2012 results and 2020 strategy

27 February, 2013

Disclaimer

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

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

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

Should one or more of these risks or uncertainties materialise or should any underlying assumptions prove to be incorrect, our actual financial condition or results of operations could materially differ from that described herein as anticipated, believed, estimated or expected.

DONG energy

2012 Annual Results

2013-14 Financial Action Plan

2020 Strategy

Targets and Guidance

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Unsatisfactory 2012 results

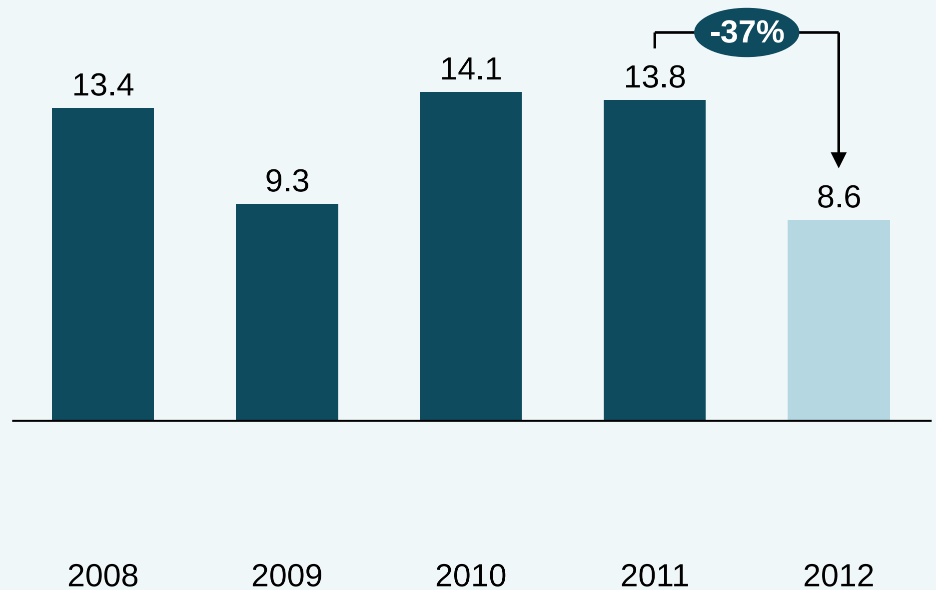
EBITDA

- × Challenging situation in Energy Markets
- × Low thermal production and spreads
- × Siri repair
- ✓ Higher oil & gas prices and higher production
- ✓ Gain from construction agreements in Wind Power
- ✓ Increased production from new wind farms

Net Result and Dividend

- Net result of DKK -4.0bn impacted by write-downs and provisions totalling DKK 5.8bn
- No dividend proposed for 2012 in accordance with dividend policy

Group EBITDA
DKKbn



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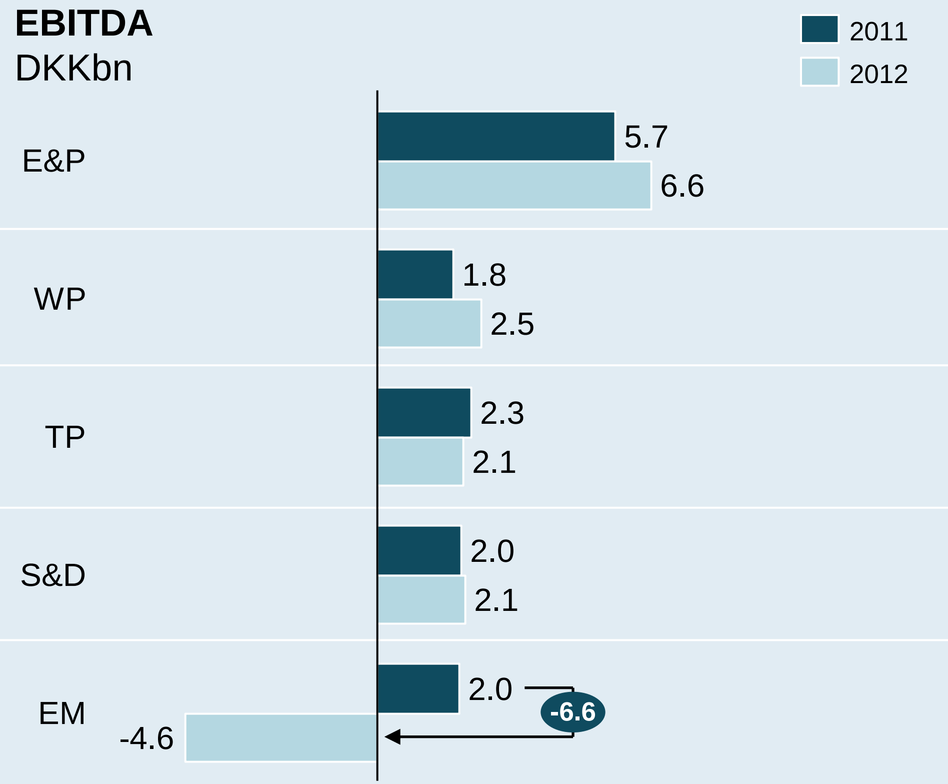
Four of five BUs on track



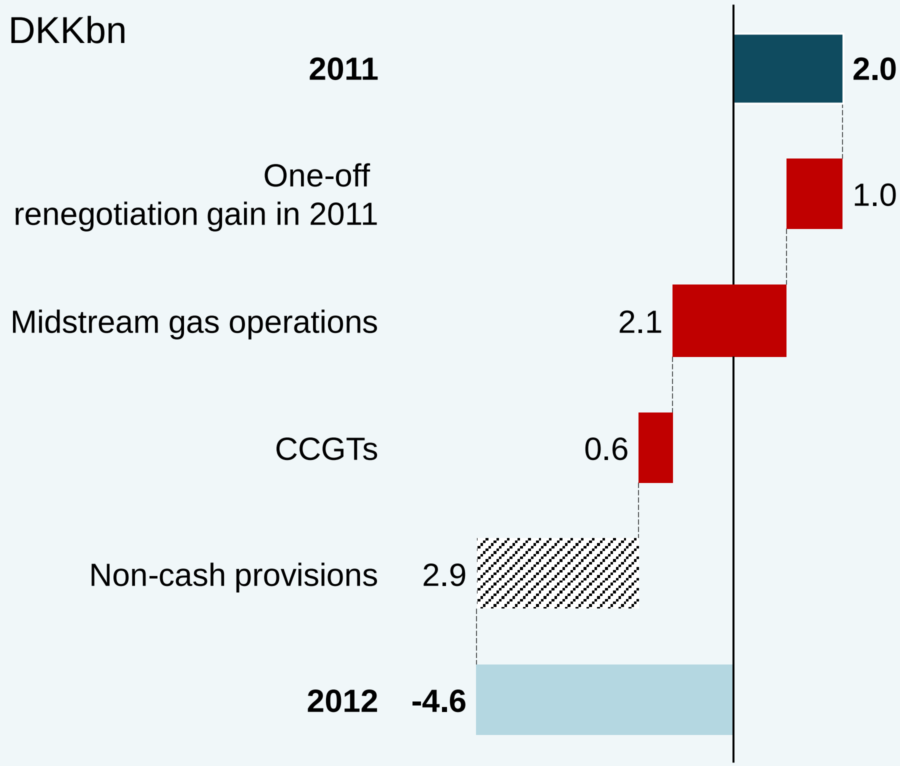
- Higher production and higher oil & gas prices
- Higher Siri repair costs
- Earnings from construction for co-investors
- Higher production from new wind farms
- Lower production and spreads due to higher hydro levels
- Cost reductions
- Stable earnings on par with 2011
- Challenged mid-stream gas business
- Non-cash provisions of DKK 2.9bn

Challenges in Energy Markets

Energy Markets from 2011 to 2012

- Negative impact from oil/gas spread on long term gas sourcing contracts
- Negative impact from reduced volumes from legacy gas purchase contracts
- One-off gain in 2011 from renegotiation of gas contracts
- Gas fired power plants under pressure from low green spark spreads
- Non-cash provisions on loss-making long-term gas storage and LNG capacity contracts

