamburg, Germany	S	100%	DONG Energy Power (UK) Ltd., London, UK	S	100%
Breesea Ltd., London, UK	S	100%	DONG Energy Gunfleet Sands Demo (UK) Ltd., London, UK	S	100%	DONG Energy RB (UK) Ltd., London, UK	S	100%
Breeveertien II Wind Farm B.V., Rotterdam, the Netherlands	S	100%	DONG Energy Horns Rev I A/S, Fredericia, Denmark	S	100%	DONG Energy Shell Flats (UK) Ltd., London, UK	S	100%
Celtic Array Ltd., Berkshire, UK	JV	50%				DONG Energy UK III Ltd., London, UK	S	100%
CT Offshore A/S, Fredericia, Denmark	S	67%				DONG Energy Walney Extension (UK) Ltd., London, UK	S	100%
Den Helder Wind Farm B.V., Rotterdam, the Netherlands	S	100%				DONG Energy West of Duddon Sands (UK) Ltd., London, UK	S	100%
						DONG Energy Westermost Rough Ltd., London, UK	S	100%

## 8.7 COMPANY OVERVIEW

CONTINUED

NOTES / OTHER NOTES

Segment/company/registered office	Type <sup>1</sup>	Owner-ship interest	Segment/company/registered office	Type <sup>1</sup>	Owner-ship interest	Segment/company/registered office	Type <sup>1</sup>	Owner-ship interest
<b>WIND POWER (CONTINUED)</b>			Scarweather Sands Ltd., Coventry, UK	JV	50%	DONG Energy Power Rotterdam B.V., Rotterdam, the Netherlands	S	100%
DONG Energy Wind Power (U.S.) Inc., Delaware, USA	S	100%	SMart Wind Ltd., London, UK	S	100%	DONG Energy REnescience Northwich Ltd., London, UK	S	100%
DONG Energy Wind Power A/S, Fredericia, Denmark	S	100%	SMart Wind SPC5 Ltd., London, UK	S	100%	DONG Energy REnescience Northwich O&M Ltd., London, UK	S	100%
DONG Energy Wind Power Denmark A/S, Fredericia, Denmark	S	100%	SMart Wind SPC6 Ltd., London, UK	S	100%	DONG Energy SP (UK) Ltd., London, UK	S	100%
DONG Energy Wind Power Germany GmbH, Hamburg, Germany	S	100%	SMart Wind SPC7 Ltd., London, UK	S	100%	DONG Energy SP Holding (UK) Ltd., London, UK	S	100%
DONG Energy Wind Power Holding A/S <sup>3</sup> , Fredericia, Denmark	S	100%	SMart Wind SPC8 Ltd., London, UK	S	100%	DONG Energy Thermal Power A/S <sup>3</sup> , Fredericia, Denmark	S	100%
DONG Energy Wind Power Netherlands B.V., Rotterdam, the Netherlands	S	100%	UMBO GmbH, Hamburg, Germany	A	90%	DONG Energy Waste (UK) Ltd., London, UK	S	100%
DONG VE A/S, Fredericia, Denmark	S	100%	VI Aura Ltd., London, UK	S	100%	Emineral A/S, Aalborg, Denmark	JV	50%
DONG Vind A/S, Fredericia, Denmark	S	100%	VI Aura Transmission Ltd., London, UK	S	100%	Enecogen V.O.F, Rotterdam, the Netherlands	JO	50%
Eolien Maritimes de France S.A.S., Paris, France	A	40%	Walney (UK) Offshore Windfarms Ltd., London, UK	S	50%	Haderslev Kraftvarmeværk A/S, Fredericia, Denmark	S	100%
Gode Wind 04 GmbH, Hamburg, Germany	S	100%	West of Duddon Sands	JO	50%	Inbicon A/S, Fredericia, Denmark	S	100%
Gode Wind 1 Offshore Wind Farm GmbH & Co. oHG, Norden, Germany	JO	50%	West Rijn Wind Farm B.V., Rotterdam, the Netherlands	S	100%	Konsortiet for etablering af Maabjerg Energy Concept I/S, Holstebro, Denmark	NC	50%
Gode Wind 2 Offshore Wind Farm P/S GmbH & Co. oHG, Norden, Germany	JO	50%	Westermost Rough (Holding) Ltd., London, UK	JO	50%	Pyroner A/S, Fredericia, Denmark	S	100%
Gunfleet Sands Ltd., London, UK	S	100%	Westermost Rough Ltd., London, UK	JO	100%	REnescience A/S, Fredericia, Denmark	S	100%
Gunfleet Sands II Ltd., London, UK	S	100%	<b>BIOENERGY &amp; THERMAL POWER</b>			Severn Power Funding Ltd., London, UK	S	100%
Gunfleet Sands Holding Ltd., London, UK	S	50%	Cure DONG Energy REnescience B.V., Rotterdam, the Netherlands	S	100%	Stignæs Vandindvinding I/S, Slagelse, Denmark	NC	64%
Heron Wind Ltd., London, UK	S	100%	DE Thermal Power Nr. 1 A/S, Fredericia, Denmark	S	100%	Vejen Kraftvarmeværk A/S, Fredericia, Denmark	S	100%
Horns Rev I Offshore Wind Farm	JO	40%	DONG Energy Holding Ludwigsau I GmbH, Hamburg, Germany	S	100%	<b>DISTRIBUTION &amp; CUSTOMER SOLUTIONS</b>		
Lincs Renewable Energy Holdings Ltd., London, UK	JV	50%	DONG Energy Kraftwerke Emden GmbH in liquidation, Hamburg, Germany	S	100%	Dansk Gasteknisk Center A/S, Rudersdal, Denmark	A	36%
Lincs Wind Farm Ltd., Aberdeen, UK	JV	50%	DONG Energy Kraftwerke Greifswald Verwaltungs GmbH in liquidation, Hamburg, Germany	S	100%	DONG Energy AB, Gothenburg, Sweden	S	100%
London Array Ltd., Kent, UK	JO	25%	DONG Energy Kraftwerke Holding GmbH, Hamburg, Germany	S	100%	DONG Energy Eldistribution A/S, Fredericia, Denmark	S	100%
London Array Unincorporated JV	JO	25%	DONG Energy Maabjerg Energy Concept A/S, Fredericia, Denmark	S	70%	DONG Energy Infrastructure GmbH <sup>3</sup> , Hamburg, Germany	S	100%
Morecambe Wind Ltd., London, UK	JO	50%	DONG Energy Netherlands B.V., Rotterdam, the Netherlands	S	100%	DONG Energy Leitung E GmbH, Hamburg, Germany	S	100%
Njord Ltd., London, UK	S	100%	DONG Energy New Bio Solutions (China) A/S, Fredericia, Denmark	S	100%	DONG Energy Markets GmbH, Hamburg, Germany	S	100%
Northern Energy OWP West GmbH, Hamburg, Germany	S	100%	DONG Energy New Bio Solutions Co. Ltd., Beijing, China	S	100%	DONG Energy Pipelines A/S, Fredericia, Denmark	S	100%
Nysted Havmøllepark I	JO	50%	DONG Energy New Bio Solutions Holding A/S, Fredericia, Denmark	S	100%	DONG Energy Power Sales UK Ltd., London, UK	S	100%
OFTRAC Ltd., London, UK	S	100%				DONG Energy Real Estate A/S, Fredericia, Denmark	S	100%
Optimus Wind Ltd., London, UK	S	100%				DONG Energy S&D UK Ltd., London, UK	S	100%
Optimus Wind Transmission Ltd., London, UK	S	100%				DONG Energy Sales (UK) Ltd., London, UK	S	100%
P/S New Energy Solutions, Copenhagen, Denmark	A	22%				DONG Energy Sales & Distribution A/S <sup>3</sup> , Fredericia, Denmark	S	100%
Rhiannon Wind Farm Ltd., Windsor, UK	JV	100%						



## 8.7 COMPANY OVERVIEW

CONTINUED

Segment/company/registered office	Type <sup>1</sup>	Owner-ship interest	Segment/company/registered office	Type <sup>1</sup>	Owner-ship interest	Segment/company/registered office	Type <sup>1</sup>	Owner-ship interest
<b>DISTRIBUTION &amp; CUSTOMER SOLUTIONS (CONTINUED)</b>			DONG E&P DK A/S <sup>3</sup> , Fredericia, Denmark			DONG Energy Nr. 2 2014 A/S <sup>2,3</sup> , Fredericia, Denmark		
DONG Energy Sales GmbH, Hamburg, Germany	S	100%	DONG E&P Føroyar P/F, Torshavn, Faroe Islands	S	100%	DONG Energy Nr. 3 2014 A/S <sup>2,3</sup> , Fredericia, Denmark	S	100%
DONG Energy Salg & Service A/S <sup>3</sup> , Fredericia, Denmark	S	100%	DONG E&P Grønland A/S, Sermersooq, Greenland	S	100%	DONG Energy Nr. 4 2014 A/S <sup>2,3</sup> , Fredericia, Denmark	S	100%
DONG Energy Services B.V., Hertogenbosch, the Netherlands	S	100%	DONG E&P Norge A/S, Stavanger, Norway	S	100%	DONG Energy Nr. 5 2014 A/S <sup>2,3</sup> , Fredericia, Denmark	S	100%
DONG Energy Speicher E GmbH, Hamburg, Germany	S	100%	DONG E&P nr. 1 2008 A/S <sup>2</sup> , Fredericia, Denmark	S	100%	DONG Energy Oil & Gas A/S <sup>3</sup> , Fredericia, Denmark	S	100%
DONG Energy Speicher R GmbH, Hamburg, Germany	S	100%	DONG E&P Services (UK) Ltd., London, UK	S	100%	DONG Insurance A/S <sup>3</sup> , Fredericia, Denmark	S	100%
DONG Gas Distribution A/S <sup>3</sup> , Fredericia, Denmark	S	100%	DONG E&P (Siri) UK Ltd., London, UK	S	100%	EM El Holding A/S, Fredericia, Denmark	S	100%
DONG Offshore Gas Systems A/S, Fredericia, Denmark	S	100%	DONG E&P (UK) Ltd., London, UK	S	100%	EnergiGruppen Jylland El A/S, Fredericia, Denmark	S	100%
DONG Oil Pipe A/S <sup>3</sup> , Fredericia, Denmark	S	100%	Shettland Land Lease Ltd., London, UK	A	20%	EnergiGruppen Jylland El Holding A/S, Fredericia, Denmark	S	100%
Etzel-Kavernenbetriebs-verwaltungsgesellschaft mbH, Bremen, Germany	A	33%	<b>OTHER</b>			Lithium Balance A/S, Ishøj, Denmark	A	20%
Etzel-Kavernenbetriebsgesellschaft mbH & Co. KG, Bremen, Germany	A	33%	DONG EGJ A/S, Fredericia, Denmark	S	100%			
Kalundborg Bioenergi ApS, Skanderborg, Denmark	S	40%	DONG El A/S <sup>3</sup> , Fredericia, Denmark	S	100%			
<b>OIL &amp; GAS</b>			DONG Energy (UK) Ltd., London, UK	S	100%			
DONG E&P A/S <sup>3</sup> , Fredericia, Denmark	S	100%	DONG Energy IT Malaysia Sdn. Bhd., Kuala Lumpur, Malaysia	S	100%			
			DONG Energy IT Polska Sp. z o. o., Warsaw, Poland	S	100%			
			DONG Energy Nr. 1 2014 A/S <sup>2,3</sup> , Fredericia, Denmark	S	100%			

<sup>1</sup> S = subsidiary, A = associate, JO = joint operation, JV = joint venture, NC = non-consolidated entity.

