



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

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 CO₂ 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.

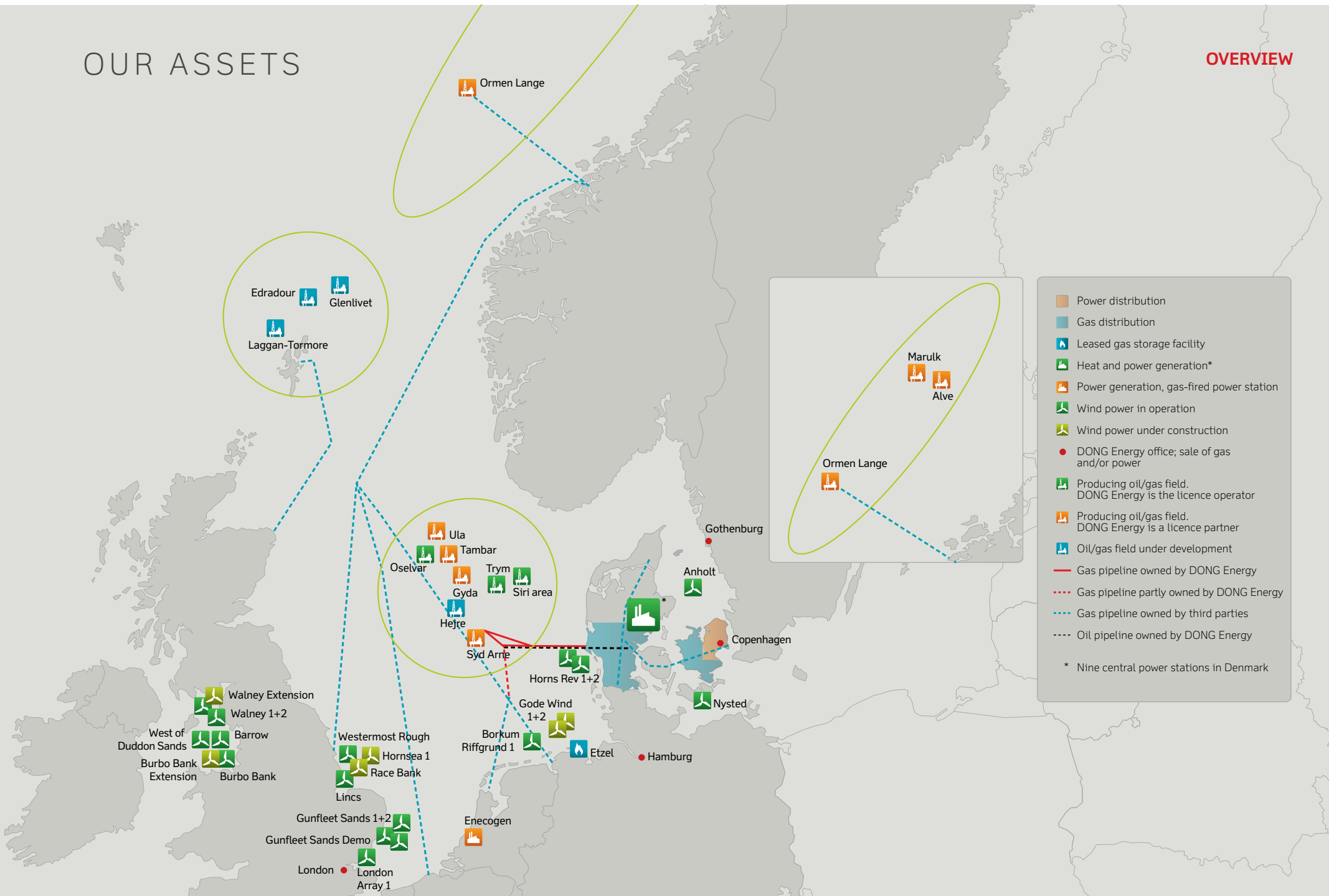


13 oil and gas fields with a total production of 40.9 million boe in 2015.

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

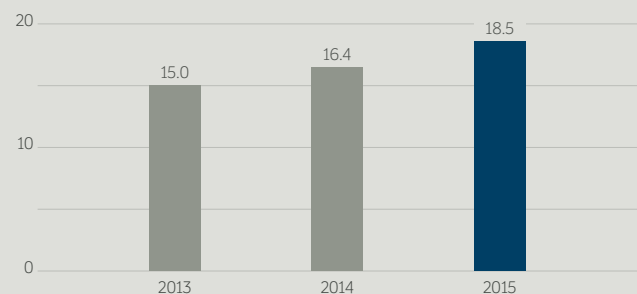
OUR ASSETS

OVERVIEW



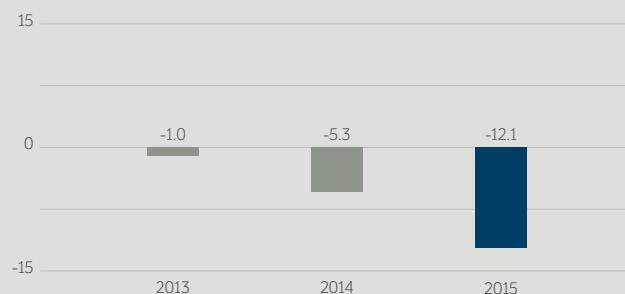
FINANCIAL KEY FIGURES

OPERATING PROFIT (EBITDA), DKK billion



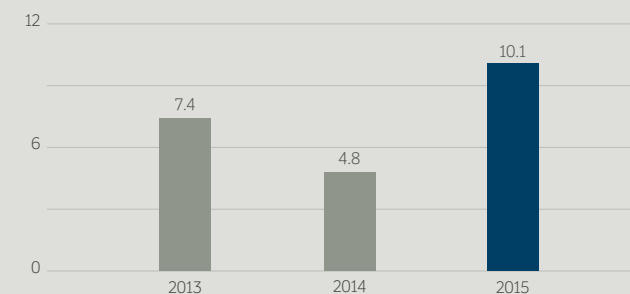
The positive development in 2015 can mainly be attributed to higher generation from offshore wind, higher activity from wind farm construction contracts, the completed renegotiation of an oil-indexed gas purchase contract, insurance compensations and other compensations as well as lower costs in the 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