EBITDA
DKKbn



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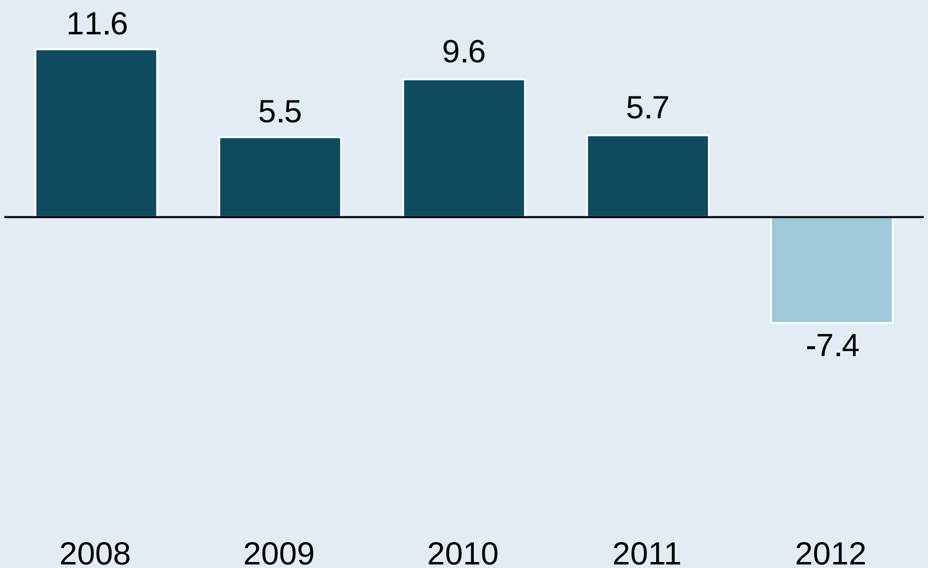
Declining returns

Group ROCE
%



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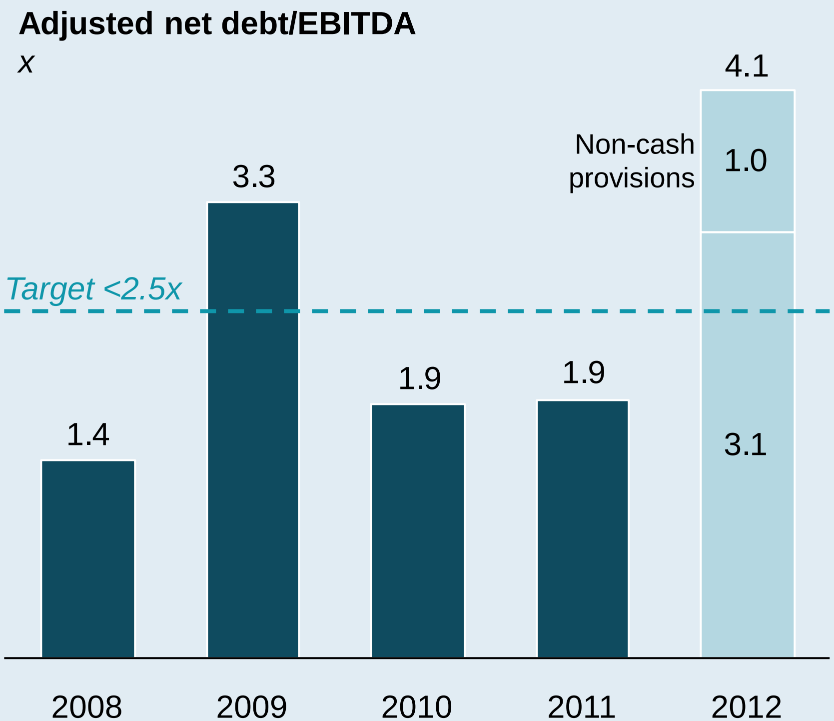
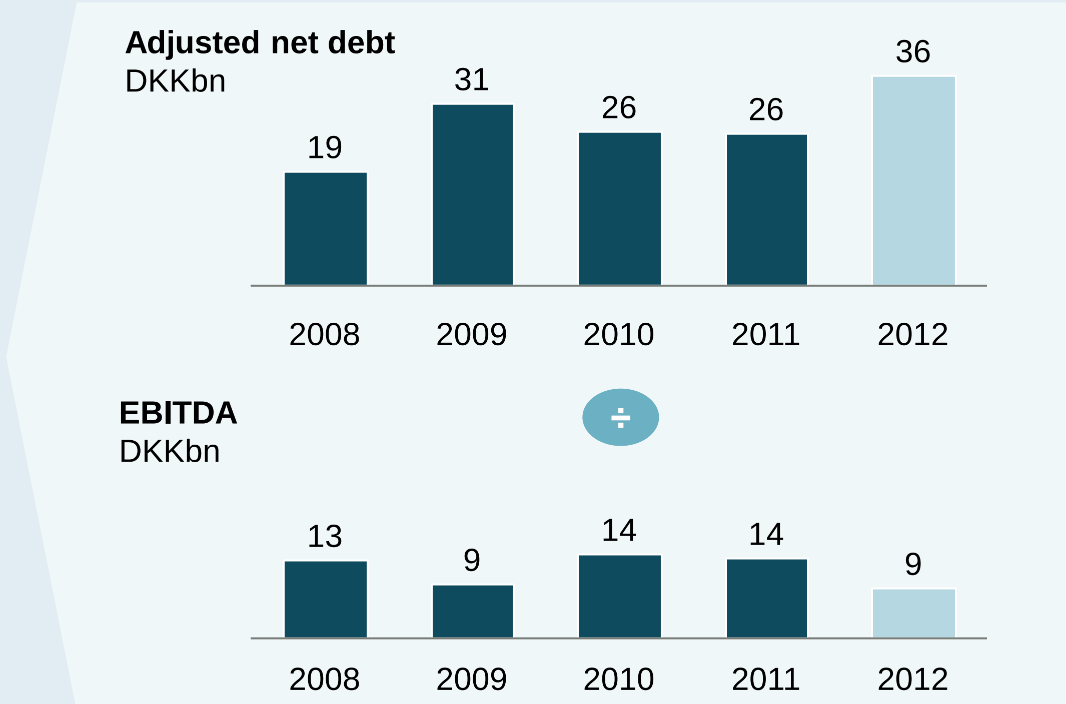
Capital structure under pressure





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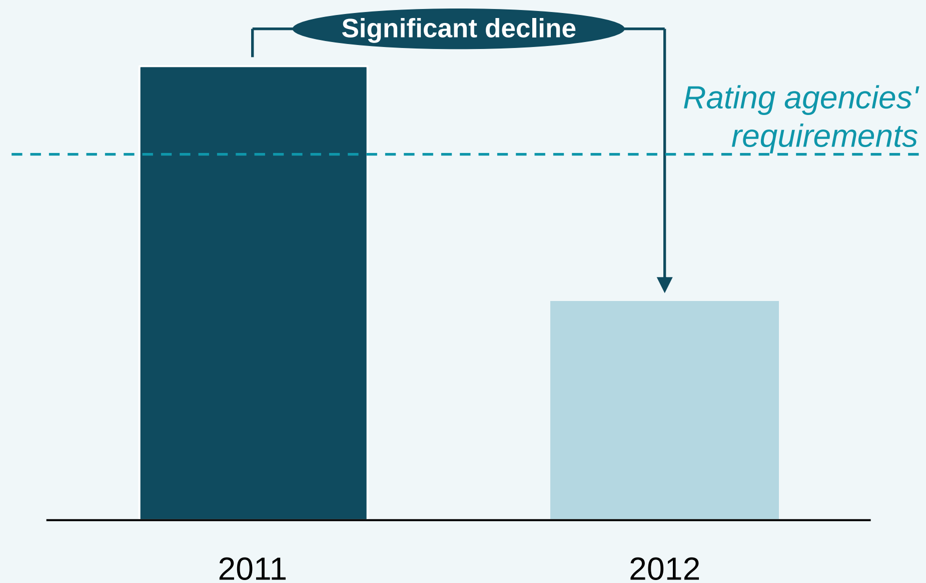
Deterioration in credit metrics

- Credit metrics below rating requirements in 2012
- S&P downgrade to BBB+ in October 2012
- Current rating on negative outlook from S&P and Fitch
- Rating pressure expected to continue in the Utilities sector
- Strong liquidity position EoY2012 of DKK 25.7bn