<sup>2</sup> The company applies the provision in Section 6 of the Danish Financial Statements Act to omit presenting a separate annual report.

<sup>3</sup> Subsidiaries owned directly by DONG Energy A/S.

## 8.8 EVENTS AFTER THE REPORTING PERIOD

### DONG Energy concludes strategic review of O&G business

On 26 January 2016, DONG Energy concluded on the strategic review of its Oil & Gas business with among others the following key conclusions:

- DONG Energy has decided to keep O&G as part of the planned IPO. Going forward, the cash flows from O&G will be part of funding DONG Energy's investments in renewable energy.
- In line with the rest of the industry, O&G needs to adapt to the significant decline in oil and gas prices. Actions are being undertaken to de-risk the O&G portfolio and focus on cash generation within the new market reality.

### DONG Energy to build Hornsea offshore wind farm

On 3 February 2016, the Board of Directors of DONG Energy decided that the Group shall invest in building the offshore wind farm Hornsea Project One in the UK with a capacity of 1.2 gigawatt.

The offshore wind farm will on completion become the world's largest offshore wind farm and is expected to be fully commissioned in 2020. Hornsea was granted a Final Investment Decision Enabling contract (Contract of Difference) by the UK government and will receive a fixed tariff for the first 15 years of production.

# 9 CONSOLIDATED NON-FINANCIAL STATEMENTS

Supplementary report

## 3.0 GW

At the end of 2015, the Group had installed a total of 3.0 GW of offshore wind capacity. The target is 6.5 GW by the end of 2020

## 30%

The biomass share amounts to 30% of the total CHP generation for Danish CHP plants

## 1.8 in LTIF

The lost time injury frequency (LTIF) has been reduced from 7.5 in 2008 to 1.8 in 2015

### IN THIS SECTION

- 9. Consolidated non-financial statements
- 9.1 Basis of reporting for non-financial statements
- 9.2 Reliable energy
- 9.3 Climate and environmental impact
- 9.4 People matter
- 9.5 Sustainable communities

The way in which energy is produced is changing rapidly. DONG Energy is working to develop and enable energy systems that are green, independent and economically viable. In 2015, DONG Energy achieved a further reduction in CO<sub>2</sub> emissions from power and heat generation. This is due to a further reduction in the use of fossil fuels at the CHP plants in favour of sustainable biomass and increased generation of wind power.

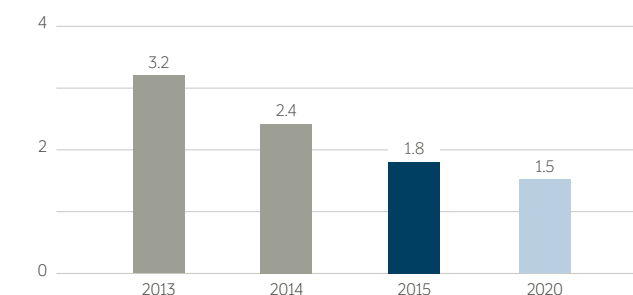
#### LTIF is the lowest ever in the history of DONG Energy

The LTIF realised in 2015 is the lowest ever in the history of DONG Energy. The target for 2020 will be met by maintaining a constant focus on safety and involving suppliers in contributing to a safe working environment for the whole of DONG Energy. The Group's ever-increasing focus on safety and the improvements achieved in 2014 and 2015 have resulted in a reduction of LTIF to 1.8 at the end of 2015.

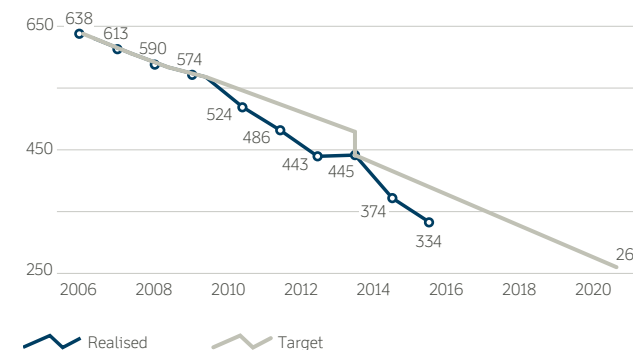
#### CO<sub>2</sub> emissions continue to fall

In step with the successful implementation of green energy to replace the coal and oil-based fuels, CO<sub>2</sub> emissions have fallen steadily. In 2015, CO<sub>2</sub> emissions totalled 334g of CO<sub>2</sub> per kWh generated, which is in line with the target of reducing annual emissions and achieving an emissions level of max 260 in 2020. Read more in note 9.3.

LTIF, lost time injuries per million work hours



CO<sub>2</sub>-EMISSION FROM POWER AND HEAT GENERATION, g CO<sub>2</sub> per kWh



# 9. NON-FINANCIAL STATEMENTS



## RELIABLE ENERGY

	Note	Unit	Target 2020	2015	2014	2013
<b>Production</b>						
Power generation	9.2.1	TWh		12.9	13.7	19.1
Heat generation	9.2.1	PJ		33.6	31.4	40.2
Oil and gas production	9.2.1	million boe		40.9	41.8	31.7
Oil and gas production per day	9.2.1	1,000 boe/day		112	115	87
<b>Capacity</b>						
Installed capacity, offshore wind	9.2.2	GW	6.5	3.0	2.5	2.1
Production capacity, offshore wind	9.2.2	GW		1.7	1.4	1.3
<b>Availability, load factor and wind energy content for offshore wind</b>						
Availability	9.2.3	%		93	94	93
Load factor	9.2.3	%		45	44	42
Wind energy content	9.2.3	%		102	97	97
<b>Power outages for the customer</b>						
Power outages per customer (SAIFI)	9.2.4	Number per customer		0.35	0.33	0.41
<b>Sales and distribution</b>						
Gas sales	9.2.5	TWh		153.2	146.1	150.3
Power sales	9.2.5	TWh		35.2	34.4	25.4
Gas distribution	9.2.6	TWh		8.1	8.2	9.0
Power distribution	9.2.6	TWh		8.4	8.4	8.6
<b>Customer experience</b>						
Customer satisfaction, residential customers in Denmark	9.2.7	scale: 1-100	≥80	78	67	64
Customer satisfaction, business customers in Denmark	9.2.8	scale: 1-100	≥75	75	73	74
Customer satisfaction, distribution customers in Denmark	9.2.9	scale: 1-100	≥80	81	80	78
Customer complaints	9.2.10	number		2,031	2,780	2,876



## CLIMATE AND ENVIRONMENTAL IMPACT

	Note	Unit	Target 2020	2015	2014	2013
<b>Emissions to air</b>						
EU ETS CO <sub>2</sub> emissions	9.3.1	million tonnes of CO <sub>2</sub>		4.9	6.2	9.3
CO <sub>2</sub> emissions per produced kWh	9.3.1	g/kWh	260	334	374	445
CO <sub>2</sub> emissions per produced kWh of thermal power and heat generation	9.3.1	g/kWh		554	604	596
<b>Resources</b>						
Renewable energy share of power and heat generation	9.3.2	%		55	48	37
Biomass share of Danish CHP generation	9.3.3	%	>50	30	25	18
Gas flaring (offshore and at gas treatment plants)	9.3.4	million Nm <sup>3</sup>		12.5	8.6	7.1
Oil discharged to sea from production platforms	9.3.5	tonnes		0.7	0.6	1.3
<b>Environmental safety</b>						
Significant environmental accidents	9.3.6	number		5	7	8

# 9. NON-FINANCIAL STATEMENTS

## CONTINUED

### PEOPLE MATTER

	Note	Unit	Target 2020	2015	2014	2013
<b>Employees</b>						
Total number of employees at 31 December	9.4.1	number of FTEs		6,674	6,500	6,496
Average number of employees for the year	9.4.1	number of FTEs		6,611	6,416	6,692
<b>Occupational health and safety</b>						
Fatalities	9.4.2	number	0	0	0	0
Lost time injuries	9.4.2	number		36	51	64
Lost time injury frequency (LTIF)	9.4.2	per million hours worked	<1.5	1.8	2.4	3.2
<b>Retention of employees</b>						
Job satisfaction	9.4.3	scale: 0-100	77	74	72	Not measured
Loyalty	9.4.3	scale: 0-100		81	78	Not measured
Employee turnover rate	9.4.1	%		12	12	17
<b>Women in management</b>						
Women on the Board of Directors of DONG Energy A/S	9.4.4	%		38	14	14
Women in Top Management	9.4.4	%	>22	15	14	14
Women in Leadership Forum	9.4.4	%	>25	20	20	17
Other female managers	9.4.4	%	>32	23	24	27

### SUSTAINABLE COMMUNITIES

	Note	Unit	Target 2020	2015	2014	2013
<b>Good business conduct</b>						
Share of employees who have completed a course in good business conduct	9.5.1	%		94	97	96
Reported cases of inappropriate or illegal business conduct	9.5.2	number		8	6	0
<b>Reputation</b>						
Reputation	9.5.3	index: 0-100	≥55	47	47	48
<b>Responsible Business Partner Programme</b>						
Business Partner Assessments	9.5.4	number		25	Not measured	Not measured

## 9.1 BASIS OF REPORTING FOR NON-FINANCIAL STATEMENTS

### ACCOUNTING POLICIES

In the non-financial statements, DONG Energy reports its results for the most significant indicators in the areas reliable energy, climate and environmental impact, people matter and sustainable societies as well as its progress in relation to the long-term objectives adopted by the Group.

Pursuant to section 99a of the Danish Financial Statements Act, DONG Energy is obliged to account for the company's CSR activities and report on business strategies and activities with regard to human rights, labour rights, the environment, anti-corruption and the climate. Companies that have joined the UN Global Compact and annually submit their Communication on Progress report (COP report) – a report which must be shared publicly and which details progress made in implementing the ten Global Compact principles – automatically comply with the act, provided that the annual report includes a reference to where the information is available to the public. DONG Energy's report 'DONG Energy in Society, sustainability report 2015' constitutes the Group's Communication on Progress and can be found at <http://www.dongenergy.com/sustainability2015> and on the UN Global Compact website at <http://unglobalcompact.org/participant/2968-DONG-Energy-A-S>.

Under section 99b, DONG Energy must account for the company's objectives and policies which over time will ensure greater diversity in relation to gender representation at management level. In addition to DONG Energy's COP report, the information is included in note 9.4.4 to the non-financial statements, Women in management.

With the exception of the changes described in note 9.1.5, the accounting policies have been applied consistently in the financial year and the comparative figures.

#### 9.1.1 BASIS FOR PREPARATION

The accounting policies applied to the consolidated non-financial statements for the Group as a whole are described below, while the remaining accounting policies are described in the notes to which they relate.

#### 9.1.2 STANDARDS APPLIED

DONG Energy is a signatory to the UN Global Compact. UN Global Compact provides enterprises with a strategic framework for incorporating ten principles on human rights, labour rights, the environment and anti-corruption measures into their strategy and business processes. The ten principles constitute the framework for DONG Energy's sustainability efforts, and the Group is consistently working to promote the principles.

#### 9.1.3 CONSOLIDATION OF DATA

Data are consolidated according to the same principles as in the financial statements. The consolidated non-financial statements thus include the parent company DONG Energy A/S and subsidiaries controlled by DONG Energy A/S.

Data from associates and joint ventures are not included in the consolidated non-financial statements with the exception of accident statistics data, which are included from individual enterprises where DONG Energy is responsible for safety, including safety for external suppliers.