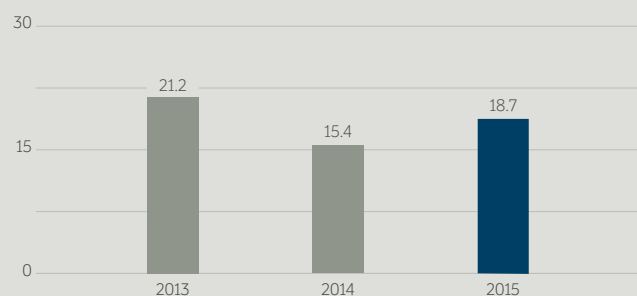
The decrease in net profit for the year was primarily attributable to the fact that impairment losses of DKK 15.8 billion (after tax) in 2015, were higher than the year before when they amounted to DKK 6.7 billion (after tax).

RETURN ON CAPITAL EMPLOYED (ADJUSTED ROCE¹), %



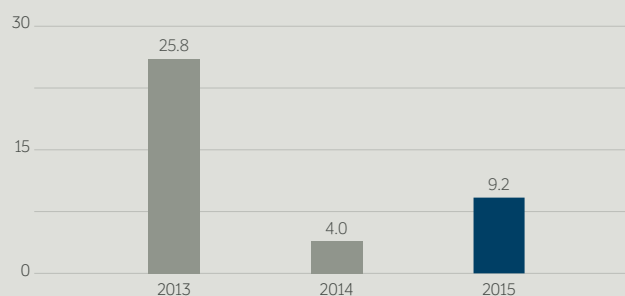
The increase in ROCE adjusted for impairment losses was mainly due to the higher adjusted EBIT.

GROSS INVESTMENTS, DKK billion



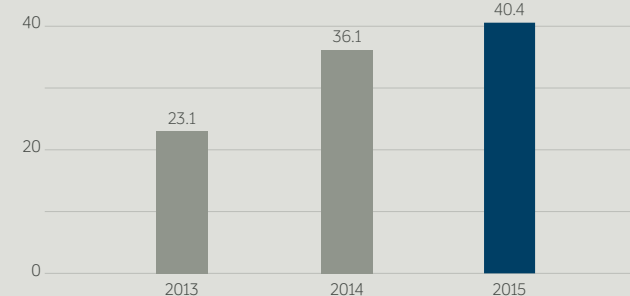
The increase in gross investments was primarily due to investments in offshore wind farms.

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 DEBT²), %



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 CO₂ 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, Westermøst Røgh 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 CO₂ 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:

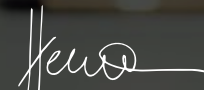
2015 was another year of strong delivery by the DONG Energy employees

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 CO₂ 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, CO₂, 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, CO₂, 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 CO₂ 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.