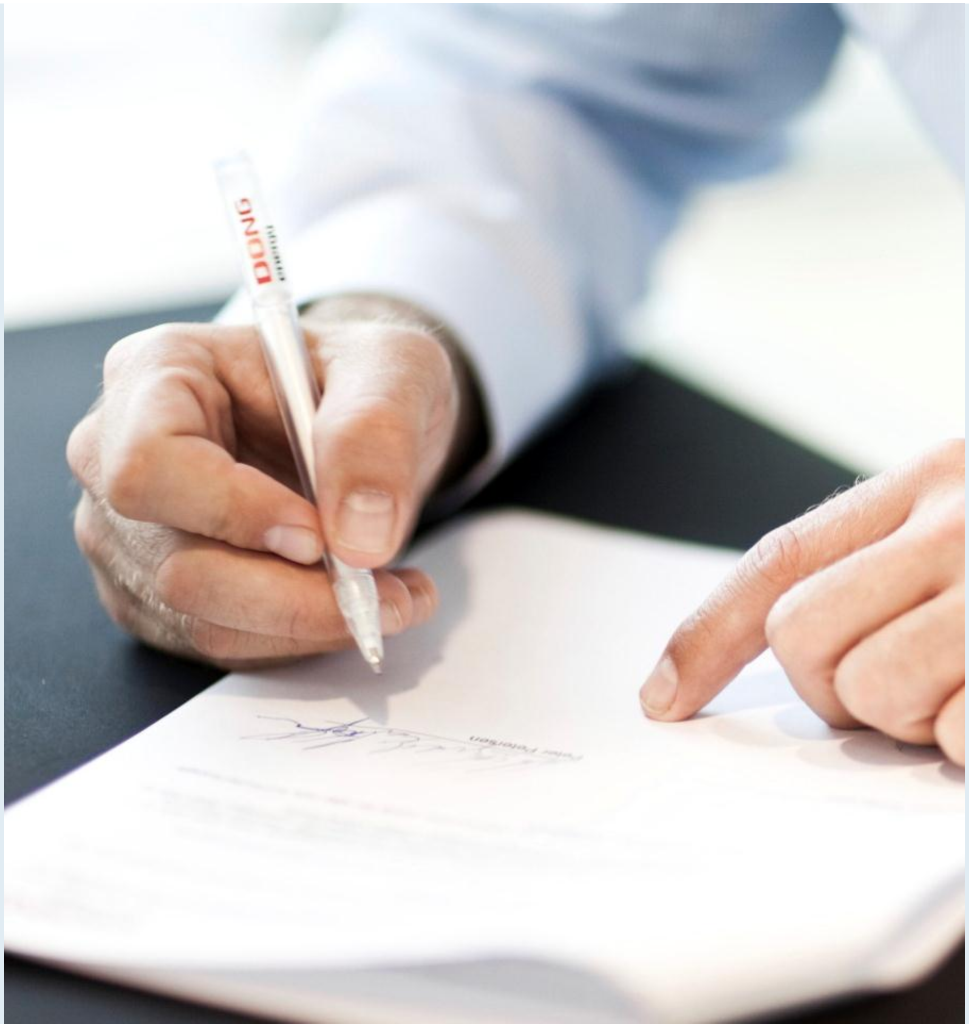
Credit metrics
FFO/Net debt and RCF/Net debt



2013-14 Financial Action Plan

2013-14 Financial Action Plan

1	**Divest DKK 10bn of non-core assets**
2	**Selective farm-down of core assets**
3	**Reduce costs by DKK 1.2bn, full effect in 2013**
4	**Restructure Energy Markets**
5	**Inject equity of at least DKK 6-8bn**



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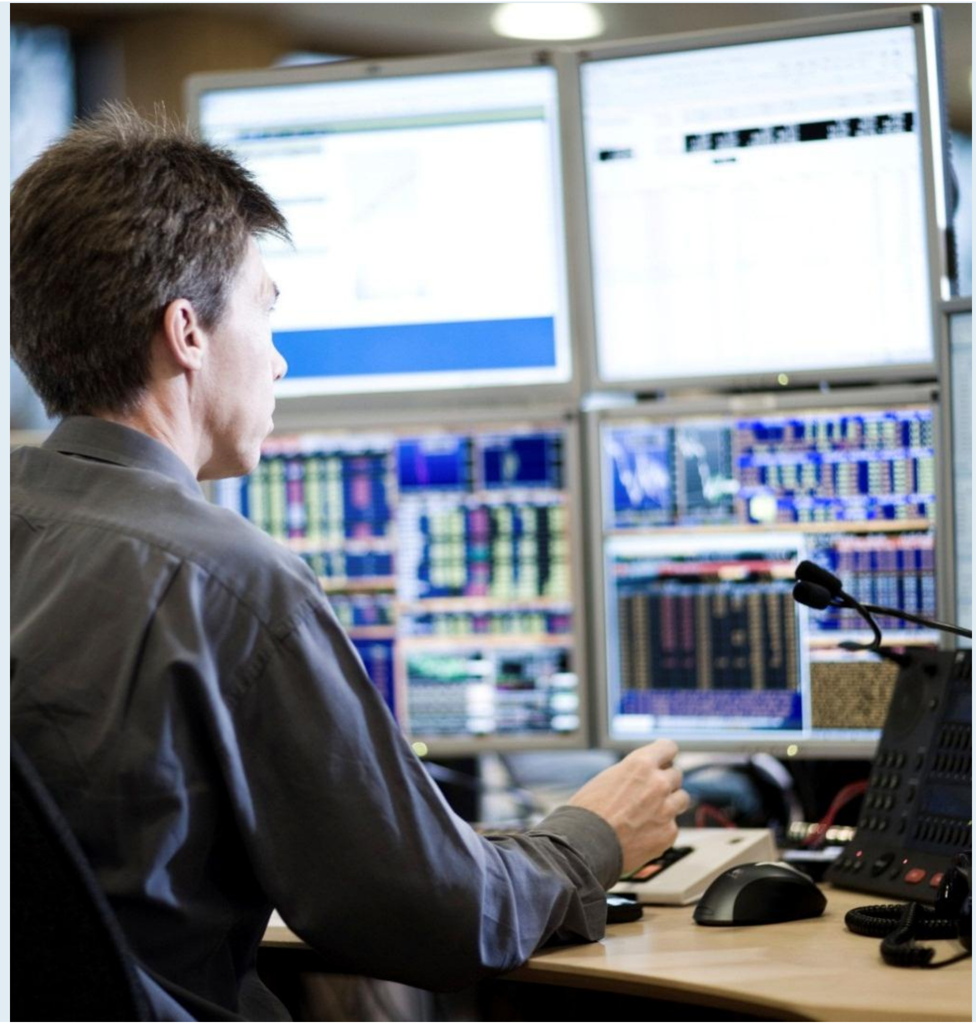
Restructure Energy Markets

Profitability restored from 2014

- Focus on optimising gas and power flows and managing group exposure
- Renegotiate long term gas contracts with significant positive impact in the coming years
- Optimise value of CCGT, LNG and storage assets
- Flat and simplified organisational structure
- New management team
- Headcount and OpEx reduction of 30%



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Injecting equity

- DONG Energy will seek to raise at least DKK 6-8bn of additional equity
- Process is supported by the majority shareholder, the Danish State
- DONG Energy will seek to raise the equity from new and/or existing shareholders
- The Danish State will remain majority shareholder
- Process will commence during March with expected closing towards the end of 2013

Key assets on stream towards 2016

2013

London Array (630 MW[1,2])
Anholt (400 MW[1])
Lincs (270 MW[1,2])

South Arne phase 3
(DK oil field – 16MMboe[3])

2014

West of Duddon Sands
(389 MW[1])

Laggan-Tormore
(UK gas field – 44MMboe[3])

2015

Borkum Riffg. 1 (277 MW[1])
Westermost R. (210 MW[1])

Hejre
(DK oil field – 102MMboe[3])

1. Gross capacity
2. Significant share of London Array & Lincs already installed in 2012; full year effect in 2013
3. DONG Energy E&P share of reserves