Installed capacity, offshore wind includes the wind farms in respect of which DONG Energy has overall responsibility for the installation and commissioning of the wind farms.

Oil discharged to sea is operationally consolidated.

#### 9.1.4 DEFINITION OF MATERIALITY

DONG Energy reports on the areas which are very significant both to DONG Energy's stakeholders and to DONG Energy's business. The non-financial topics which are considered to be most significant are included in the annual report. In deciding which areas to include in the annual report, account is taken of statutory requirements and the disclosure requirements to which DONG Energy is subject. In addition, an assessment is made of whether the information has a direct or indirect bearing on DONG Energy's ability to create value in the long and short term.

In DONG Energy's annual sustainability report <http://www.dongenergy.com/sustainability2015> and supplementary CSR data <http://www.dongenergy.com/sustainabilitydata2015>, you can find further information about DONG Energy's sustainability efforts and results.

The results of DONG Energy's dialogue with stakeholders, analyses, assessments and internal discussions on selection of significant topics are presented as proposals for inclusion in the annual report to DONG Energy's Audit and Risk Committee.

#### 9.1.5 CHANGES TO REPORTED DATA COMPARED WITH 2014

In 2015, the Group established and defined a change process for focus areas to ensure that the reporting of non-financial data is part of the integrated reporting of both financial and non-financial information.

In 2015, DONG Energy has systematically assessed the contents of its non-financial statements to ensure that they report on the focus areas which are part of the Group Executive Management's strategic focus, and which therefore form part of the Group's strategy for 2020. Moreover, the non-financial statements report on the focus areas which are not directly included in the 2020 strategy, but which are monitored on an ongoing basis in the internal reporting to the Group Executive Management.

As a result thereof, the reporting of non-financial data has been changed compared to last year.

In 2015, DONG Energy decided to include the following non-financial focus areas in the consolidated non-financial statements:

- availability for offshore wind farms
- load factor for offshore wind farms
- wind power content
- reputation
- power outages for the customer
- CO<sub>2</sub> emissions per kWh of thermal power and heat generated
- the reporting of 'Renewable energy share' has been extended to show the distribution of the total power and heat generation on all primary energy sources
- the reporting of significant environmental incidents has been divided into two categories which specify the extent of the reported incidents' impact on the environment
- responsible Business Partner Programme

In 2015, DONG Energy also decided to exclude the following non-financial focus areas from the annual report. The focus areas will still be included in the CSR Data Appendix:

- sulphur dioxide (SO<sub>2</sub>) per produced kWh
- nitrogen oxides (NO<sub>x</sub>) per produced kWh
- recycling of waste from administration
- recycling of waste from facilities

In 2015, the following non-financial focus areas were excluded from the consolidated non-financial statements:

- oil transportation, Denmark
- wind/hydropower share of power generation
- women on the Board of Directors in Danish subsidiaries

In 2014, a number of conversion factors for heat and steam-generating thermal power plants were changed. The calculation of the total power and heat generation includes a conversion factor used to convert heat and steam generation to power equivalents, which is the common unit for power and heat generation. The conversion factors have been changed as the 2014 conversion factors were not comparable to previous years. This affects the calculation of the 2014 items which include the total power and heat generation, including the 'Biomass share for Danish combined heat and power generation' and 'Renewable energy share' items. In addition, the accounting policies for 'Oil discharged to sea' as well as for sales, distribution, customers, customer satisfaction and customer complaints have been changed. The changes are described under the individual notes.

## 9.2 RELIABLE ENERGY

### Reporting of volumes in the DONG Energy Group

This section contains information about production, capacity and availability. Furthermore, the section includes information about power outages for the customer, sales and distribution as well as customer experience.

#### 9.2.1 Production

	2015	2014	2013
<b>Power generation (TWh)</b>			
Wind			
- Denmark	2.2	2.5	2.3
- UK	3.3	2.4	2.3
- Other countries	0.3	0.1	0.2
Thermal			
- Denmark	6.0	7.8	10.8
- Other countries	1.1	0.9	3.0
Hydropower			
- Sweden	0	0	0.5
<b>Heat generation (PJ)</b>			
Thermal			
- Denmark	33.6	31.4	40.2
<b>Oil and gas production (million boe)</b>			
- Oil production	10.1	10.6	8.2
- Gas production	30.8	31.2	23.5
- Oil and gas production (1,000 boe per day)	112	115	87

Thermal power generation has fallen by 18% in relation to 2014 due to lower prices. Markedly lower coal prices in 2015, more water in the Nordic water reservoirs and a high level of power generation from renewable sources means low power prices.

Heat generation is 7% up in 2015 on 2014. This is due to higher heat generation in the cold spring of 2015 compared with 2014.

This year's oil and gas production is affected by lower production from Ormen Lange, Ula, Tambar and Oselvar, partially offset by higher production from Siri, which suffered prolonged downtime in 2014 due to repairs.

### ACCOUNTING POLICIES

Power generation from wind is calculated as sold production. The wind farms Gunfleet Sands and Walney 1+2 are consolidated according to ownership interest. The other wind farms are financially consolidated.

Thermal power generation is determined as net generation sold based on settlements from the official Danish production database. Data for generation from foreign facilities are provided by the operators.

Thermal heat and steam generation is measured as net output sold to heat customers.

Oil and gas production is measured by meters on the offshore platforms, which measure quantities for delivery to shore.

#### 9.2.2 Offshore wind capacity

GW	2015	2014	2013
Installed capacity, offshore wind	3.0	2.5	2.1
Production capacity, offshore wind	1.7	1.4	1.3

Installed capacity, offshore wind is up from 2.5 GW in 2014 to 3.0 GW in 2015. The increase is attributable to Borkum Riffgrund 1 and Westermøst Rough, which were commissioned in 2015. Production capacity, offshore wind has increased correspondingly.

### ACCOUNTING POLICIES

Installed capacity, offshore wind is calculated as the cumulative offshore wind capacity installed by DONG Energy. The capacity is calculated as installed gross capacity before divestments.

Capacity is calculated and factored in from the time when the wind farm is in full production.

Production capacity, offshore wind is calculated at 31 December. The wind farms Gunfleet Sands and Walney 1+2 are consolidated according to ownership interest. The other wind farms are financially consolidated.

### 9.2.3 Availability, load factor and wind energy content for offshore wind

%	2015	2014	2013
Availability	93	94	93
Load factor	45	44	42
Wind energy content	102	97	97

### ACCOUNTING POLICIES

Availability, load factor and wind energy content are calculated only for offshore wind farms.

The time-based availability factor (availability) for offshore wind farms is calculated as the ratio of the number of hours in a given period the wind turbines are available for power generation to the total number of hours in the same period. The total availability is determined by weighting the individual wind farms' availability by the capacity of the individual wind farm. Availability is commercially adjusted.

The load factor is calculated as the ratio between actual generation in a given period relative to the potential generation which is possible by continuously exploiting the maximum capacity over the same period. The total load factor is determined by weighting the individual wind farms' load factor by the capacity of the individual wind farm. The load factor is commercially adjusted.

New offshore wind turbines are included in the calculation of availability and load factor once they have passed the 240-hour test. Commercially adjusted means that, for Danish and German offshore wind farms, the availability and the load factor are adjusted if the offshore wind farm has been financially compensated by the transmission system operators in situations where the offshore wind farm is available for generation, but the output cannot be supplied to the grid due to maintenance or grid interruptions. Offshore wind farms in the UK are not compensated for non-access to supplying power to the grid.

Wind energy content is calculated as the ratio between actual gross generation in a given period and generation in a 'normal wind year'. Actual generation is calculated as actual reported generation adjusted for availability losses. Total wind energy content is determined by weighting the individual wind farms' availability by the capacity of the wind farm.

The wind energy content for new wind farms is included from the beginning of the first calendar year in which the entire wind farm is in operation.

## 9.2 RELIABLE ENERGY CONTINUED

### 9.2.4 Power outages for the customer

Number per year	2015	2014	2013
Power outages per customer (SAIFI)	0.35	0.33	0.41

#### ACCOUNTING POLICIES

The frequency of unannounced power outages for customers is expressed in terms of SAIFI (System Average Interruption Frequency Index), which is calculated as the average number of power outages per customer per year.

### 9.2.5 Sales

TWh	2015	2014	2013
Number of gas customers	101,046	104,364	106,882
Gas sales (TWh) <sup>1</sup>	153.2	146.1	150.3
Number of power customers	756,774	768,233	777,749
Power sales (TWh) <sup>1</sup>	35.2	34.4	25.4

<sup>1</sup> Gas and power sales are excluding internal sales from Distribution & Customer Solutions to Bioenergy & Thermal Power.

#### ACCOUNTING POLICIES

The number of customers in Denmark and Sweden is retrieved from DONG Energy's internal customer system, while customers in other countries are retrieved from local contract and customer databases.

Accounting policies for customers have been updated, so that only the number of main sales customers is counted, compared to previously when several calculation methods were applied across sales segments. With the new joint calculation method, sales segments can be compared, and the figures are more comparable year-on-year. The historical figures for 2014 and 2013 have been restated, so that they are calculated in accordance with the new accounting policies.

Power and gas sales are calculated as physical sales to retail and wholesale customers and exchanges. Power and gas sales are based on readings from DONG Energy's trading systems. Internal sales to Bioenergy & Thermal Power are not included in the statement. Only natural gas is included in gas sales.

Accounting policies for the sale of power and gas are updated to apply the same calculation basis as for revenue. The purpose of the change is to support integrated reporting by creating consistency between sales volumes and revenue. The historical figures for 2014 and 2013 have been restated, so that they are calculated in accordance with the new accounting policies.

### 9.2.6 Distribution

	2015	2014	2013
<b>Distribution to gas customers</b>			
Number of gas distribution customers	125,883	125,686	125,814
Gas distribution (TWh)	8.1	8.2	9.0
<b>Distribution to power customers</b>			
Number of power distribution customers	1,001,330	986,472	991,347
Power distribution (TWh)	8.4	8.4	8.6

#### ACCOUNTING POLICIES

Gas distribution has been determined on the basis of data from the official system in Denmark that have been calculated internally based on total volumes and calorific values received from Energinet.dk.

Power distribution has been determined on the basis of data from the official system in Denmark, El-Panda, which measures and calculates total area consumption.

The number of distribution customers for power and gas is retrieved from the trading systems and is calculated in relation to the number of consumption points.

### 9.2.7 Customer satisfaction, residential customers in Denmark

	2015	2014	2013
Number of residential power customers	707,219	716,254	724,567
Number of residential gas customers	92,010	94,697	96,702
Customer satisfaction among Danish residential customers (scale 1-100)	78	67	64

Customer satisfaction among residential customers is 78 in 2015 against 67 in 2014. Part of this increase is deemed to be attributable to the adjustment in 2015 of the method for calculating customer satisfaction among residential customers in Denmark from being based on the general perception of customer satisfaction among randomly selected customers to being based on the satisfaction of the customers, with whom DONG Energy has been in contact, e.g. in connection with inquiries. The reason for this is that the satisfaction among customers with whom DONG Energy has been in contact is to a much higher degree influenced by the employees' efforts. Conversely, satisfaction among all customers, also those with whom DONG Energy has not been in contact, is to a higher degree affected by the media and the perception of DONG Energy in the general population.