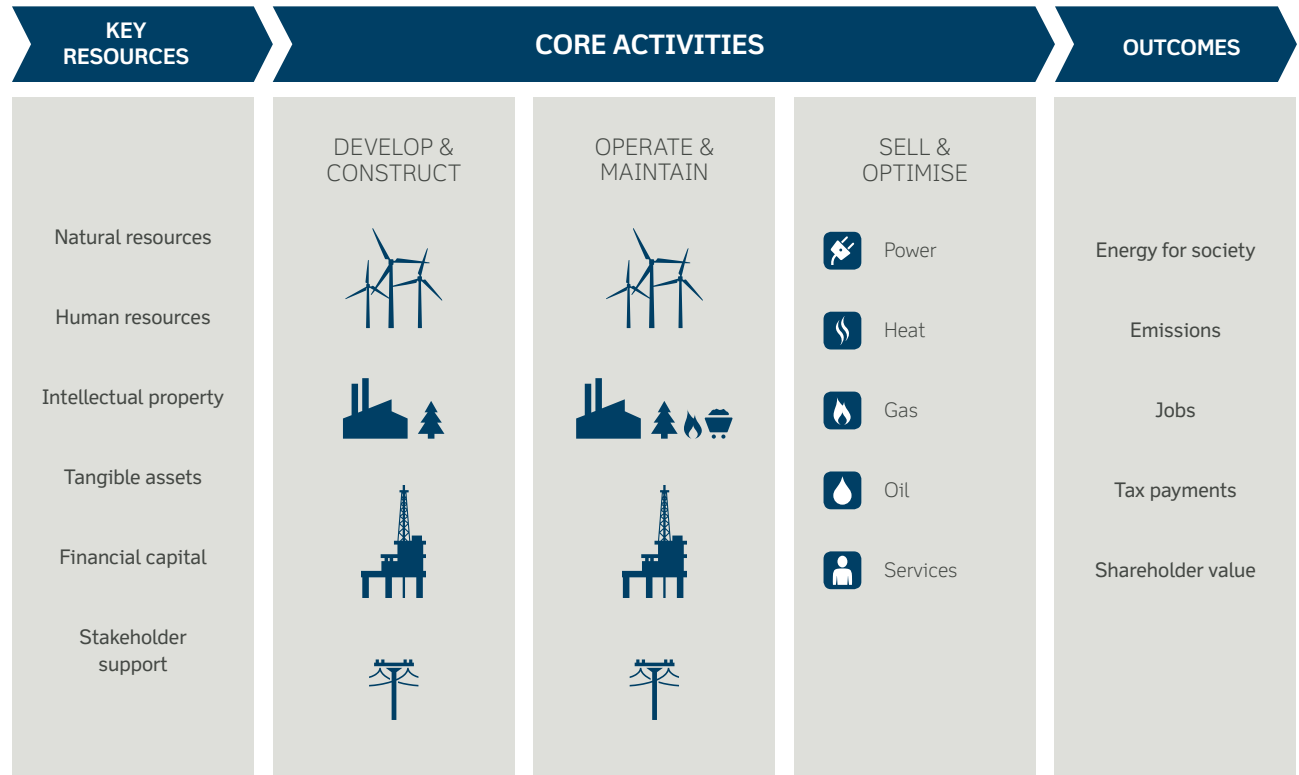
Our stakeholders

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

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:

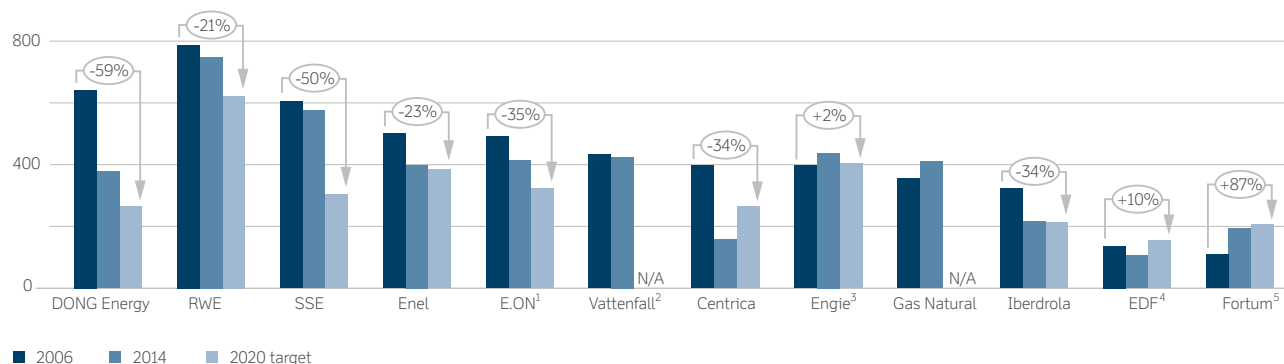
First of all, *we address profound societal challenges* by developing green, independent and economically viable energy systems. We reduce carbon emissions by constructing offshore wind farms and converting thermal power stations to biomass with the ambition of achieving the greatest reduction in carbon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

CO₂ EMISSIONS FROM POWER AND HEAT GENERATION, g/kWh

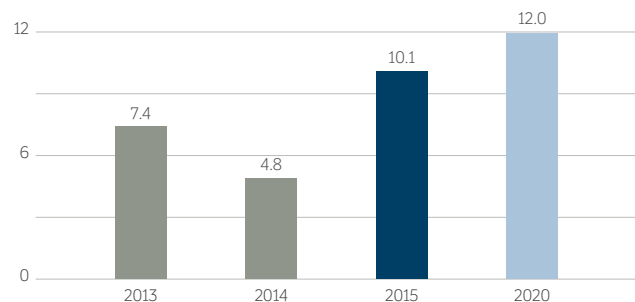


1. E.ON's target is by 2025 and for EU only; 2006 performance is for entire E.ON Group
 2. Vattenfall has an absolute emissions target which corresponds to a 23.3% reduction 2006-2020. 2007 data used as 2006 data is not available
 3. GDF Suez changed name to Engie in 2015. Historical data for 2006 is approximated in their reporting as GDF Suez was formed from two companies with first joint data in 2008
 4. EDF commits to keep emissions <150gCO₂/kWh on a 5-year average
 5. Fortum commits to keep emissions <200gCO₂/kWh on a 5-year average

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

CREATE SHAREHOLDER VALUE

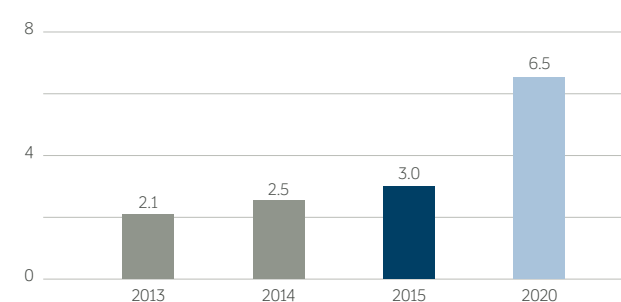
ADJUSTED ROCE, %



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

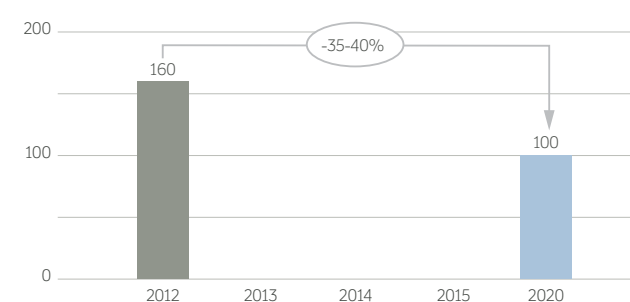
ADDRESS PROFOUND SOCIETAL CHALLENGES

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.