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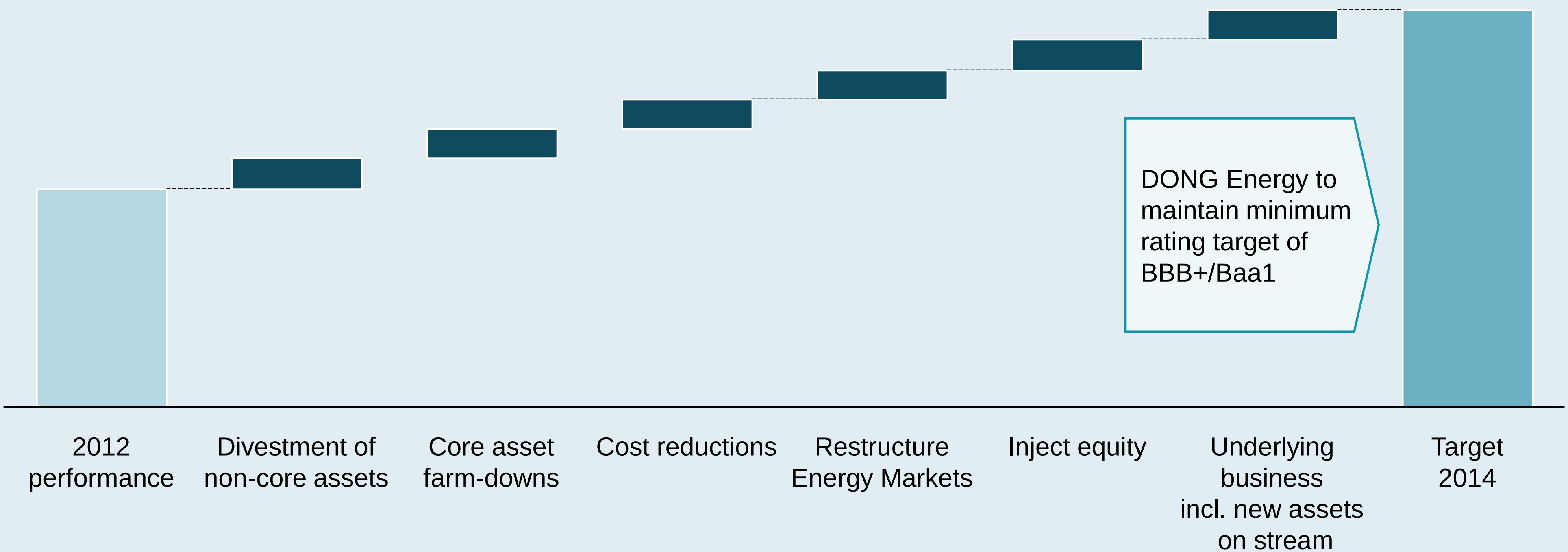
Restoring financial robustness

Rating metrics
FFO/Net debt and RCF/Net debt



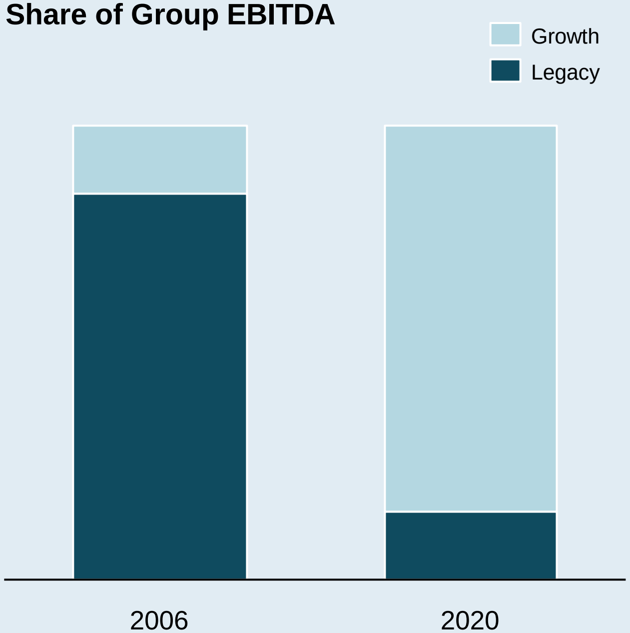
2020 Strategy

DONG energy

What strategy must deliver

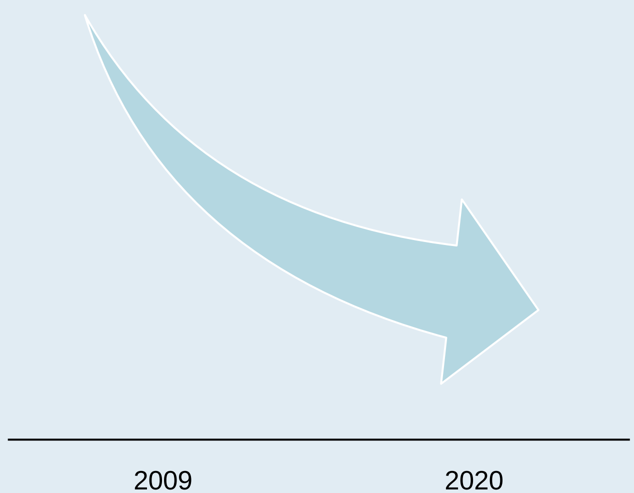
TRANSFORM BUSINESS

Share of Group EBITDA



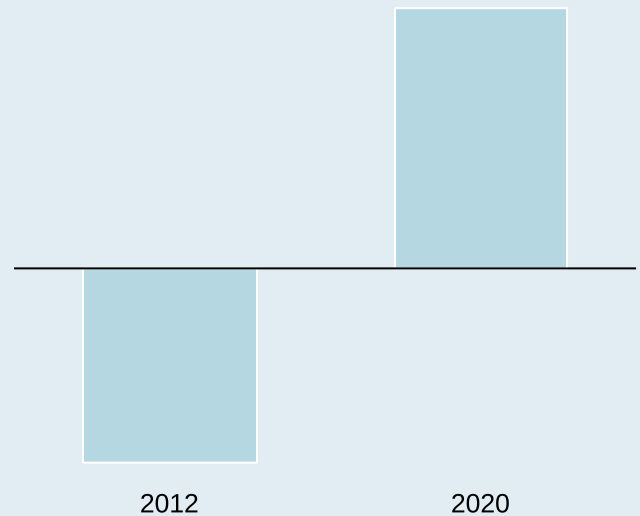
TRANSFORM ENERGY SYSTEM

CO_2 intensity
gCO_2/kWh



CREATE FINANCIAL VALUE

ROCE



Future investment focus

INVESTMENT IN NEW ASSETS

- Offshore Wind
- Oil & Gas

INVESTMENT IN EXISTING ASSETS

- Danish Power Plants
- Distribution Grid

NO FURTHER COMMITMENT

- LNG
- Gas Storage
- Onshore Wind
- Hydro
- Gas Fired Power Plants
- Waste Fired Power Plants
- Electric Vehicles

2020 strategy

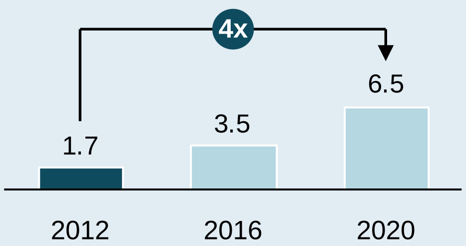
1	Sustain market leadership; quadruple capacity
2	Reinforce regional position; double production
3	Convert to biomass; provide flexibility
4	Develop energy solutions and intelligent grid
5	Simplify operating model

Strategic focus

Projected share of investments 2013-2020

OFFSHORE WIND

DONG Energy capacity[1]
GW

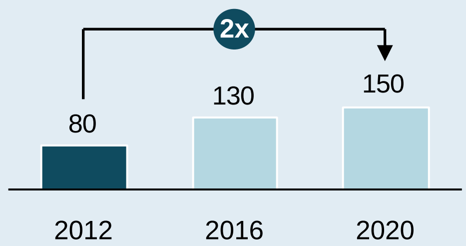


- Fastest growing renewable
- Market leader
- High share of regulated income
- Solid returns

50%

OIL AND GAS

DONG Energy production
'000 BOE/day

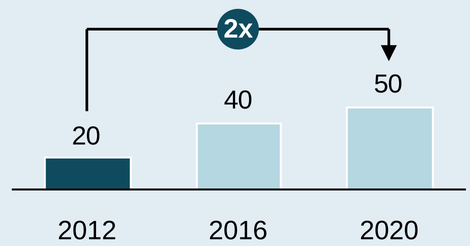


- Strong regional player
- Driving force in the Danish North Sea
- Leading exploration company in West of Shetlands
- High risk, high return

40%

POWER PLANTS

DONG Energy biomass share[2]
%

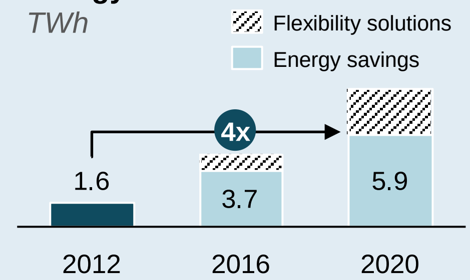


- Efficient power plant operator
- Leading biomass capabilities
- Cost competitive de-carbonisation
- Flexible power production
- Solid positive cash flow

5%

SALES & DISTRIBUTION

Energy solutions[3]
TWh



- Leading domestic utility
- Growth in energy solutions
- Establish intelligent grid
- Regulated income
- Stable returns

5%

ENERGY MARKETS: OPTIMISATION AND TRADING

1. Offshore wind gross commissioned capacity
2. Of domestic thermal power and heat generation
3. Cumulated energy savings vs. 2006 baseline

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Offshore Wind

Market leadership; growth and value creation

Priorities

- Mature and construct project pipeline
- Reduce cost of energy
- Further develop industrial and financial partnerships
- Standardise and increase operational efficiency