#### ACCOUNTING POLICIES

Customer satisfaction is measured on a monthly basis among customers with whom DONG Energy has been in contact. Customer satisfaction is calculated for the customer contact groups gas, power, sales and Internet. This year's total is a weighted average. The historical data from 2014 and 2013 cannot be calculated according to the current accounting policies, so data from 2015 and previous years are not comparable.

## 9.2 RELIABLE ENERGY CONTINUED

### 9.2.8 Customer satisfaction, business customers in Denmark

	2015	2014	2013
Number of business power customers	49,459	51,911	53,170
Number of business gas customers	5,774	5,785	6,266
Customer satisfaction among Danish business customers (scale of 1-100)	75	73	74

#### ACCOUNTING POLICIES

Customer satisfaction for business customers is determined on the basis of customer satisfaction surveys among DONG Energy's business customers in Denmark. Customer satisfaction for Denmark is determined on the basis of quarterly interviews about customers' satisfaction with DONG Energy. The survey comprises only active customers, defined as customers with whom DONG Energy has been in contact in connection with contracts for the supply of power or gas in the previous or next month. So-called sleeping customers are therefore not included in the statement. The method follows the ACSI model based on the EPSI scale. An external agency conducts the interviews and reports absolute and weighted results via a web-based dashboard.

In 2015, the weights for the calculation of the satisfaction score have been changed so that the weighting reflects the relative sizes of the customer segments, which is a more correct presentation of customer satisfaction. Data for 2014 and 2013 have been updated with this weighting.

### 9.2.9 Customer satisfaction, distribution in Denmark

	2015	2014	2013
Number of power distribution customers	1,001,330	986,472	991,347
Number of gas distribution customers	125,883	125,686	125,814
Customer satisfaction among Danish distribution customers (scale of 1-100)	81	80	78

#### ACCOUNTING POLICIES

Customer satisfaction for distribution customers is determined on the basis of three types of interactions with distribution customers: Disruption of supply, visits relating to gas and replacement of meters. Customer satisfaction is measured as the customer's satisfaction in a specific context. Respondents are randomly selected, and the survey is carried out by an external supplier. Customer satisfaction is calculated as the average of all answers.

### 9.2.10 Customer complaints, Denmark

	2015	2014	2013
Number of customer complaints	2,031	2,780	2,876

The fall in the number of customer complaints from 2014 to 2015 is attributable to falls in the number of complaints in both the sales and the distribution business. In 2014, there were some complaints concerning specific individual cases; a case in point was the market adjustment relating to a central archive of consumption data, which gave rise to an increased number of complaints. These individual cases have not given rise to customer complaints to any significant extent in 2015. At the same time, customer service is improved in 2015, whereby inquiries concerning for example adjustment of terms are addressed immediately by customer care, reducing the number of customer inquiries that turn into customer complaints.

#### ACCOUNTING POLICIES

The number of customer complaints received is calculated each month by a direct count from DONG Energy's case handling system. The number of customer complaints has been calculated on the basis of all customer groups in Denmark (residential, business and distribution customers). Monthly follow-up reports are prepared which show the number of complaints received, compliance with service targets as well as any trends in the complaints. Complaints received are reported monthly to the management.

In 2015, it is specified that customer complaints received only include new complaints, whereas repeated complaints and follow-up correspondence are not included. The historical figures have been updated accordingly.



## 9.3 CLIMATE AND ENVIRONMENTAL IMPACT

### Reporting on climate and environmental conditions in the DONG Energy Group

This section contains information about strategic focus areas which are central to DONG Energy, including EU ETS CO<sub>2</sub> emissions and CO<sub>2</sub> emissions per energy unit generated. Moreover, the section contains information about the Group's progress within the conversion to biomass-based power and heat generation.

#### 9.3.1 CO<sub>2</sub> emissions

	2015	2014	2013
EU ETS CO <sub>2</sub> emissions (million tonnes) in total	4.9	6.2	9.3
- Of which emitted in Bio-energy & Thermal Power	4.8	6.1	9.2
CO <sub>2</sub> emissions per produced kWh (g/kWh)	334	374	445
- Of which CO <sub>2</sub> emissions of thermal power and heat generation	554	604	596

The fall in CO<sub>2</sub> emissions is attributable to lower generation in Bio-energy & Thermal Power, and the resulting lower fuel consumption. This is reinforced by the reduction in coal consumption mainly, while biomass consumption is maintained. The overall result is a decline in EU ETS CO<sub>2</sub> emissions.

The reduction in CO<sub>2</sub>/kWh is attributable to a higher share of power generation from offshore wind and a larger share of biomass at the thermal CHP plants.

#### ACCOUNTING POLICIES

The calculation of emissions is based on fuel quantities used, in accordance with the union registry's methods.

CO<sub>2</sub> emissions per kWh (g CO<sub>2</sub> per kWh) have been determined as CO<sub>2</sub> emissions relative to total generation of power, heat and steam supplied to the grid.

The total generation of power, heat and steam is calculated as power equivalents. For heat generation, the power equivalent generation represents the volume of additional power that could have been supplied if the power station had not generated heat and/or steam.

In connection with the incineration of waste, a conversion factor is used for calculating the CO<sub>2</sub> emissions equivalent to 37kg CO<sub>2</sub>/GJ for 2015. According to the Danish Energy Agency, biomass is considered carbon-neutral.

#### 9.3.2 Renewable energy share of power and heat generation

%	2015	2014	2013
Renewable energy share	55	48	37
Fossil energy share	45	52	63
Total	100	100	100
Of which:			
Renewable energy share			
- Biomass-based	16	15	12
- Wind-based	39	33	23
- Water-based	0	0	2
Fossil energy share			
- Coal-based	29	37	40
- Gas-based	14	13	20
- Oil-based	1	1	1
- Waste-based	1	1	2

The renewable energy share increased from 48% in 2014 to 55% in 2015. This increase was due primarily to an increase in wind-based power generation and a drop in the coal-based share.

#### ACCOUNTING POLICIES

Power generation in the Wind Power division is wind-based only and is included as 100% renewable energy in the calculation of the renewable energy share.

The renewable energy share of power and heat generation is calculated as the share of generation from renewable energy sources. The renewable share of generation is calculated by multiplying the share of renewable energy fuel with total thermal generation summed up with the wind and water based generation. In the calculation of generation, heat generation is converted into power equivalents in the way used for calculating g CO<sub>2</sub>/kWh. Renewable energy sources are: Biomass, wind power and hydropower. Non-renewable energy sources are: Coal, oil, natural gas and waste.

In practice, waste consists of a mixture of biomass and a fossil fuel share. In the calculation of the renewable energy share, waste is defined as a non-renewable energy source, as is also the case in the calculation of the biomass share of Danish power and heat generation.

The renewable energy share for 2014 has been changed relative to the annual report for 2014 due to a change in the conversion factors from heat to power equivalents for a number of thermal power-generating plants.

#### 9.3.3 Biomass share of Danish CHP generation

%	2015	2014	2013
Biomass share of Danish CHP generation	30	25	18

The biomass share has increased from 25% in 2014 to 30% in 2015. This increase is the result of the continued conversion from coal to biomass in Danish CHP generation. In general, all fuel suppliers are assessed in accordance with DONG Energy's Code of Conduct. In addition, all suppliers of wood chips and wood pellets must guarantee in their contracts with DONG Energy that the biomass supplied has been grown in a sustainable manner. DONG Energy ensures contract compliance through dialogue and on-site visits. In order to ensure independent audits of sustainability, DONG Energy has requested that its suppliers obtain Sustainable Biomass Partnership (SBP) certification. The first suppliers have already been certified. It is expected that 100% of the wood-based biomass consumed by DONG Energy will be SBP-certified by 2019 through a gradual phase-in in accordance with the industry agreement on sustainable biomass.

#### ACCOUNTING POLICIES

The biomass share of Danish CHP generation is calculated as the share of the total power and heat generation by the Danish CHP plants which is generated from biomass. Emergency and peak-load facilities and purely power-generating and heat-generating facilities are not included. In the calculation, it is assumed that the share of biomass-based generation at the individual power station/unit is equal to the biomass share of the fuel which is calculated on the basis of the energy content of the fuels. The total biomass share is then calculated as a weighted share relative to the individual CHP plant's generation. In order to be able to sum up the generation at CHP plants that generate both power and heat, heat generation is converted to equivalent power generation using the same method as for calculating g CO<sub>2</sub>/kWh. The biomass share of Danish CHP generation for 2014 has been restated relative to the annual report for 2014 due to a change in the conversion factors from heat to power equivalents for a number of thermal power generating plants.

## 9.3 CLIMATE AND ENVIRONMENTAL IMPACT

### CONTINUED

#### 9.3.4 Gas flaring

million Nm <sup>3</sup> gas	2015	2014	2013
Gas flaring on offshore production platforms	11.9	7.6	6.1
Gas flaring at gas treatment and storage facilities	0.6	1.0	1.0

Gas flaring from offshore production increases primarily due to more shutdowns at Syd Arne in 2015 than in 2014. Flaring is typically increased at the start-up of production. At the same time, production from Trym is increased, which means correspondingly more flaring. Finally, Alve and Marulk are included in the reporting from 2015, as a result of an adjustment of the accounting policies in 2015.

#### ACCOUNTING POLICIES

For offshore installations, the calculation of natural gas flaring is based on continuous measurements. From gas treatment and gas storage facilities, the volumes are calculated on the basis of pressure and the dimensions of the process equipment that is emptied as well as by means of accredited measuring of the constant safety flaring. Gas flaring is adjusted for the ownership share of associated production units for the platform which makes the environmental emissions.

#### 9.3.5 Oil discharged to sea

tonnes	2015	2014	2013
Oil discharged to sea	0.7	0.6	1.3

Data include the Siri area only, as this is the only area operated by DONG Energy. Emissions have increased only marginally, even though Siri produced for 12 months in 2015 compared with six months in 2014 due to the repair work. The fact that emissions have not increased more despite the increased production is due to stable production concurrently with high reinjection of produced water.

#### ACCOUNTING POLICIES

Oil discharged to the sea from production platforms is determined on the basis of the oil concentration in the discharged produced water. The volume of discharged produced water is measured directly in m<sup>3</sup>. The oil concentration and volume are calculated on the basis of three daily samples, as well as one monthly sample of ballast water, which are analysed for oil content.

The accounting policies for 'Oil discharged to sea' have been changed from financial consolidation to operational consolidation. The change has been made to ensure high-quality data, as DONG Energy does not have access to reliable data for non-operated fields.

#### 9.3.6 Significant environmental incidents

number	2015	2014	2013
Massive environmental incidents (C5)	0	0	0
Significant environmental incidents (C4)	5	7	8
- Wind Power	0	1	1
- Bioenergy & Thermal Power	0	0	4
- Distribution & Customer Solutions	5	6	2
- Oil & Gas	0	0	1

No category-C5 incidents are reported in 2015. The five environmental incidents in Distribution & Customer Solutions are all oil spills to soil. The four incidents are caused by cable leaks on public roads, while the fifth incident is caused by leaky piping at the Fredericia oil terminal. All contamination from the cable leaks is removed. Delimiting contamination surveys are performed at the Fredericia oil terminal in cooperation with the authorities.

#### ACCOUNTING POLICIES

An environmental incident is an unintended event which has a negative impact on the environment. DONG Energy registers all environmental incidents at facilities for which DONG Energy is responsible in its capacity as operator or its capacity as accountable for operations, including both actual and potential incidents.

The materiality of an incident is determined on the basis of an assessment of the extent, dispersion and impact on the environment. On this basis, all environmental incidents are categorised on a scale from 1 to 5. Actual incidents in category 4 and 5 are reported.