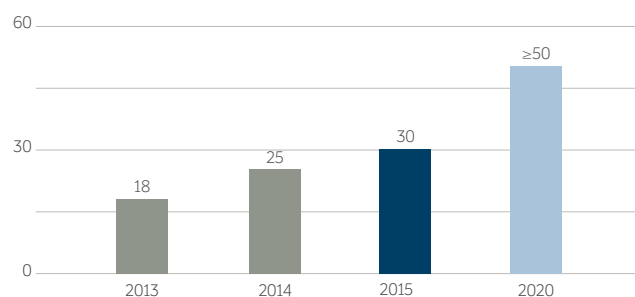
OFFSHORE WIND COST OF ELECTRICITY, EUR/MWh



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.

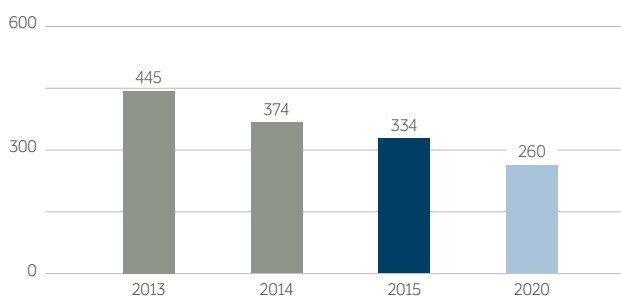
ADDRESS PROFOUND SOCIETAL CHALLENGES

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.

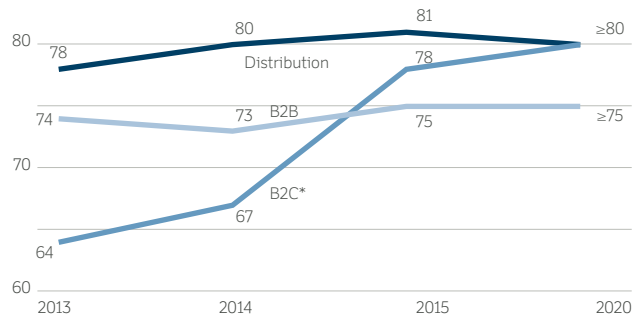
CARBON EMISSIONS, g/kWh



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

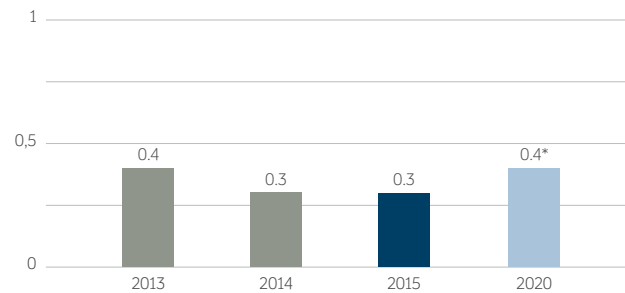
CUSTOMER SATISFACTION, Scale (1-100)



* 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.

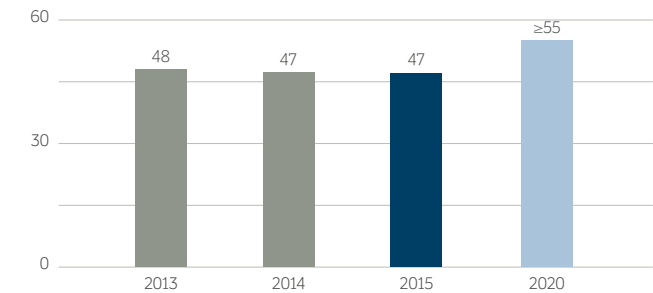
SECURITY OF SUPPLY, Power outage per customer (Danish power distribution)



* 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.

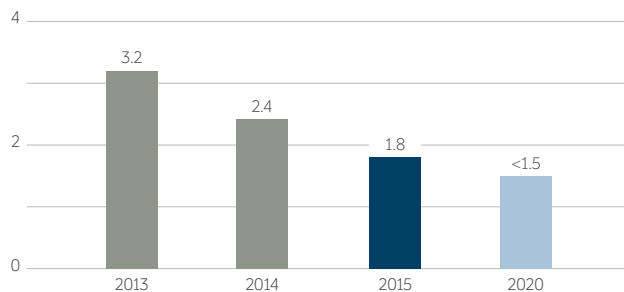
REPUTATION INDEX, Scale (0-100)



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.

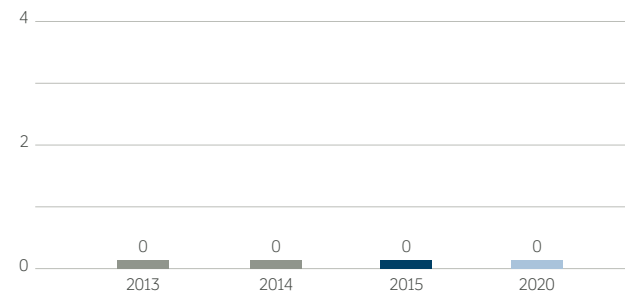
BE A GREAT AND SAFE PLACE TO WORK

SAFETY, LTIF



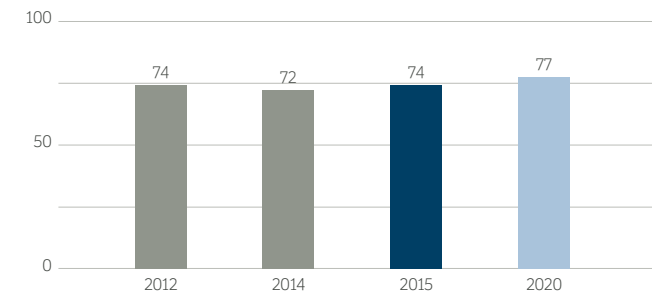
The target for 2020 is expected to be met by maintaining a constant focus on safety and involving suppliers in contributing to a safe working environment for the whole of DONG Energy.