Targets

- Installed gross capacity of 6.5GW in 2020
- Offshore cost-of-energy below €100/MWh in 2020[1]
- ROCE of 6-8% by 2016; 12-14% by 2020

1. UK market – 2020 FID

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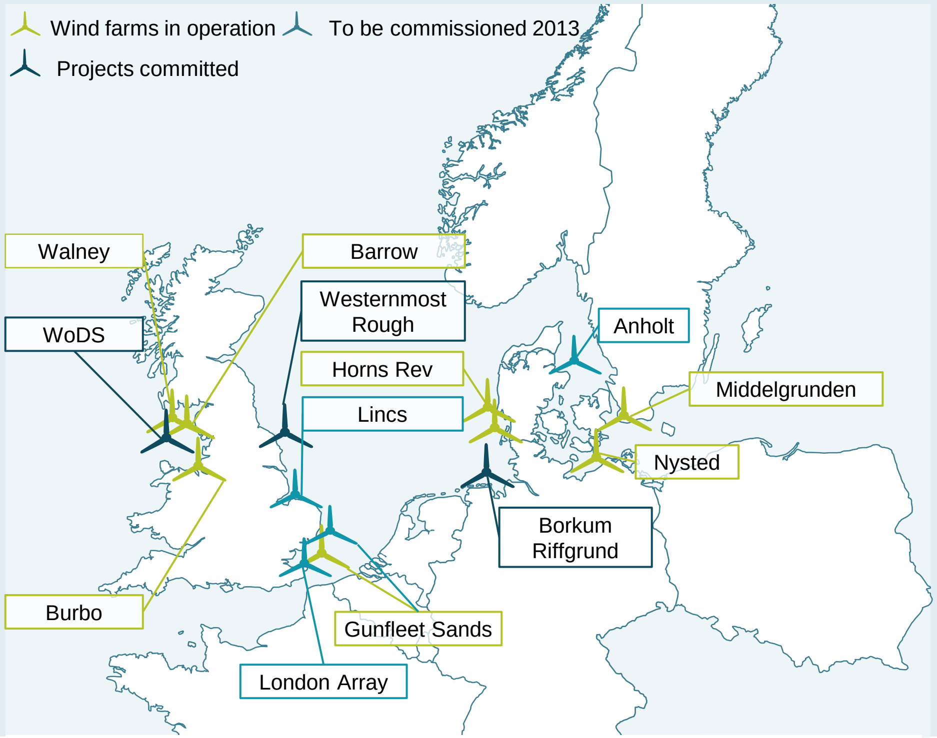
Developing the offshore wind portfolio

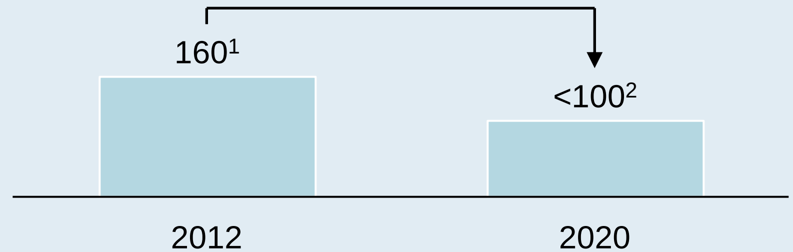
FOOTPRINT



COST OF ENERGY

Levelised cost of energy

EUR/MWh



Key focus areas

- Turbine
- Foundation
- Transmission
- Logistics
- O&M

1. 2012 offtake price Walney 2 (UK)
2. UK market – 2020 FID

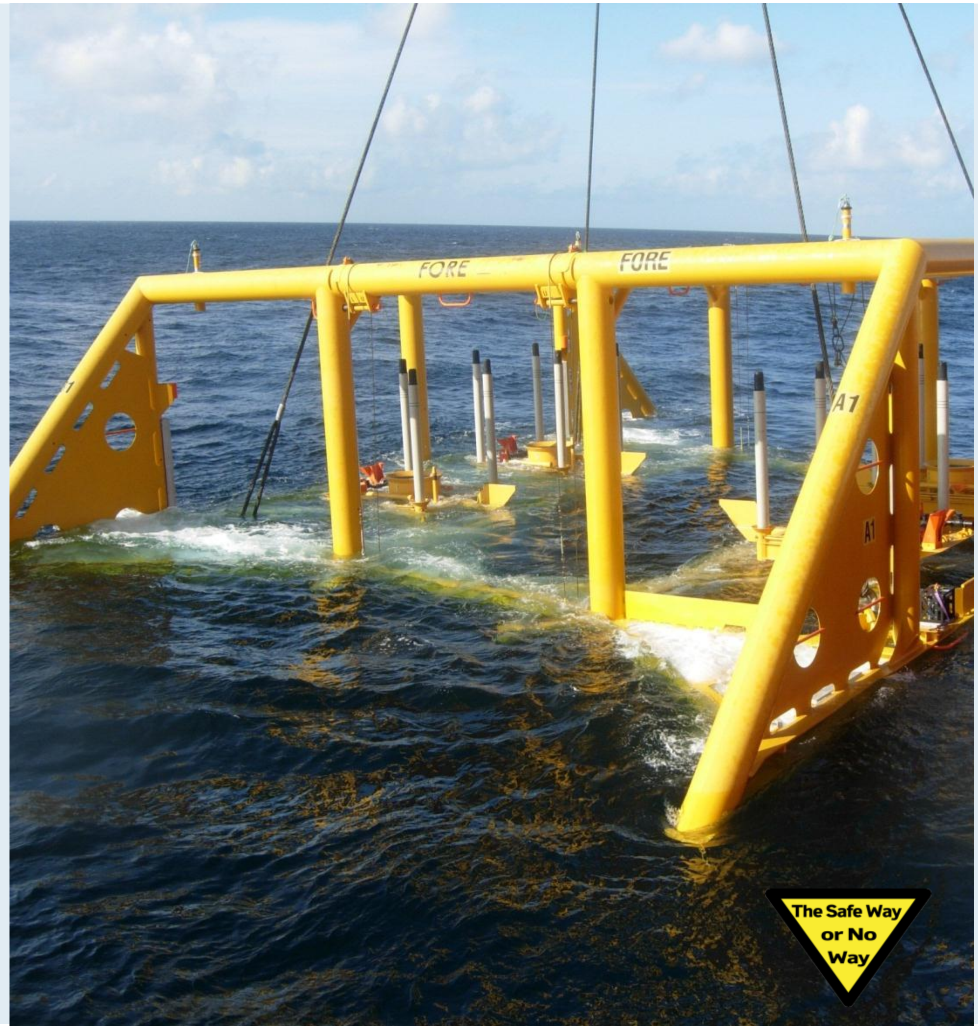
Oil and Gas
Strong regional position; growth and value creation

Priorities

- Optimise production on existing fields including satellite extensions
- Complete Siri repair
- Develop Hejre and West of Shetlands
- Secure long term reserves replacement

Targets

- 150 kboe/day by 2020
- Reserves-to-production ratio ≥ 10
- ROCE above 20% from 2016