## Reporting on people in DONG Energy

The section on People matter covers employee data and safety data in the form of occupational injuries. Safety is a significant and central area in DONG Energy. In recent years, DONG Energy has significantly reduced the number of lost time injuries, and it is DONG Energy's stated aim to achieve further improvements.

### 9.4.1 Employees

	2015	2014	2013
Denmark	5,527	5,433	5,454
UK	686	630	527
Germany	187	146	121
Norway	83	105	107
Other	191	186	287
Total number of employees at 31 December	6,674	6,500	6,496
Average number of employees for the year	6,611	6,416	6,692
Employee turnover rate (%)	12	12	17
Average age	42	42	42

## ACCOUNTING POLICIES

The reporting covers contractually employed employees in Danish and foreign DONG Energy companies. Employee data are recognised based on records from the Group's ordinary registration systems. The number of employees is determined as the number of employees at the end of the financial year converted to full-time equivalents. Employees that have been made redundant are recognised until the expiry of their notice period, regardless of whether they have been released from all or part of their duties during the notice period.

The employee turnover rate is calculated as the number of permanent employees that have left the company relative to the average number of permanent employees in the financial year.

Average age has been measured as the average age of employees at the end of the financial year.

### 9.4.2 Occupational injuries

	2015	2014	2013
Number of fatalities	0	0	0
Number of lost time injuries	36	51	64
- of which suppliers	24	33	38
Lost time injuries per one million hours worked (LTIF)	1.8	2.4	3.2
- of which Wind Power	1.9	2.1	3.9
- of which Bioenergy & Thermal Power	2.1	3.8	4.1
- of which Distribution & Customer Solutions	2.9	2.3	3.7
- of which Oil & Gas	0.4	1.2	0.5

In 2015, the lost time injury frequency (LTIF) is reduced to 1.8 from 2.4 in 2014. In 2020, the LTIF target is below 1.5 occupational injuries per one million hours worked.

## ACCOUNTING POLICIES

Occupational injuries are calculated according to operational scope. Data from companies wholly or partly owned by DONG Energy and where DONG Energy is responsible for safety are included. Occupational injuries and lost time injuries are calculated for both our own employees and suppliers. Data from Danish and foreign locations are recognised. A lost time injury is defined as an injury that results in incapacity for work of one or more calendar days in addition to the day of the incident. The lost time injury frequency is calculated as the number of lost time injuries per one million hours worked. The number of hours worked is based on 1,667 working hours annually per full-time employee and monthly records of the number of employees converted to full-time employees. For suppliers, the actual number of hours worked is recognised on the basis of data provided by the supplier, access control systems at locations or estimates.

### 9.4.3 Job satisfaction and loyalty

(scale 0-100)	2015	2014	2013
Employees' evaluation of their own job satisfaction (scale 0-100)	74	72	Not measured
Employee loyalty	81	78	Not measured

The employees' evaluation of their own job satisfaction was performed in

Q3 2015. A major improvement of DONG Energy's employees' perception of DONG Energy's reputation has had a positive effect on job satisfaction. The immediate manager is also assessed very positively, and the result is significantly higher than the Danish average. This also underpins the high level of job satisfaction in DONG Energy. The increase in loyalty is due to a positive development in both loyalty and commitment among the employees. In 2015, 95% of the employees completed the job satisfaction survey.

## ACCOUNTING POLICIES

DONG Energy conducts a comprehensive employee satisfaction survey once a year. All DONG Energy employees are invited to participate in the survey. In the survey, the employees are, for example, asked a number of questions about their job satisfaction and loyalty. The answers are given on a scale from 1-10 and are subsequently converted to index figures on a scale from 0-100.

### 9.4.4 Women at management level

%	2015	2014	2013
Women on the Board of Directors of DONG Energy A/S	38	14	14
Women in Top Management	15	14	14
Women in Leadership Forum	20	20	17
Other female managers	23	24	27

With a share of women on the Board of Directors of three out of eight in 2015, DONG Energy complies with the statutory requirement for equal representation, and DONG Energy therefore no longer states a target for women on the Board of Directors. DONG Energy has a policy for women in management. In pursuance of this policy, 2020 targets have been defined for the share of women in the Top Management, the Leadership Forum and for other managers. The share of women in management is increased through efforts being made within these four areas: Marketing of DONG Energy as a workplace, recruitment, talent development and data foundation for decisions. The professional and managerial competences are, however, always the determining factors in connection with hiring and promotion.

## ACCOUNTING POLICIES

The employee representatives on the Board of Directors are not included in the data and the targets for women on the Board of Directors. The Top Management consists of the CEO and the CFO and Executive Vice Presidents, Senior Vice Presidents and Vice Presidents in the Group. The Leadership Forum consists of Senior Directors, Directors and Senior Managers. Other female managers include managers and team leaders.

## 9.5 SUSTAINABLE COMMUNITIES

### Reporting on sustainable communities

This section contains information on good business conduct and reputation.

#### 9.5.1 Share of employees who have completed a course in good business conduct

%	2015	2014	2013
Share of employees who have completed a course in good business conduct	94	97	96

### ACCOUNTING POLICIES

The number of employees who have completed a course in good business conduct is calculated as the proportion of employees at 31 December who have completed an e-learning course in good business conduct.

#### 9.5.2 Cases of inappropriate or illegal business conduct

	2015	2014	2013
Number of reported cases of inappropriate or illegal business conduct	8	6	0
Cases transferred to the police	1	1	0

DONG Energy changed its whistleblower scheme in January 2014. The changes were made to strengthen the scheme and were communicated in an internal information campaign in 2014. The development from 2013 to 2015 must be viewed in this regard.

### ACCOUNTING POLICIES

DONG Energy's Whistleblower Hotline is available for internal and external reporting of suspected cases of inappropriate or illegal behaviour. Whistleblower reports are received and handled by the Internal Audit function, which also receives similar reports through the management system and from Compliance Officers. All reports are handled in accordance with the guidelines for the handling of whistleblower reports approved by the Audit and Risk Committee, which is ultimately responsible for the whistleblower scheme. Only reports (cases) which are closed during the financial year, and which have been reported to the Audit and Risk Committee as fully or partially substantiated, are reported in the annual report.

#### 9.5.3 Reputation

index: 0-100	2015	2014	2013
Reputation	47	47	48

DONG Energy's reputation index is measured at 47 in 2015. The target is for this score to be higher than or equal to 55 in 2020. DONG Energy is working to improve its reputation by ensuring a high level of integrity in the business, continuing the green transformation by helping Danes save energy through energy consultancy services and by being an attractive place to work.

### ACCOUNTING POLICIES

DONG Energy's reputation is measured through interviews with 100 people per week in the Danish population aged 18-64. The respondents are selected at random and are representative in terms of age, gender and geography within the above-mentioned group. Each respondent is asked three questions about DONG Energy's reputation. The questions are the same, and the survey is therefore comparable across the individual years. The responses are translated into an index of 0-100, and the total score for the year is the average of the results for the 12 months. The survey is carried out by an external research firm.

#### 9.5.4 Responsible Business Partner Programme

Number	2015
<b>Business partner assessments</b>	25
- Site assessments	12
- Self-assessments	13
Very significant points for improvement open at 31 December	1
Significant points for improvement open at 31 December	14
Very significant points for improvement closed in the course of the year	0
Significant points for improvement closed in the course of the year	18

DONG Energy has had a Code of Conduct for suppliers since 2006 and performs systematic screening of its business partners. The purpose of the programme is to ensure compliance by DONG Energy's business partners with DONG Energy's Code of Conduct. As part of the programme, DONG Energy performs site assessments and self-assessments of the business partners identified in the screening process as being most at risk of potential non-compliance with DONG Energy's

Code of Conduct. DONG Energy's Responsible Business Partner Programme was updated in 2014, and as from 2015, a systematic collection of data regarding points for improvement for suppliers is implemented.

In 2015, a total of 25 assessments were carried out, resulting in 33 points for improvement which are categorised as very significant or significant. This includes the identification of one very significant point for improvement in Q4 2015, which DONG Energy is in the process of addressing. Of the 32 significant points for improvement identified in 2015, 18 have already been addressed satisfactorily by the business partners in question, leading to improved practices. DONG Energy is in the process of addressing the remaining 14 points together with the business partners in question, and DONG Energy will continue its efforts in 2016.

### ACCOUNTING POLICIES

A site assessment is a visit to a business partner's facilities for the purpose of carrying out an assessment of the ability of the business partner to live up to DONG Energy's Code of Conduct (or any other form of comprehensive CSR due diligence). The assessment is performed by DONG Energy and/or a third party.

Self-assessments are based on a questionnaire about DONG Energy's Code of Conduct which the business partner must complete. The questionnaire is verified by DONG Energy.

Points for improvement are observations from assessments which should be addressed by the business partner. DONG Energy monitors the implementation of improvements as part of its continuous engagement with its business partners, for example through meetings and telephone calls. Once it is confirmed that satisfactory improvements have been implemented by the business partner, the point improved is closed.

Points for improvement are categorised according to the following scale: Opportunity, less significant point for improvement, significant point for improvement and very significant point for improvement.

A very significant point for improvement is a very significant violation of applicable legislation or an issue causing immediate danger to human or labour rights, the environment or anti-corruption, which requires immediate intervention.

A significant point for improvement is a significant violation of applicable legislation or a lack of policy, procedure or established good practices, which will probably lead to serious negative impacts on human or labour rights, the environment or anti-corruption in the short to medium terms, or a lack of documentation in this respect.

# PARENT COMPANY FINANCIAL STATEMENTS

NOTE	PAGE	NOTE	PAGE	
	Income statement	142	6 Auditor's fees	146
	Balance sheet	142	7 Derivative financial instruments	147
	Statement of changes in equity	143	8 Cash and cash equivalents and securities	147
1	<b>Basis of reporting</b>	144	9 Loans and borrowings	147
2	Employee costs	145	10 Contingent liabilities	148
3	Financial income and expenses	145	11 Related party transactions	148
4	Tax on profit (loss) for the year and deferred tax	146	12 Operating lease obligations	148
5	Subsidiaries	146		

# INCOME STATEMENT

1 JANUARY – 31 DECEMBER

## INCOME STATEMENT

DKK million	Note	2015	2014
Revenue		266	176
External expenses		(341)	(251)
Employee costs	2	(26)	(21)
Other operating income		12	1
<b>Operating profit (loss) before depreciation, amortisation and impairment losses (EBITDA)</b>		<b>(89)</b>	<b>(95)</b>
Depreciation and impairment losses on property, plant and equipment		(1)	(4)
Other operating expenses			(9)
<b>Operating profit (loss) (EBIT)</b>		<b>(90)</b>	<b>(108)</b>
Gain (loss) on divestment of enterprises		(14)	1,773
Financial income	3	21,624	21,665
Financial expenses	3	(30,914)	(14,556)
<b>Profit (loss) before tax</b>		<b>(9,394)</b>	<b>8,774</b>
Tax on profit (loss) for the year	4	(1,220)	(1,393)
<b>Profit (loss) for the year</b>		<b>(10,614)</b>	<b>7,381</b>
Profit (loss) for the year is attributable to:			
Shareholders of DONG Energy A/S		(11,328)	6,793
Coupon payments and bond discount after tax, hybrid capital holders of DONG Energy A/S		714	588
<b>Profit (loss) for the year</b>		<b>(10,614)</b>	<b>7,381</b>