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 ¹	(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%

¹This 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 CO₂ emissions allowances, while 2014 was positively affected by gains of DKK 1.9 billion on the divestment of offshore wind farms.

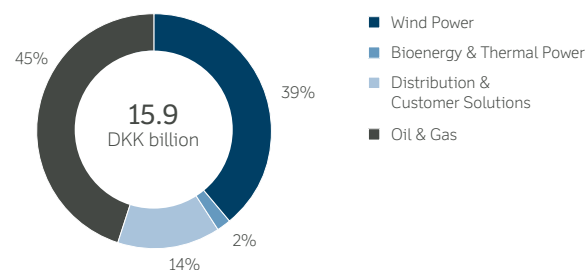
Oil & Gas accounted for the largest share of EBITDA for the year. The share was particularly high in 2015 as a consequence of the temporarily higher share of the Ormen Lange field (the additional volumes contributed with DKK 2.5 billion) as well as insurance compensations. Wind Power did, however, achieve 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
EBITDA - business performance	18,484	16,389
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)
EBITDA - IFRS	21,922	20,333

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 CO₂ 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%)
Effective tax for the year	(9,367)	(2,717)	(29%)

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%)
Free cash flow	(2,549)	10,252	n.a.
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%
Net debt at 31 December	9,193	3,978	131%

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

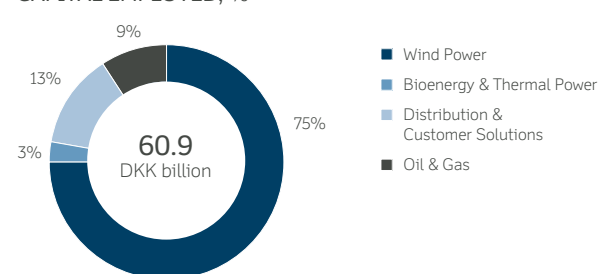
Return on capital employed (ROCE)

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

CO₂ emissions

Our goal is to reduce CO₂ emissions from our power and heat generation to 260g CO₂/kWh in 2020, which corresponds to a reduction of 60% compared to 2006. In 2015, we reduced our accumulated emissions by 48% to 334g CO₂/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 CO₂ 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

INCOME STATEMENT (BUSINESS PERFORMANCE)	2015	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 ¹	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
BALANCE SHEET					
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
CASH FLOW					
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)
FINANCIAL RATIOS					
Return on capital employed (ROCE) ² , %	(15.6)	(6.6)	1.2	(6.7)	6.5
Adjusted ROCE ³ , %	10.1	4.8	7.4	(3.3)	7.6
FFO/adjusted net debt ⁴ , %	40.4	36.1	23.1	7.8	31.4
EQUITY RATIOS					
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
INCOME STATEMENT (IFRS)					
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

BUSINESS DRIVERS	2015	2014	2013	2012	2011
Wind Power					
Decided (FID'ed) capacity ⁵ , 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) ⁵ , % of a normal wind year	102	97	97	99	104
Load factor ⁵ , %	45	44	42	43	43
Availability ⁵ , %	93	94	93	94	94
Power generation, TWh	5.8	5.0	5.3	4.6	4.4
Bioenergy & Thermal Power					
Degree days ⁵ , 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
Distribution & Customer Solutions					
Regulatory value of power distribution assets ⁶	10,778	10,373	10,127	9,814	9,728
Regulatory value of gas distribution assets ⁶	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
Oil & Gas					
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 ⁵ , USD/boe	7.3	8.6	8.8	9.5	10.4
Lifting costs ⁵ , 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
PEOPLE & ENVIRONMENT					
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 ₂ 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.

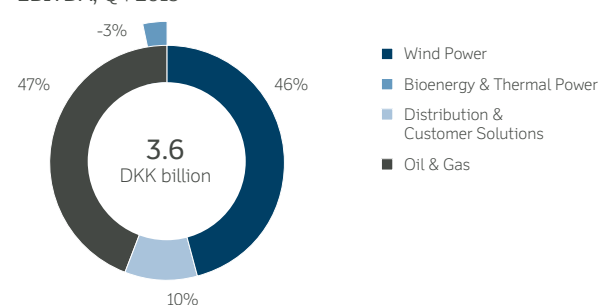
Distribution & Customer Solutions

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.
Consolidated EBITDA	3,647	3,364	8%

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%
Cash flow from operating activities	6,774	5,358	26%

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 ¹	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

	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
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

	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
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

	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Return on capital employed (ROCE) ² , %	(15.6)	(2.6)	(4.4)	(6.4)	(6.6)	5.0	4.7	2.7
Adjusted ROCE ³ , %	10.1	7.8	6.8	4.9	4.8	5.9	7.7	8.5
FFO/adjusted net debt ⁴ , %	40.4	35.0	38.3	32.3	36.1	31.6	35.4	44.4

EQUITY RATIOS

	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
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)