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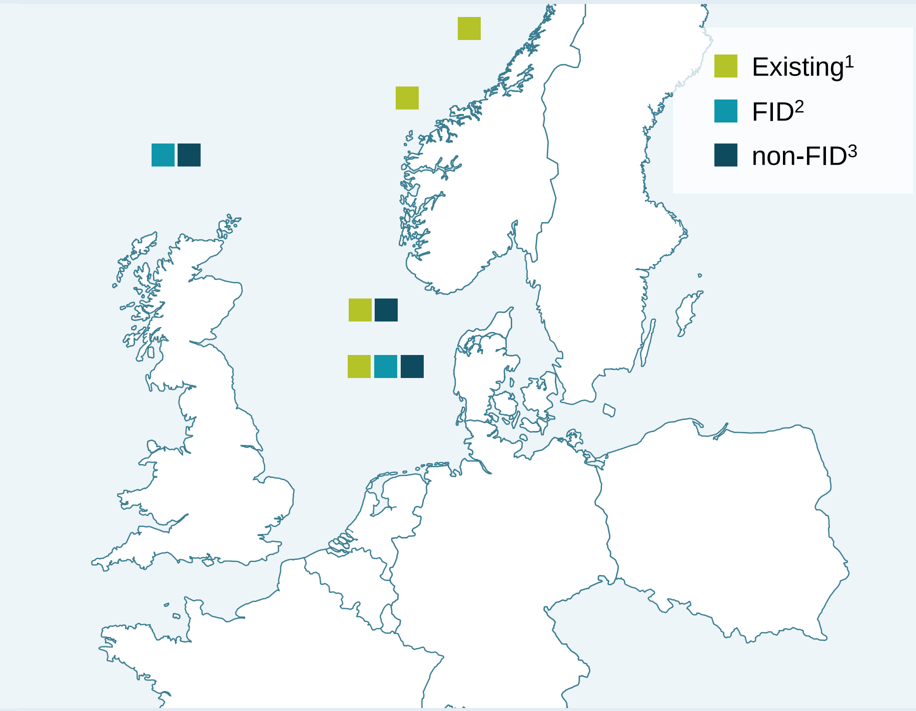
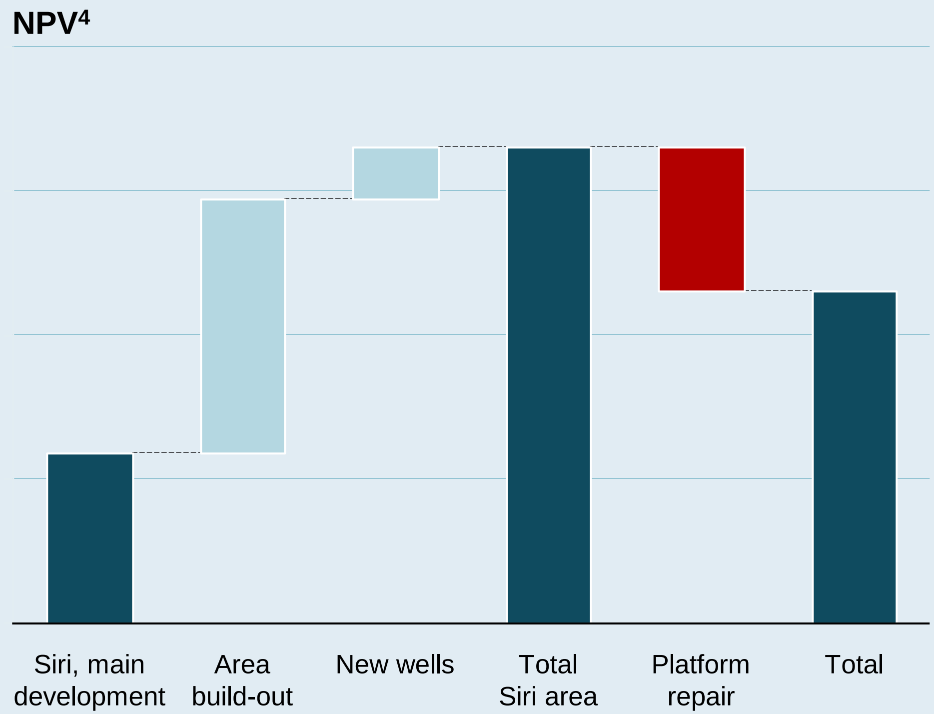
Developing the oil and gas portfolio

FOOTPRINT



SIRI VALUE CREATION CASE



1. Siri area, Syd Arne, Lulita (DK); Ormen Lange, Marulk, Alve, Oselvar, Trym, Ula, Gyda, Tambar (NO)
2. Hejre (DK); Laggan-Tormore (UK)
3. Solsort (DK); Mjølner (NO); Edradour, Rosebank, Glenlivet, Cambo (UK)
4. 100% share

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Power Plants

Leader in biomass-to-energy; solid positive cash flow

Priorities

- Sustain long-term viability of CHPs
- Convert Danish power plants to biomass
- Ensure flexible and efficient heat and power production
- Commercialise new innovative biotechnologies (Inbicon, REnescience and Pyroneer)

Targets

- Operating CF from DK plants: DKK 600-800m
- 50% green domestic thermal production by 2020

Sales & Distribution

Efficient energy solutions; stable returns

Priorities

- Develop value adding energy solutions
- Invest in intelligent distribution
- Reinforce operational excellence
- Deliver high customer satisfaction

Targets

- Stable ROCE of 7-9%
- Top quartile customer satisfaction
- Climate partnerships with 30 of top 50 DK accounts
- Domestic energy savings of 5.9TWh by 2020[1]

1. Cumulated energy savings vs. 2006 baseline

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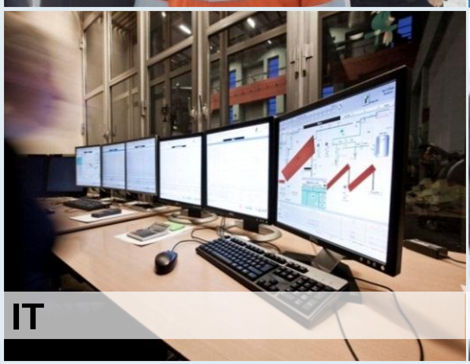
Group
Value adding stewardship and support

DEVELOP FOUNDATION

People

Brand

IT



Innovation

SIMPLIFY OPERATING MODEL

Group wide project initiated

- Clarify role split between corporate centre and BUs
- Reduce process and interface complexity
- Simplify Group-wide staff set-up
- Empower front line to drive the business

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Inherent uncertainties

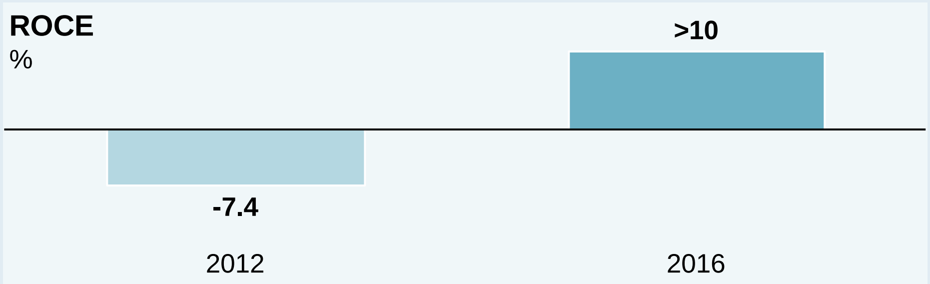
- Commodity prices
- Relative cost competitiveness of offshore wind
- Large-scale offshore construction projects
  - New offshore wind technology
  - Large E&P projects (Hejre and Laggan-Tormore)
  - Siri repair solution
- Regulatory framework and political ambition for de-carbonisation

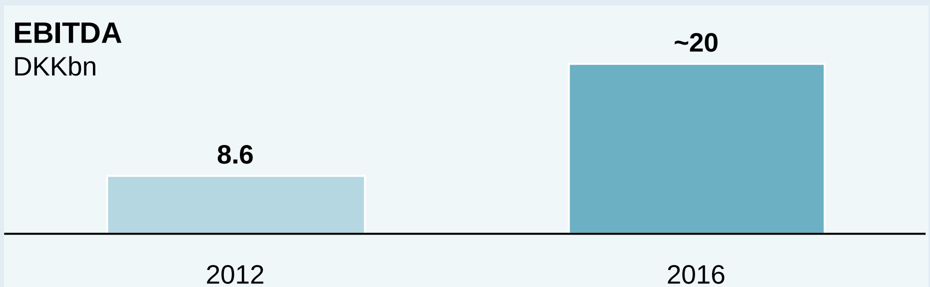
Focus and discipline

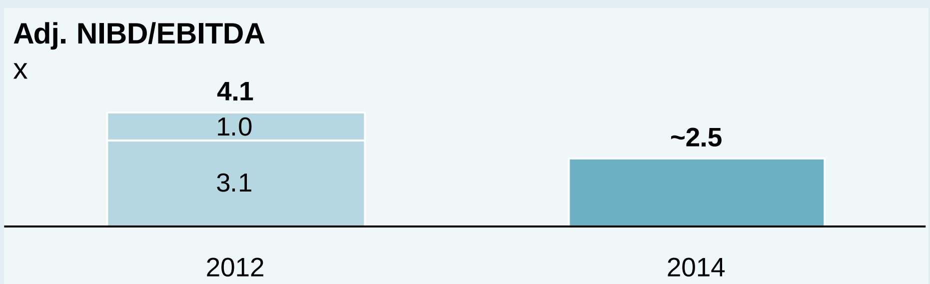
- Focus investments in businesses with competitive advantages
- Reduce net investment intensity compared to original ambition
- Restore financial capacity to match investment ambition
- Simplify operating model and reduce operating costs
- Reinforced cash discipline and ROCE focus