# BALANCE SHEET

31 DECEMBER

## ASSETS

DKK million	Note	2015	2014
Buildings			2
<b>Property, plant and equipment</b>		<b>-</b>	<b>2</b>
Investments in subsidiaries	5	42,116	45,088
Receivables from subsidiaries		64,435	66,430
<b>Financial assets</b>		<b>106,551</b>	<b>111,518</b>
<b>Non-current assets</b>		<b>106,551</b>	<b>111,520</b>
Receivables from subsidiaries		921	1,520
Derivative financial instruments	7	35,871	21,401
Other receivables		167	191
<b>Total receivables</b>		<b>36,959</b>	<b>23,112</b>
Securities	8	20,762	24,504
Cash	8	1,373	2,286
<b>Current assets</b>		<b>59,094</b>	<b>49,902</b>
<b>Assets</b>		<b>165,645</b>	<b>161,422</b>

## EQUITY AND LIABILITIES

DKK million	Note	2015	2014
Share capital		4,177	4,177
Reserves		20,880	20,829
Retained earnings		14,581	25,904
<b>Equity attributable to shareholders of DONG Energy A/S</b>		<b>39,638</b>	<b>50,910</b>
Hybrid capital		13,248	13,236
<b>Equity</b>		<b>52,886</b>	<b>64,146</b>
Deferred tax	4	1,928	2,347
Bank loans and issued bonds	9	31,775	35,835
Other payables	9	1,549	1,357
<b>Non-current liabilities</b>		<b>35,252</b>	<b>39,539</b>
Bank loans and issued bonds	9	4,626	147
Derivative financial instruments	7	30,531	18,176
Trade payables	9	117	41
Payables to subsidiaries	9	40,528	37,299
Other payables	9	800	796
Income tax		905	1,278
<b>Current liabilities</b>		<b>77,507</b>	<b>57,737</b>
<b>Liabilities</b>		<b>112,759</b>	<b>97,276</b>
<b>Equity and liabilities</b>		<b>165,645</b>	<b>161,422</b>

# STATEMENT OF CHANGES IN EQUITY

1 JANUARY – 31 DECEMBER

DKK million	Share capital	Hedging reserve	Share premium	Retained earnings	Equity attributable to shareholders of DONG Energy A/S	Hybrid capital	Total
Equity at 1 January 2015	4,177	(450)	21,279	25,904	50,910	13,236	64,146
Profit (loss) for the year				(11,328)	(11,328)	714	(10,614)
Value adjustments of hedging instruments		(78)			(78)		(78)
Value adjustments transferred to financial income and expenses		143			143		143
Tax on changes in equity		(14)			(14)		(14)
Coupon payments, hybrid capital						(822)	(822)
Tax on coupon and costs, hybrid capital						172	172
Bond discount and costs, hybrid capital						(64)	(64)
Additions, hybrid capital						4,424	4,424
Disposals, hybrid capital						(4,412)	(4,412)
Share-based payment				5	5		5
<b>Changes in equity in 2015</b>	<b>-</b>	<b>51</b>	<b>-</b>	<b>(11,323)</b>	<b>(11,272)</b>	<b>12</b>	<b>(11,260)</b>
<b>Equity at 31 December 2015</b>	<b>4,177</b>	<b>(399)</b>	<b>21,279</b>	<b>14,581</b>	<b>39,638</b>	<b>13,248</b>	<b>52,886</b>
Equity at 1 January 2014	2,937	(386)	9,248	19,345	31,144	13,236	44,380
Profit (loss) for the year				6,793	6,793	588	7,381
Value adjustments of hedging instruments		(244)			(244)		(244)
Value adjustments transferred to financial income and expenses		163			163		163
Tax on changes in equity		(17)			(17)		(17)
Coupon payments, hybrid capital						(754)	(754)
Tax on coupon and costs, hybrid capital						166	166
Share-based payment				30	30		30
Shares issued	1,240		12,031	(264)	13,007		13,007
<b>Changes in equity in 2014</b>	<b>1,240</b>	<b>(64)</b>	<b>12,031</b>	<b>6,559</b>	<b>19,766</b>	<b>-</b>	<b>19,766</b>
<b>Equity at 31 December 2014</b>	<b>4,177</b>	<b>(450)</b>	<b>21,279</b>	<b>25,904</b>	<b>50,910</b>	<b>13,236</b>	<b>64,146</b>

Share capital composition and dividends are disclosed in note 6.1 to the consolidated financial statements.

# 1. BASIS OF REPORTING

## ACCOUNTING POLICIES

The parent company financial statements have been prepared in accordance with the Danish Financial Statements Act (reporting class D) and additional disclosure requirements for the annual reports of state-owned public limited companies.

Transition to the Danish Financial Statement Act  
With effect from 1 January 2015, the accounting policies have been changed from reporting in accordance with the International Financial Reporting Standards (IFRS) to reporting in accordance with the Danish Financial Statements Act (Årsregnskabsloven). The transition does not entail any changes to recognition and measurement or accounting policies in general.

The parent company has opted for early adoption of Danish act no. 738 of 1 June 2015 with effect from 1 January 2015 (Amendment to the Danish Financial Statements Act and various other acts). This will not result in any changes to recognition and measurement.

Unless otherwise stated, the financial statements are presented in Danish kroner (DKK) rounded to the nearest million.

The parent company accounting policies are consistent with the accounting policies described for the consolidated financial statements, with the following exceptions:

### Foreign currency translation

Exchange rate adjustments of balances accounted for as part of the total net investment in enterprises that have a functional currency other than DKK are recognised as financial income and expenses in the parent company's income statement. Likewise, foreign exchange gains and losses on the portion of loans and derivative financial instruments that has been entered into to hedge the net investment in these enterprises are recognised directly in the income statement as financial income and expenses.

### Revenue

Rental income comprises income from commercial leases and is recognised over the term of the lease. Income from services is recognised when delivery has taken place.

### Dividends from investments

Dividends from subsidiaries and associates are recognised in the parent company income statement for the financial year in which the dividends are declared. If distributions exceed the accumulated income after the time of takeover, the dividends are recognised as a reduction of the cost of the investment.

### Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured at cost in the parent company financial statements. Impairment testing is carried out if there is any indication of impairment, as described in the consolidated financial statements. The carrying amount is written down to the recoverable amount whenever the carrying amount exceeds the recoverable amount.

If the parent company has a legal or constructive obligation to cover a deficit in subsidiaries and associates, a provision for this is recognised.

### Property, plant and equipment

Buildings include investment property that is held to earn rental income and is used for own purposes to an insignificant extent only.

Investment property is measured at cost less accumulated depreciation and impairment losses. Investment property is depreciated over 20 years.

Fixtures and fittings, tools and equipment are depreciated over 3-5 years.

### Tax

The parent company is taxed jointly with its Danish and foreign subsidiaries. The jointly taxed companies are part of international joint taxation with the parent company as the management company.

Current tax for the year of the jointly taxed companies is recognised by the individual companies.

### Statement of cash flows

The parent company does not prepare a separate statement of cash flows. Reference is made to the consolidated statement of cash flows on page 55.

## CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of preparing the parent company financial statements, a number of accounting estimates and judgements have been made that affect assets and liabilities at the balance sheet date and income and expenses for the reporting period. Management regularly reassesses these estimates and judgements, partly on

the basis of historical experience and a number of other factors in the given circumstances.

### Impairment test

Subsidiaries are tested for impairment when there are indications that the carrying amount is not recoverable. The determination of the recoverable amount for subsidiaries is based on a number of assumptions where estimates are made that are material to the determination. The assumptions applied are described in note 3.1 to the consolidated financial statements concerning impairment tests.



## 2. EMPLOYEE COSTS

DKK million	2015	2014
Wages, salaries and remuneration	21	19
Share-based payment	5	1
Social security		1
<b>Employee costs</b>	<b>26</b>	<b>21</b>

### EXECUTIVE BOARD

DKK '000	Henrik Poulsen		Marianne Wiinholt		Executive Board, total	
	2015	2014	2015	2014	2015	2014
Fixed salary	9,112	8,695	4,876	4,728	13,988	13,423
Variable salary	1,815	1,569	1,186	1,013	3,001	2,582
Share-based payment	2,784	684	1,790	439	4,574	1,123
Social security	2	2	2	2	4	4
<b>Total</b>	<b>13,713</b>	<b>10,950</b>	<b>7,854</b>	<b>6,182</b>	<b>21,567</b>	<b>17,132</b>

Reference is made to note 2.7 to the consolidated financial statements for a description of the parent company's remuneration of the Executive Board, share-based payment, termination and bonus scheme for the Executive Board and details on remuneration of the Board of Directors.

DONG Energy A/S had an average of 6 employees in 2015 (2014: 6 employees).

## 3. FINANCIAL INCOME AND EXPENSES

NOTES

DKK million	2015	2014
Interest income from cash etc.	35	68
Interest income from subsidiaries	1,762	1,791
Interest income from securities at fair value	563	491
Capital gains on securities at fair value	85	14
Foreign exchange gains	4,948	5,412
Value adjustments of derivative financial instruments	13,030	12,792
Dividends received	1,170	1,081
Other financial income	31	16
<b>Financial income</b>	<b>21,624</b>	<b>21,665</b>
Interest expenses relating to loans and borrowings	(1,934)	(1,972)
Interest expenses to subsidiaries	(47)	(104)
Impairment of investments in subsidiaries	(15,663)	
Capital losses on securities at fair value	(594)	(294)
Foreign exchange losses	(3,534)	(4,848)
Value adjustments of derivative financial instruments	(9,084)	(7,284)
Other financial expenses	(58)	(54)
<b>Financial expenses</b>	<b>(30,914)</b>	<b>(14,556)</b>
<b>Net financial income and expenses</b>	<b>(9,290)</b>	<b>7,109</b>

## 4. TAX ON PROFIT (LOSS) FOR THE YEAR AND DEFERRED TAX

### INCOME TAX

DKK million	2015	2014
Tax on profit (loss) for the year	(1,220)	(1,393)
Tax on changes in equity	159	183
<b>Total tax for the year</b>	<b>(1,061)</b>	<b>(1,210)</b>
Tax on profit (loss) for the year can be broken down as follows:		
Current tax	(1,404)	(1,628)
Adjustments to deferred tax	273	113
Adjustments to deferred tax in respect of prior years	238	170
Adjustments to current tax in respect of prior years	(324)	(102)
Effect of change in tax rate	(3)	54
<b>Tax on profit (loss) for the year</b>	<b>(1,220)</b>	<b>(1,393)</b>

### DEVELOPMENT IN DEFERRED TAX

DKK million	2015	2014
Deferred tax at 1 January	2,347	2,517
Adjustment for the year recognised in profit (loss) for the year	(273)	(113)
Adjustments to deferred tax in respect of prior years	(238)	(170)
Effect of change in tax rate	92	113
<b>Deferred tax at 31 December</b>	<b>1,928</b>	<b>2,347</b>

### DEFERRED TAX CONCERNS

DKK million	2015	2014
Property, plant and equipment	12	19
Non-current liabilities	(403)	(224)
Current liabilities	(2)	(1)
Retaxation	2,903	2,656
Tax loss carryforwards	(582)	(103)
<b>Deferred tax</b>	<b>1,928</b>	<b>2,347</b>

## 5. SUBSIDIARIES

NOTES

### INVESTMENTS IN SUBSIDIARIES

DKK million	2015	2014
Cost at 1 January	45,107	42,152
Additions	9,184	3,386
Disposals		(431)
<b>Cost at 31 December</b>	<b>54,291</b>	<b>45,107</b>
Value adjustments at 1 January	(19)	(19)
Impairment losses	(12,156)	
<b>Value adjustments at 31 December</b>	<b>(12,175)</b>	<b>(19)</b>
<b>Carrying amount at 31 December</b>	<b>42,116</b>	<b>45,088</b>

An overview of subsidiaries, joint ventures and associates is set out in note 8.7 to the consolidated financial statements.