	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
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
Wind Power								
Decided (FID'ed) capacity ⁵ , 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) ⁵ , % of a normal wind year	121	79	89	121	119	67	65	135
Load factor ⁵ , %	50	36	41	55	54	29	30	64
Availability ⁵ , %	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
Bioenergy & Thermal Power								
Degree days ⁵ , 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
Distribution & Customer Solutions								
Regulatory value of power distribution assets ⁶	10,778	10,778	10,778	10,373	10,373	10,373	10,373	10,127
Regulatory value of gas distribution assets ⁶	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
Oil & Gas								
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 ⁵ , USD/boe	8.2	5.4	9.3	7.1	7.5	8.7	9.3	8.9
Lifting costs ⁵ , 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 ⁷	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 ₂ 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 2015¹

Revenue	DKK 16.5 billion	Revenue	DKK 5.2 billion	Revenue	DKK 49.4 billion	Revenue	DKK 12.8 billion
EBITDA	DKK 6.2 billion	EBITDA	DKK 0.3 billion	EBITDA	DKK 2.2 billion	EBITDA	DKK 9.8 billion
Gross investments	DKK 10.2 billion	Gross investments	DKK 1.2 billion	Gross investments	DKK 1.1 billion	Gross investments	DKK 6.0 billion
Capital employed	DKK 48.0 billion	Capital employed	DKK 2.2 billion	Capital employed	DKK 8.7 billion	Capital employed	DKK 5.4 billion
Adjusted ROCE²	6.9%	Free cash flow (FCF)	DKK 1.6 billion	Adjusted ROCE²	11.5%	Free cash flow (FCF)	DKK 0.7 billion
LTIF	1.9	LTIF	2.1	LTIF	3.0	LTIF	0.4
Number of employees	2,358	Number of employees	797	Number of employees	1,496	Number of employees	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	%
Business drivers				
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 ¹	%	45	44	2%
Availability ¹	%	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%
Financial performance				
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)

¹ 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

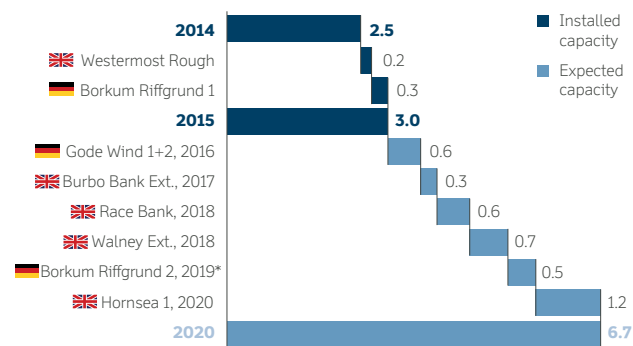
Global leader in offshore wind

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



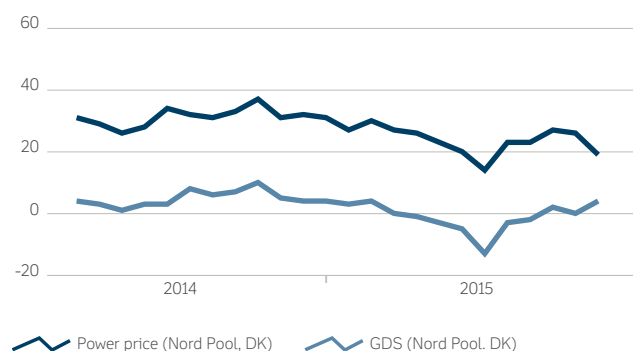
HIGHLIGHTS IN 2015

- 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 CO₂ 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 CO₂ 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	%
Business drivers				
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%
Financial performance				
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.

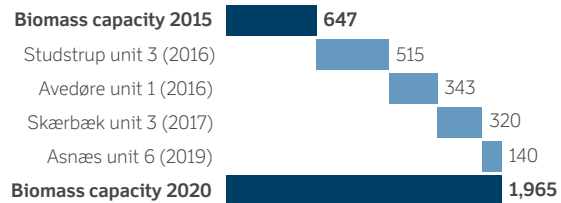
The Inbicon technology is ready for scale-up, and is now awaiting the transposition at European level of the decision to incorporate a minimum

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.

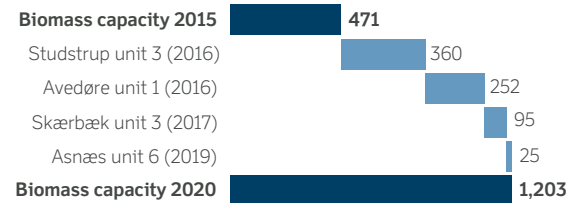


EXPECTED DEVELOPMENT IN BIOMASS CAPACITY

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	%
Business drivers				
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%
Financial performance				
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



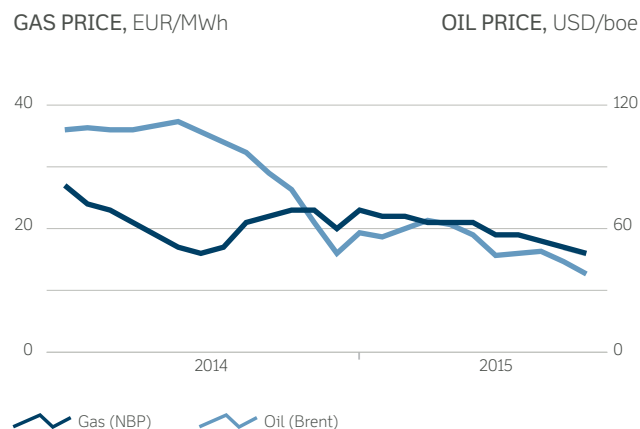
HIGHLIGHTS IN 2015

- 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	%
Business drivers				
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%)
Financial performance				
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.