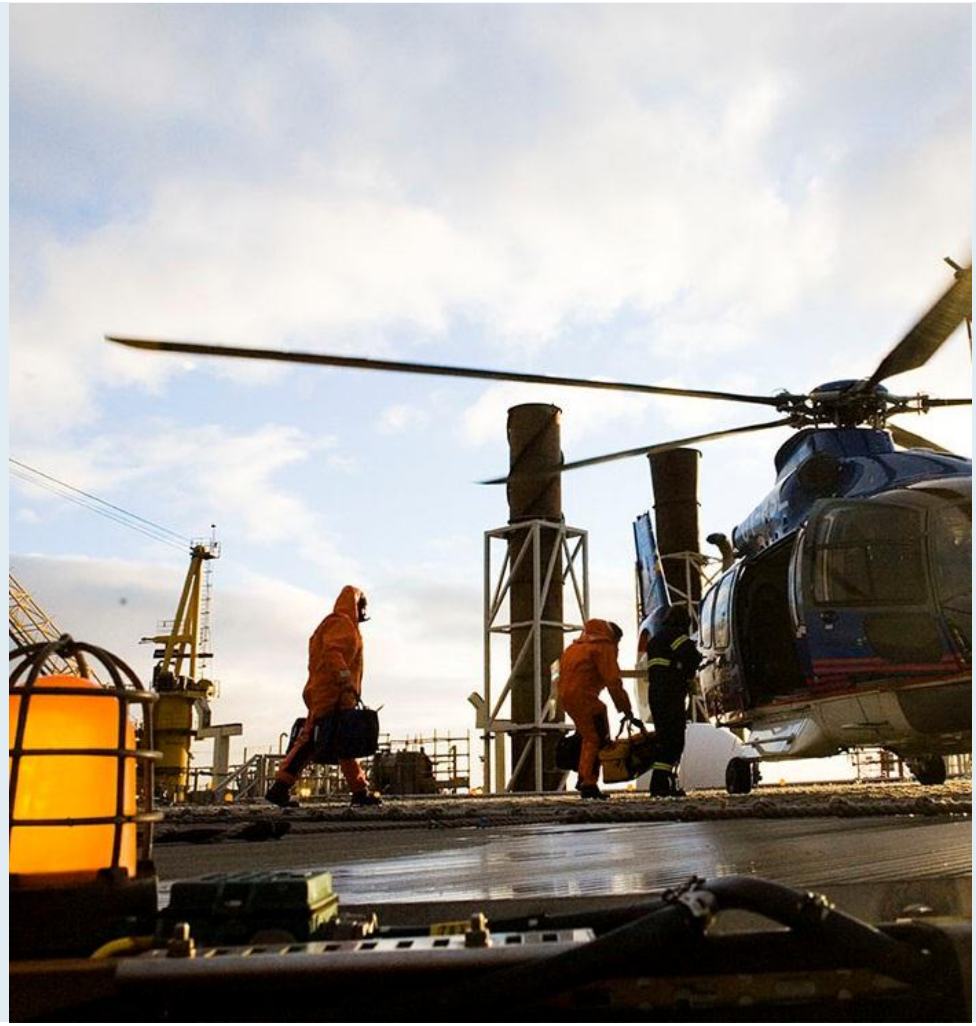
Targets and Guidance

Clear financial targets



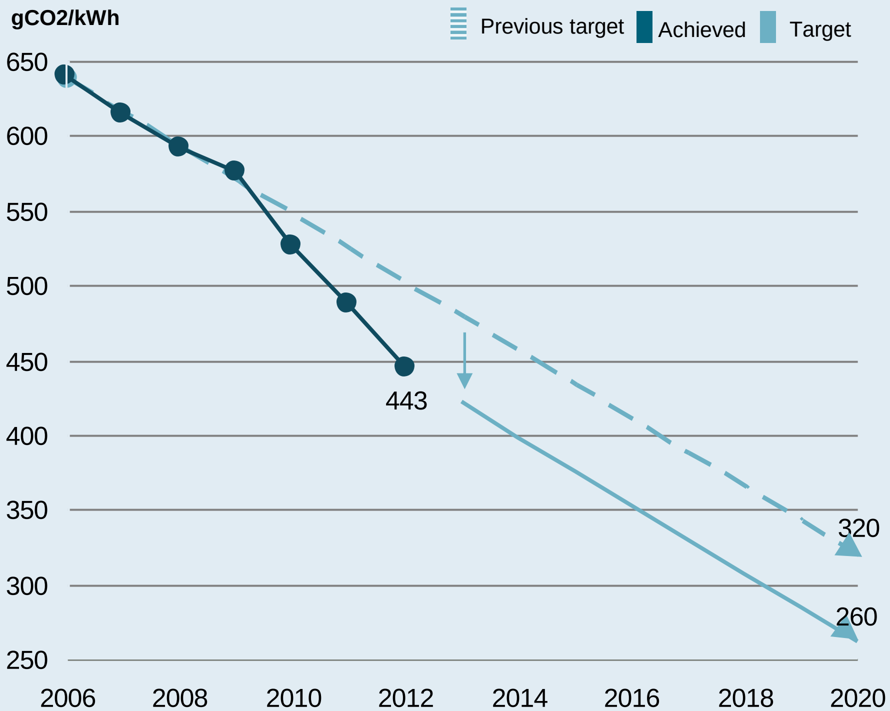






Further reducing CO_2 emissions

Reinforcing the CO_2 reduction target for DONG Energy



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Ten targets defining our ambition and direction

1 ROCE >10% by 2016 and >12% by 2020

2 Adjusted Net Debt/EBITDA < 2.5x

3 CO_2 emission reduction to 260g CO_2/kWh by 2020

4 From 1.7GW to 6.5GW installed gross offshore wind capacity by 2020

5 Offshore wind cost-of-energy below €100/MWh[1] by 2020

6 From 80.000 to 150.000 BOE/day production by 2020

7 E&P reserve-to-production ratio ≥ 10

8 From 20% to above 50% biomass share of domestic CHP production by 2020

9 Domestic energy savings of 5.9TWh by 2020[2]

10 From 3.6 to below 1.5 accident frequency (LTIF) by 2020

The Safe Way or No Way

1. UK market – 2020 FID
2. Cumulated energy savings vs. 2006 baseline

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Outlook

EBITDA

DKK 11.5-12.5bn in 2013

Net investments

DKK 25-30bn in 2013-2014

Adjusted net debt/EBITDA

Around 2.5x in 2014

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Q&A

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Direction towards 2020

2013-14 Financial Action Plan

1	Divest DKK 10bn of non-core assets
2	Selective farm-down of core assets
3	Reduce costs by DKK 1.2bn, full effect in 2013
4	Restructure Energy Markets
5	Inject equity of at least DKK 6-8bn

2020 Strategy

1	Sustain market leadership; quadruple capacity
2	Reinforce regional position; double production
3	Convert to biomass; provide flexibility
4	Develop energy solutions and intelligent grid
5	Simplify operating model

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APPENDIX

Outlook Market Prices

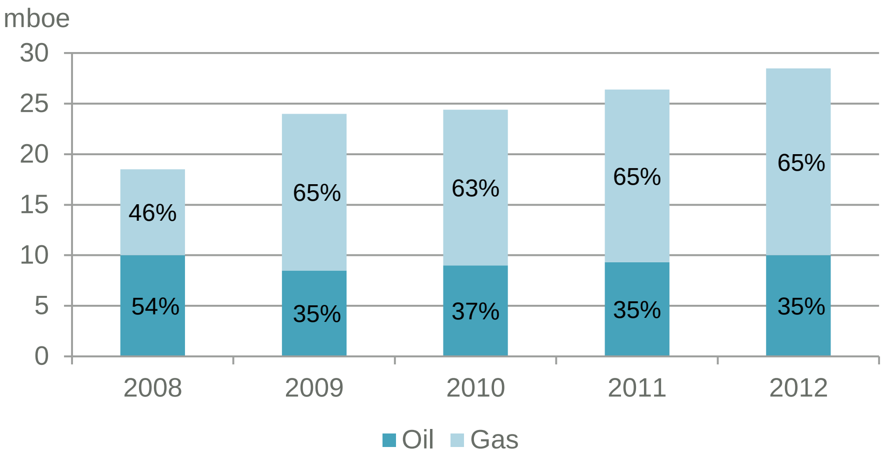
(average)		Estimate 2013	Actual 2012
Oil, Brent	USD/bbl	107	112
Gas, TTF	EUR/MWh	26	25
Gas, NBP	EUR/MWh	27	25
Electricity, Nord Pool system	EUR/MWh	38	31
Electricity, Nord Pool, DK[1]	EUR/MWh	43	37
Electricity, EEX	EUR/MWh	44	43
Electricity, UK	EUR/MWh	61	55
Coal, API 2	USD/tonne	94	93
CO_2, EUA	EUR/tonne	6.6	7.5
Green dark spread, DK[1]	EUR/MWh	10.6	4.0
Green spark spread, UK	EUR/MWh	5.1	2.3
Green spark spread, NL	EUR/MWh	(4.5)	(4.5)
USD exchange rate	DKK/USD	5.6	5.8
GBP exchange rate	DKK/GBP	9.1	9.2

Source: Platts, Argus, Nord Pool, LEBA, ECX.
[1] Based on average prices in DK1 and DK2.