Investments in subsidiaries were tested for impairment in 2015. The ownership share in DONG E&P A/S have been impaired by DKK 15,663 million (2014: DKK 0 million), of which DKK 12,156 million have been impaired in the ownership shares, and the rest is impaired in receivables towards DONG E&P A/S. No additional impairment losses were recogni-

sed as the recoverable amount exceeded the cost.

In 2015, capital injections were made in DONG Energy Salg & Service A/S of DKK 1,000 million, DONG E&P A/S of DKK 7,500 million, DONG E&P DK A/S of DKK 225 million and DONG Energy Infrastructure GmbH of DKK 459 million.

In 2014, debt of DKK 386 million in DONG Storage A/S was converted to share capital. A capital injection was made in DONG E&P A/S of DKK 3,000 million. Furthermore, DONG Storage A/S was sold in 2014.

## 6. AUDITOR'S FEES

DKK million	2015	2014
Statutory audit	1	2
Other assurance engagements	4	
Tax and VAT services	2	1
Non-audit services	5	1
<b>Total fees to auditors appointed by the general meeting</b>	<b>12</b>	<b>4</b>

## 7. DERIVATIVE FINANCIAL INSTRUMENTS

NOTES

### OVERVIEW OF DERIVATIVE FINANCIAL INSTRUMENTS

DKK million	2015		2014	
	Contractual principal amount	Fair value	Contractual principal amount	Fair value
Oil derivatives	9,264	4,207	10,610	2,770
Gas derivatives	7,976	2,970	7,528	1,455
Interest derivatives	9,969	(430)	12,101	(496)
Currency derivatives	33,562	(1,407)	49,405	(504)
<b>Total at 31 December</b>	<b>60,771</b>	<b>5,340</b>	<b>79,644</b>	<b>3,225</b>

DONG Energy A/S consolidates the subsidiaries' currency risks through forward exchange contracts and subsequent hedging in the market. In addition, hedging transactions are concluded to hedge the currency risk associated with investments in subsidiaries denominated in foreign currencies.

As part of the company's interest rate risk management, a number of interest rate swaps are entered into. In addition, DONG Energy A/S is a counterparty to a number of oil and gas derivatives concluded with the purpose of hedging the Group's oil and gas production.

Risk and risk management is described in more detail in the management's review on page 35-39 and in note 7.1 to the consolidated financial statements.

## 8. CASH AND CASH EQUIVALENTS AND SECURITIES

DKK million	2015	2014
Cash, available	1,373	2,286
<b>Cash and cash equivalents at 31 December</b>	<b>1,373</b>	<b>2,286</b>
Securities can be specified as follows:		
Securities, available	18,690	23,681
Securities, not available for use	2,072	823
<b>Securities at 31 December</b>	<b>20,762</b>	<b>24,504</b>

Securities are primarily highly liquid AAA-rated Danish mortgage bonds that qualify for repo transactions in Danmarks Nationalbank.

Securities not available for use comprise securities that form part of genuine sale and repurchase transactions (repo transactions), and securities used as collateral for trading in financial instruments.

## 9. LOANS AND BORROWINGS

**MATURITY ANALYSIS OF LOANS AND BORROWINGS** The parent company's financial payment obligations fall due as follows:

DKK million	2016	2017	2018-2019	After 2019	2015	2015	2016	2017-2018	After 2018	2014
Bank loans										
- Principal amount	894	2,043	1,265	2,978	7,180	148	1,028	2,485	3,907	7,568
- Interest payments	54	51	84	89	278	73	64	118	217	472
Issued bonds										
- Principal amount	3,732		3,732	21,991	29,455		3,722		24,920	28,642
- Interest payments	1,505	1,354	2,540	11,821	17,220	1,340	1,340	2,383	12,261	17,324
Trade payables	117				117	41				41
Payables to subsidiaries	40,528				40,528	37,299				37,299
Other payables	800			1,549	2,349	795			1,357	2,152
Derivative financial instruments	11,692	11,413	8,456	373	31,934	5,455	5,493	8,481	833	20,262
<b>Total payment obligations</b>	<b>59,322</b>	<b>14,861</b>	<b>16,077</b>	<b>38,801</b>	<b>129,061</b>	<b>45,150</b>	<b>11,662</b>	<b>13,466</b>	<b>43,482</b>	<b>113,760</b>

Moreover, at 31 December 2015, DONG Energy had issued hybrid capital with a principal amount of DKK 13,435 million due in 3013 (DKK 8,957 million) and 3015 (DKK 4,478 million).

The maturity analysis is based on undiscounted cash flows, including estimated interest payments. Interest payments are based on market conditions and interest-rate hedging entered into at 31 December.

The company's financing agreements are not subject to any unusual terms or conditions, apart from those disclosed in note 6.2 to the consolidated financial statements.

## 10. CONTINGENT LIABILITIES

NOTES

### Contingent liabilities

#### Guarantees

DONG Energy A/S has furnished the Ministry of Business and Growth Denmark with a guarantee for fulfilment of obligations and liability in damages towards the Danish State or third parties incurred by DONG E&P A/S in connection with the company's participation in exploration and production licences, irrespective of whether the obligations and liability rest on DONG E&P A/S alone or jointly and severally with others. The guarantees are not capped, but cannot exceed a sum corresponding to twice DONG E&P's share of each obligation or liability.

As a condition for approval of its participation in gas and oil exploration and production on the Nor-

wegian, UK, Greenland and Faroese continental shelves, DONG Energy A/S has provided a guarantee under which it assumes primary liability as normally required by the local authorities. The guarantee covers obligations and liability incurred or assumed by the DONG O&G Group in connection with its exploration and production activities. The guarantees are not capped, and the DONG O&G Group is jointly and severally liable with the other partners for obligations and liability.

DONG Energy A/S has also provided guarantees in connection with participation by subsidiaries and subsidiaries' joint operations and joint ventures in natural gas and oil exploration and production, construction and operation of wind farms, and geother-

mal plants and natural gas installations, and has provided guarantees in respect of leases, decommissioning obligations, and purchase, sale and supply agreements, etc.

DONG Energy A/S also acts as guarantor with primary liability for bank balances in certain subsidiaries.

#### Indemnities

DONG Energy is a member of the reinsurance company Oil Insurance Ltd. In the event of a member's exit, an exit premium will be payable, which has been calculated at USD 16.5 million at 31 December 2015 (2014: USD 19.3 million).

DONG Energy A/S is taxed jointly with other companies in the DONG Energy Group. As management company, the company has unlimited and joint and several liability together with the other jointly taxed companies for Danish income taxes and withholding taxes on dividends, interest and royalties within the jointly taxed companies.

#### Litigation

DONG Energy A/S is not a party to any litigation proceedings or legal disputes that could have an effect on the company's financial position, either individually or collectively.

## 11. RELATED PARTY TRANSACTIONS

### TRADING WITH SUBSIDIARIES

DKK million	2015	2014
Rental income and services to subsidiaries	266	176
Purchases of goods and services from subsidiaries	(65)	(43)
Interest, subsidiaries (net income)	1,715	1,687

### CAPITAL TRANSACTIONS AND BALANCES WITH SUBSIDIARIES AT 31 DECEMBER

DKK million	2015	2014
Receivables from subsidiaries	65,356	67,950
Payables to subsidiaries	(40,528)	(37,299)
Dividends received from subsidiaries	1,150	1,070

For a description of related parties, reference is made to note 8.1 to the consolidated financial statements.

Remuneration of the Board of Directors and the Executive Board is disclosed in note 2.7.

Related-party transactions are made on arm's length terms.

There were no other related-party transactions during the year.

## 12. OPERATING LEASE OBLIGATIONS

DKK million	2015			2014		
	Lease payments	Subleasing	Net	Lease payments	Subleasing	Net
0-1 year	(177)	159	(18)	(180)	158	(22)
1-5 years	(672)	648	(24)	(662)	644	(18)
More than 5 years	(1,319)	1,319	-	(1,280)	1,280	-
<b>Minimum lease payments</b>	<b>(2,168)</b>	<b>2,126</b>	<b>(42)</b>	<b>(2,122)</b>	<b>2,082</b>	<b>(40)</b>

DONG Energy A/S has entered into operating leases that include leasing of office premises until 2035. There are no significant restrictions in the leases. In 2015, an amount of DKK 229 million was recognised (2014: DKK 159 million) in profit (loss) for the year in respect of operating lease payments.

DONG Energy A/S has entered into operating leases with subsidiaries for subleasing of office premises and leasing of investment property. There are no significant restrictions in the leases. In 2015, an amount of DKK 205 million was recognised (2014: DKK 165 million) in profit (loss) for the year in respect of rental income.

# MANAGEMENT STATEMENT, AUDITOR'S REPORTS AND ADDITIONAL INFORMATION



# STATEMENT BY THE EXECUTIVE BOARD AND THE BOARD OF DIRECTORS

## MANAGEMENT STATEMENT AND AUDITOR'S REPORTS

The Board of Directors and the Executive Board have today considered and approved the annual report of DONG Energy A/S for the financial year 1 January – 31 December 2015.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU. The financial statements of the parent company, DONG Energy A/S, have been prepared in accordance with the provisions of the Danish Financial Statements Act.

Furthermore, the consolidated financial statements, the parent

company financial statements and the management's review have been prepared in accordance with additional Danish disclosure requirements for listed and state-owned public limited companies.

In our opinion, the consolidated financial statements and the parent company financial statements provide a fair presentation of the Group's and the company's assets, liabilities and financial position at 31 December 2015 and of the results of the Group's and the company's operations and the Groups's cash flows for the financial year 1 January – 31 December 2015.

In our opinion, the Management's review provides a fair presentation of the development in the Group's and the company's operations and financial circumstances, of the results for the year and of the overall financial position of the Group and the company as well as a description of the most significant risks and elements of uncertainty facing the Group and the company.

DONG Energy's consolidated non-financial statement is presented in accordance with the disclosure requirements for presenting a social responsibility statement as set out in Section 99(a)-(b) of the Danish Financial Statements Act. In our opinion, the non-financial statements represent a reasonable and balanced representation of the Group's social responsibility and sustainability performance and is recognised in accordance with the criteria for the preparation of the non-financial statements.

We recommend that the annual report be adopted at the annual general meeting.

Skærbæk, 4 February 2016

### Executive Board:

Henrik Poulsen  
President and CEO

Marianne Wiinholt  
CFO

### Board of Directors:

Thomas Thune Andersen  
Chairman

Lene Skole  
Deputy chairman

Lynda Armstrong

Pia Gjellerup

Martin Hintze

Benny D. Loft

Claus Wiinblad

Poul Arne Nielsen

Poul Dreyer\*

Benny Gøbel\*

Jens Nybo Sørensen\*

Hanne Steen Andersen\*

\* Employee representative

### To the shareholders of DONG Energy A/S

#### REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT COMPANY FINANCIAL STATEMENTS

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of DONG Energy A/S for the financial year 1 January to 31 December 2015, pages 48-129 and 141-148, comprising the income statement, balance sheet, statement of changes in equity and notes, including summary of significant accounting policies for both the Group and the Parent Company, as well as the cash flow statement and the statement of comprehensive income for the Group. The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the Parent Company Financial Statements are prepared under the Danish Financial Statements Act. Moreover, the Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with Danish disclosure requirements for listed companies and state-owned public limited companies.