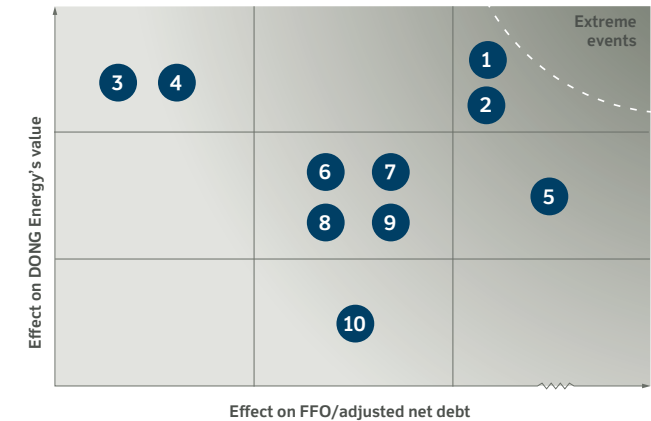
The Group works systematically with risks and follows a plan for the year according to which all business units and selected executive functions identify and prioritise their business risks. An assessment is made of

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.

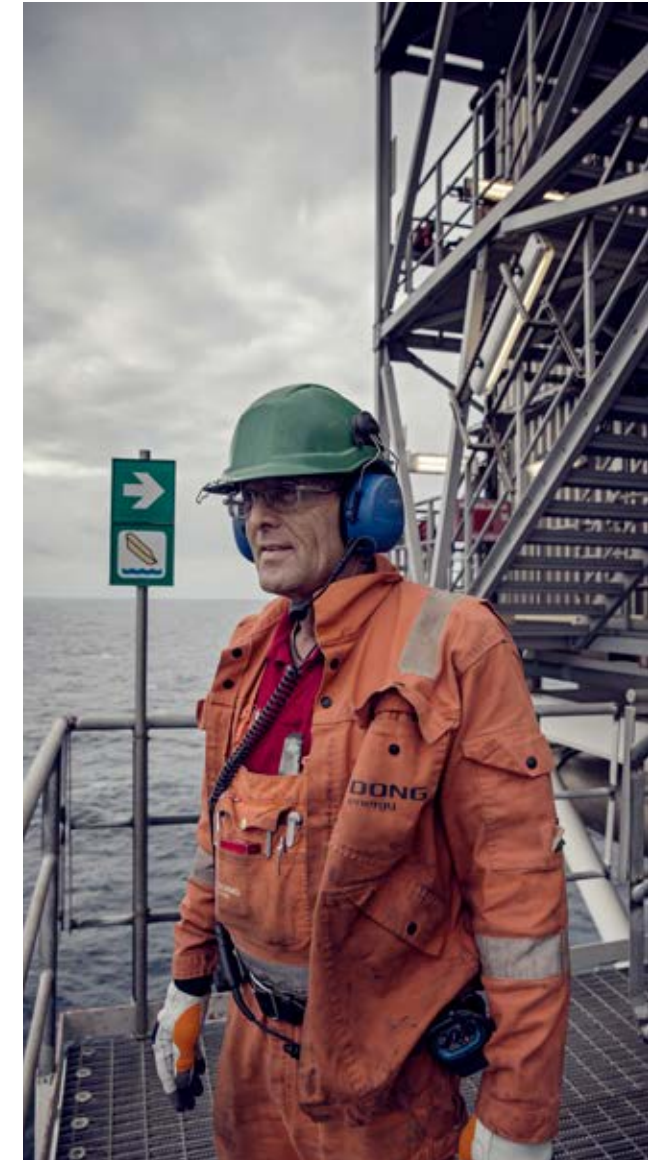
In addition, a ruling was made in the arbitration case concerning the renegotiation of a long-term, oil-indexed gas contract. The award was financially in line with DONG Energy's expectations. The outcome has also strengthened the expectation that, in the future, many of the current oil-indexed gas purchase 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

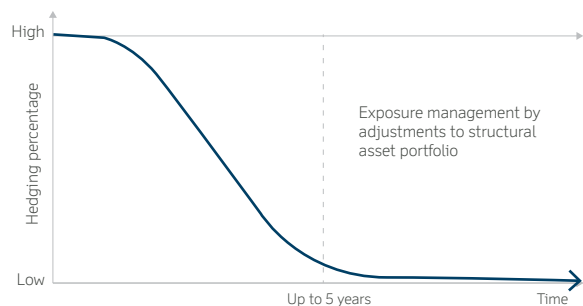
based on a declining level of hedging over the risk management horizon (see note 7.1). Fluctuations in GBP therefore constitute a strategic risk for DONG Energy.

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.

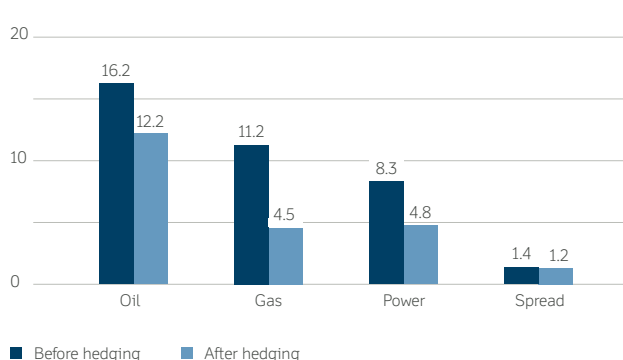
Interest rates

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.