Management's responsibility for the Consolidated Financial Statements and the Parent Company Financial Statements  
Management is responsible for the preparation of Consolidated Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies and state-owned public limited companies, and for preparing Parent Company Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act and Danish disclosure requirements for listed companies and state-owned public limited companies. Management is also responsible for such internal control as Management determines is necessary to enable the preparation of Consolidated Financial Statements and Parent Company Financial Statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's responsibility

Our responsibility is to express an opinion on the Consolidated Financial Statements and the Parent Company Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain rea-

sonable assurance whether the Consolidated Financial Statements and the Parent Company Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements and the Parent Company Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements and the Parent Company Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Consolidated Financial Statements and the Parent Company Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The audit has not resulted in any qualification.

Copenhagen, 4 February 2016

#### PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab  
CVR-no. 33 77 12 31

Lars Baungaard  
State Authorised Public Accountant

Fin T. Nielsen  
State Authorised Public Accountant

#### Opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2015 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2015 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies and state-owned public limited companies.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 31 December 2015 and of the results of the Parent Company's operations for the financial year 1 January – 31 December 2015 in accordance with the Danish Financial Statements Act and Danish disclosure requirements for listed companies and state-owned public limited companies.

#### STATEMENT ON THE MANAGEMENT'S REVIEW

We have read Management's review, pages 1-47, as required by the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Consolidated Financial Statements and the Parent Company Financial Statements. On this basis, in our opinion, the information provided in Management's review is consistent with the Consolidated Financial Statements and the Parent Company Financial Statements.

# INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT

### To the Stakeholders of DONG Energy

#### LIMITED ASSURANCE REPORT ON THE CONSOLIDATED NON-FINANCIAL STATEMENTS FOR 2015

We have undertaken a limited assurance engagement of the consolidated non-financial statements of the Annual Report 2015 as expressed on pages 130-140. A multidisciplinary team including assurance practitioners, engineers and other experts conducted this engagement.

#### Management's Responsibility for the Consolidated Non-financial Statements

Management of DONG Energy is responsible for the preparation of the consolidated non-financial statements in accordance with Group accounting policies as expressed on pages 133-140. This responsibility includes design, implementation and maintenance of internal control relevant to the preparation of the consolidated non-financial statements ensuring that data are free from material misstatement, whether due to fraud or error.

The DONG Energy non-financial accounting policies contain Management's reasoning for the selection of topics and indicators as well as define reporting scope for each data type.

#### Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

PwC applies ISQC 1, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### Our Responsibility

Our responsibility is to express a limited assurance conclusion on the consolidated non-financial statements stated on pages 130-140 based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information". The standard requires

that we plan and perform this engagement to obtain limited assurance about whether the consolidated non-financial statements are free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 involves assessing the suitability in the circumstances of DONG Energy's use of stated accounting policies as the basis for the preparation of the consolidated non-financial statements, assessing the risks of material misstatement whether due to fraud or error, responding to the assessed risks as necessary in the circumstances and evaluating the overall presentation of the consolidated non-financial statements. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- Through inquiries, obtained an understanding of the DONG Energy control environment and information systems relevant to quantification and reporting of non-financial data;
- Conducted interviews with all Business Units regarding their non-financial reporting and made site visits to CHP plants in Avedøre, Skærbæk and Asnæs to assess the completeness of the non-financial data sources, data collection methods, source data and relevant assumptions applicable to the CHP plants. The CHP plants selected for checking were chosen taking into consideration their share in relation to Group totals and CHP plants selected in prior periods. Our procedures included checking to underlying documentation as well as input data controls performed at these CHP plants;

Planned and conducted interviews and with Group functions to assess consolidation processes, use of company-wide systems and controls performed at group level as well as test non-financial data prepared at Group level to underlying documentation.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we express a limited assurance opinion about whether the DONG Energy non-financial data have been prepared, in all material respects, in accordance with the non-financial accounting policies applied and stated on pages 133-140.

#### Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the consolidated non-financial statements presented on pages 130-140 in the DONG Energy Annual Report 2015 are not prepared, in all material respects, in accordance with the stated accounting policies as expressed on pages 133-140.

Copenhagen, 4 February 2016

#### PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab  
CVR-no. 33 77 12 31

Lars Baungaard  
State-Authorised Public Accountant

Fin T. Nielsen  
State-Authorised Public Accountant



# COMPANY ANNOUNCEMENTS PUBLISHED IN 2015 AND FINANCIAL CALENDAR FOR 2016

## ADDITIONAL INFORMATION

### Q1

29 January  
DONG Energy to present full-year 2014 results

4 February  
DONG Energy acquires full ownership of the Hornsea Project One offshore wind farm development

5 February  
DONG Energy's financial results for 2014

26 February  
Change in the Board of Directors of DONG Energy A/S

9 March  
DONG Energy responds to market speculation

26 March  
DONG Energy awards meter contract to Kamstrup

### Q2

7 April  
DONG Energy takes over US offshore wind development project

21 April  
DONG Energy to present results for first quarter 2015

28 April  
Interim financial report for Q1 2015 – A good start to the year

29 April  
DONG Energy issues hybrid securities

24 June  
DONG Energy to build Race Bank Offshore Wind Farm in the UK

### Q3

19 August  
Interim financial report for H1 2015

20 August  
DONG Energy divests Transmission Assets at West of Duddon Sands offshore wind farm in UK

21 August  
DONG Energy acquires the Hornsea Zone in the UK and the project rights to 3 GW offshore wind

10 September  
Global Infrastructure Partners to acquire a 50% stake in DONG Energy's German offshore wind farm project, Gode Wind 1, bond financed by German insurance companies

18 September  
Conclusion of IPO roadmap for DONG Energy

### Q4

23 October  
DONG Energy to present first nine months results

27 October  
Information to holders of the hybrid capital security due 3015

28 October  
DONG Energy to build the world's biggest offshore wind farm

29 October  
Interim financial report for 9M 2015

11 November  
Deed of Undertaking concerning hybrid capital security due 3015

13 November  
Intermediate equity content (50%) has been re-established for the hybrid capital security due 3015

20 November  
DONG Energy A/S – Denmark chosen as home member state for bonds

3 December  
DONG Energy appoints new Investor Relations Director

14 December  
DONG Energy signs new credit facilities

22 December  
Financial Calendar 2016

### FINANCIAL CALENDAR FOR 2016

4 February 2016  
Annual report 2015

26 February 2016  
Annual General Meeting

27 April 2016  
Interim financial report Q1 2016

4 August 2016  
Interim financial report H1 2016

27 October 2016  
Interim financial report 9M 2016

**2P reserves:** Sum of proved reserves plus probable reserves (according to Society of Petroleum Engineers and World Petroleum Congress (SPE/WPC) reserve classification standards).

**Availability:** Time-based availability is the ratio of the number of hours in a given period the offshore wind turbines are available for power generation to the total number of hours in the same period.

**Biomass:** Also known as biomass fuel. A term for all combustible organic material, including straw, wood chips and wood pellets. CO<sub>2</sub> emissions produced by the combustion of biomass are not covered by EU ETS. Biomass can be used in both central CHP plants and small-scale CHP plants.

**CHP plant:** A Combined Heat and Power (CHP) plant generates both heat and power in the same process. The heat generated may be used for industrial purposes and/or district heating.

**CO<sub>2</sub> emissions allowances:** Carbon dioxide emissions allowances subject to the European Union Emissions Trading Scheme (EU ETS).

**Cost of Electricity:** Average cost measured as present value per megawatt hour (MWh) generated from offshore wind power covering costs for development and construction as well as subsequent operation and maintenance of the wind farm.

**Decided (FID'ed) capacity:** Installed offshore wind capacity including capacity for wind farms where final investment decision has been made.

**Degree days:** Number of degrees in absolute figures in difference between the average temperature and the official Danish average indoor temperature of 17 degrees Celsius.

**DK1 and DK2:** Area prices for power in West Denmark (DK1) and East Denmark (DK2).

**EEX:** European Energy Exchange, German power exchange.

**Exploration and appraisal wells:** Wells drilled to discover and evaluate natural gas or oil in an unproved area to find new reserves in an area in which hydrocarbon discoveries have previously been made or to delineate a known accumulation.

**Fossil fuels:** Fuel resources such as coal, coal products, gas, crude oil and other hydrocarbon products.

**FTE:** Employees (Full Time Equivalent). The number of full-time employees during a fixed time period.

**Green dark spread (GDS):** Green dark spread represents the contribution margin per MWh of power generated at a coal-fired CHP plants of a given efficiency. It is determined as the difference between the market price of power and the cost of the coal (including associated freight costs) and CO<sub>2</sub> emissions allowances used to generate the power.

**Green spark spread (GSS):** Green spark spread represents the contribution margin per MWh generated at a gas-fired power station of a given efficiency. It is determined as the difference between the market price of power and the costs of the gas and CO<sub>2</sub> emissions allowances used to generate the power.

**Green certificates:** Certificate awarded to generators of environment-friendly power as a supplement to the market price of power in the given price area.

**Hedging instruments:** Financial and physical instruments that can be used to guarantee a specific price for the purchase or sale of, for example, commodities and currency.

**Hydrological balance:** Most of the power generated in the Nordic countries comes from hydroelectric power plants, and their output depends on their water reservoir levels. The hydrological balance reflects whether the levels in the Norwegian and Swedish water and snow reservoirs are above or below normal.

**Lifting costs:** Costs comprise operating expenses and processing costs in accordance with industry practise. Sire repair costs are excluded as these costs were not part of ordinary operation.

**LNG:** Liquefied Natural Gas. Gas that has been liquefied by cooling to minus 161 degrees Celsius. LNG takes up 600 times less space than conventional gas. LNG can be transported in customised tankers to receiving terminals, where the LNG is vapourised and pressurised before being routed into the transmission system for onwards distribution and sale.

**Load factor:** The ratio between the actual power generation in a given period relative to the potential generation which is possible by continuously exploiting the maximum capacity over the same period.

**LTIF:** Lost Time Injury Frequency. DONG Energy defines lost time injuries as occupational injuries resulting in at least one day's absence from work in addition to the day of the injury.

**Million boe:** Million barrels of oil equivalent.

**NBP:** National Balancing Points, UK gas hub.

**Nord Pool:** The Norwegian-based Nordic power exchange, which facilitates power trading in Norway, Sweden, Finland and Denmark.

**Oil/gas spread:** The difference in price of a TWh gas traded on a gas hub and a TWh of gas bought or sold under an oil price-indexed contract.

**PJ:** Petajoule, a unit of energy. 1PJ is equivalent to 1,000TJ or 1,000,000GJ or 1,000,000,000MJ.

**Power station:** A power station generates power only. A large (central) power station typically has a net installed capacity of more than 100MW.

**Supply obligation:** A company with a public obligation is bound by law to deliver power or gas to a certain geographic area at prices approved by the Danish Energy Regulatory Authority.

**Thermal generation:** Power and heat generated through the combustion of fossil fuels, biomass or waste.

**TTF:** Title Transfer Facility, Dutch gas hub.

**TWh:** Terawatt hour. The amount of energy generated in one hour with the effect of 1TW. 1TWh is equivalent to 1,000GWh or 1,000,000MWh.

**Wind energy content (WEC):** The ratio between the actual reported generation in a given period, adjusted for availability losses, and the generation in a 'normal wind year', based on historical wind data for the individual areas where the wind farms are located.