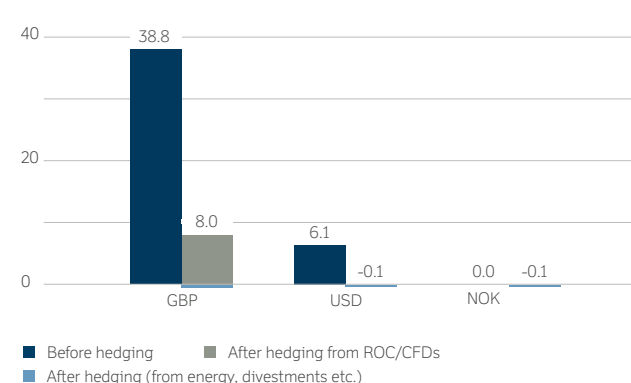
ILLUSTRATION OF RISK HORIZON



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.

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), 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.

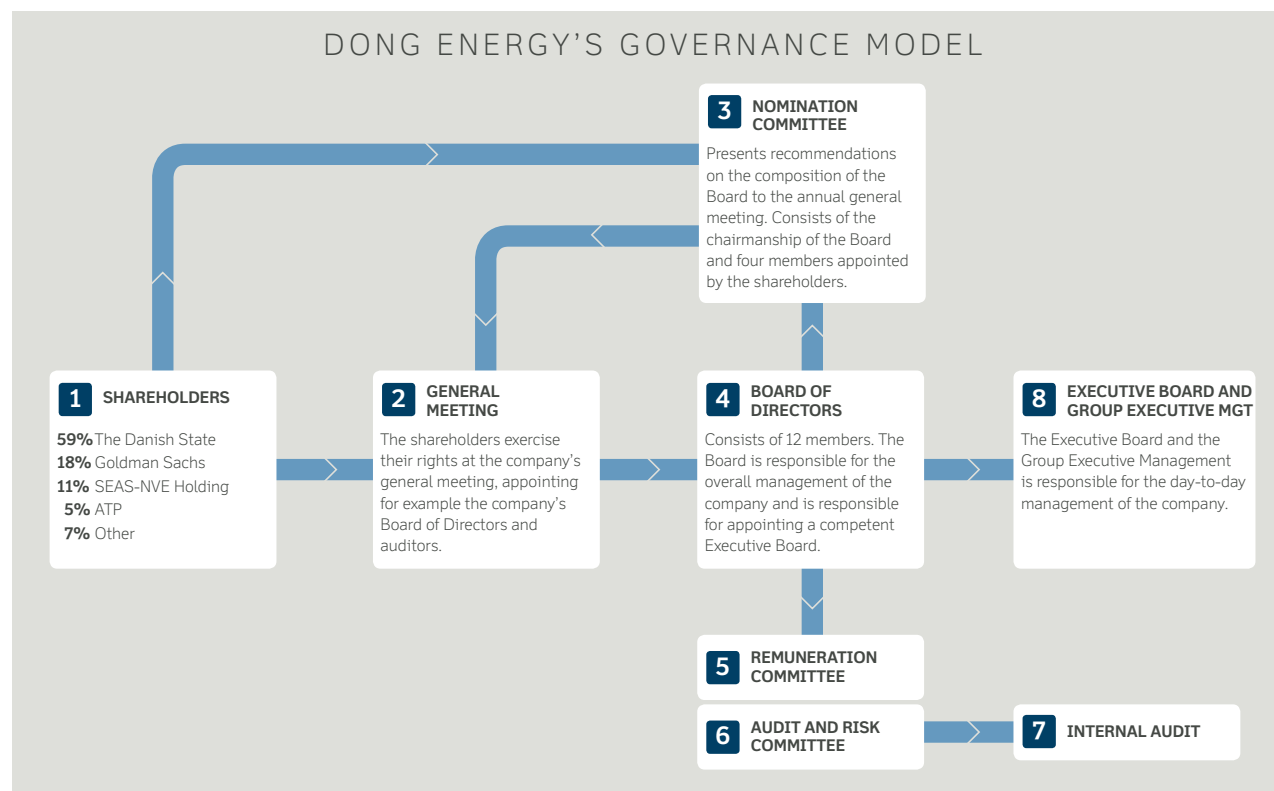
3 Nomination Committee

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.

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.

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.

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).

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

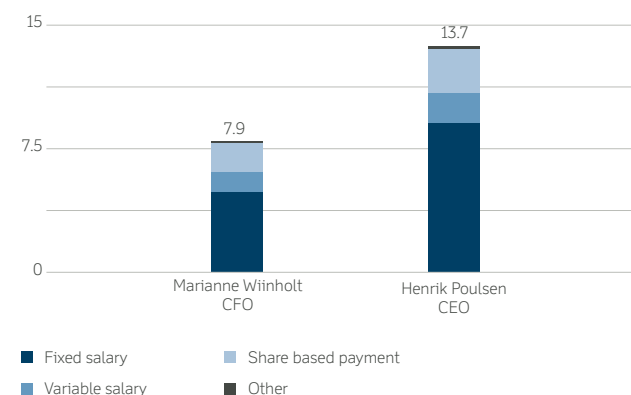
The Executive Board is responsible for the day-to-day management of the company. The Board of Directors lays down detailed guidelines for the work of the Executive Board, including the division of work between the Board of Directors and the Executive Board and the latter's powers to enter into agreements 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 ¹	15%
Lost time injury frequency (LTIF)	10%

¹ 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 independent¹.

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 Director²: KAZ Minerals plc, Central Europe Oil Company. **Chair of the Board of Trustees:** British Safety Council. **Member of Supervisory Board**³: 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.

¹ 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.

² As well as Chair Remuneration Committee, member of HSE Committee and member of Project Assurance Committee.

³ 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.