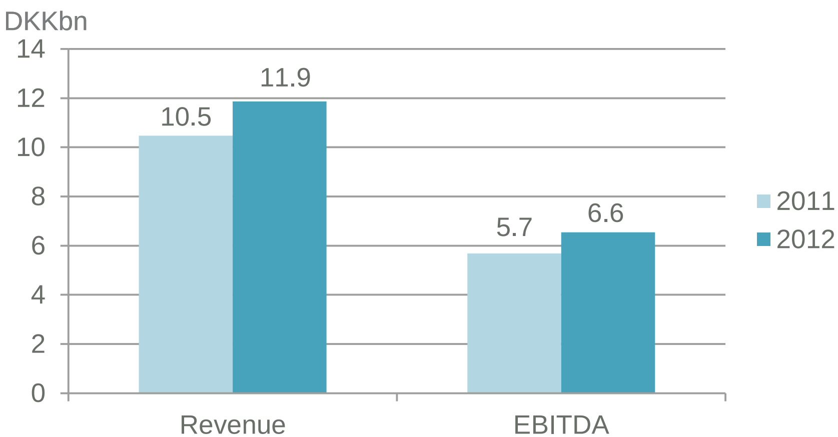
Exploration & Production

Higher prices and production

Operational figures



Financial development



Operational highlights

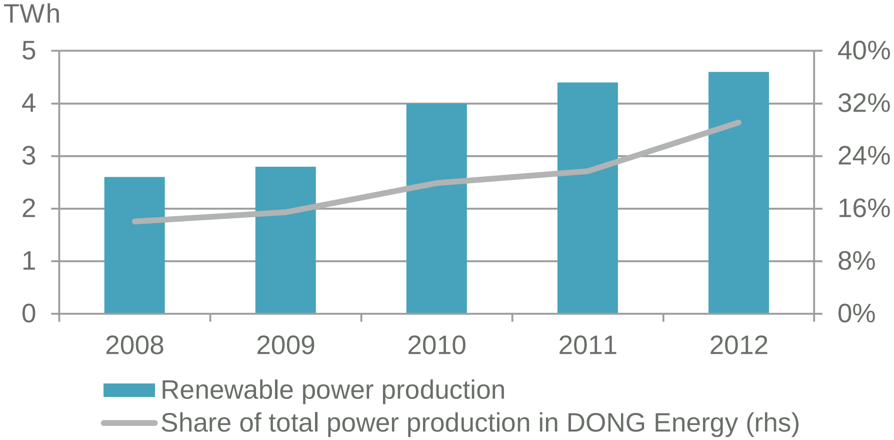
- Steady rise in production – increase in 2012 primarily coming from the new fields Marulk and Oselvar as well as full ownership of Siri
- However, production problems at some fields in 2012. Production disruptions also expected at some fields in 2013
- Production from 13 fields split between 82% of the production in Norway and the remaining in Denmark
- 2P reserves of 454m boe – equivalent to 15 years production (target of at least 10 years)

Financial highlights

- EBITDA up 15% to DKK 6.6bn
  - ✓ Higher production (up 8% y/y)
  - ✓ Higher oil & gas prices
  - × Costs related to Siri repair of DKK 1.2bn vs. DKK 0.8bn in 2011
- Higher exploration costs

Wind Power
Contribution from new assets

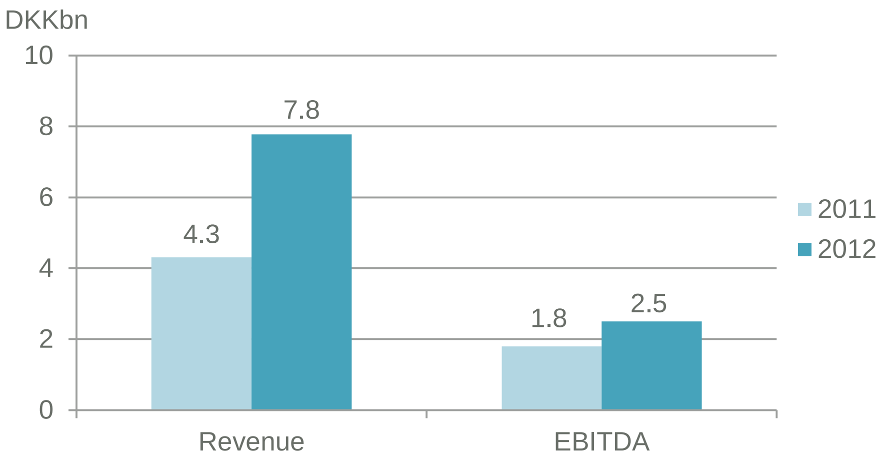
Operational figures



Operational highlights

- Around 30% of power production from renewables
- First power in H2 12 obtained from:
  - Lincs (full commercial operation expected H1 13)
  - Anholt (full commercial operation expected H1 13)
  - London Array (full commercial operation expected H1 13)

Financial development



Financial highlights

- EBITDA up 39% to DKK 2.5bn
  - ✓ Higher production (up 5% y/y)
  - ✓ Earnings from contracts for the construction of the Anholt offshore wind farm for co-investors
  - ✓ Higher costs due to higher operating activity and building up of the business area
- Two-thirds of Wind Power's total revenue (excl. construction agreements) stemming from fixed price revenue (and equivalent)

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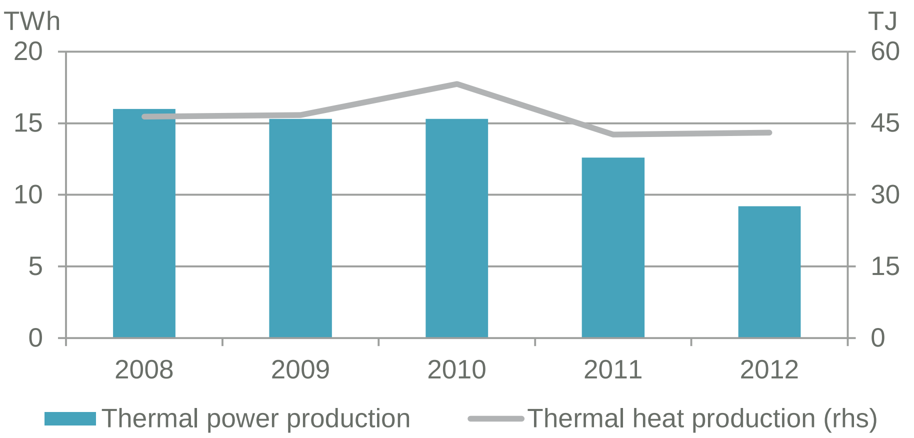
Thermal Power

Lower production and lower GDS

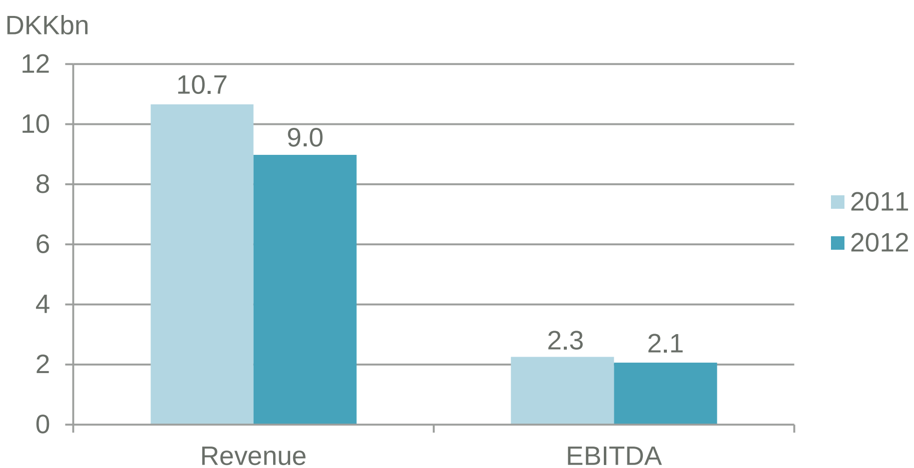
Operational figures



Operational highlights

- Lower thermal production due to low Green Dark Spread caused by high hydro levels and mild weather
- Efficiency improvements and capacity adjustments progressing on plan
- Negative effect in 2013 from discontinuation of free CO_2 allowances

Financial development

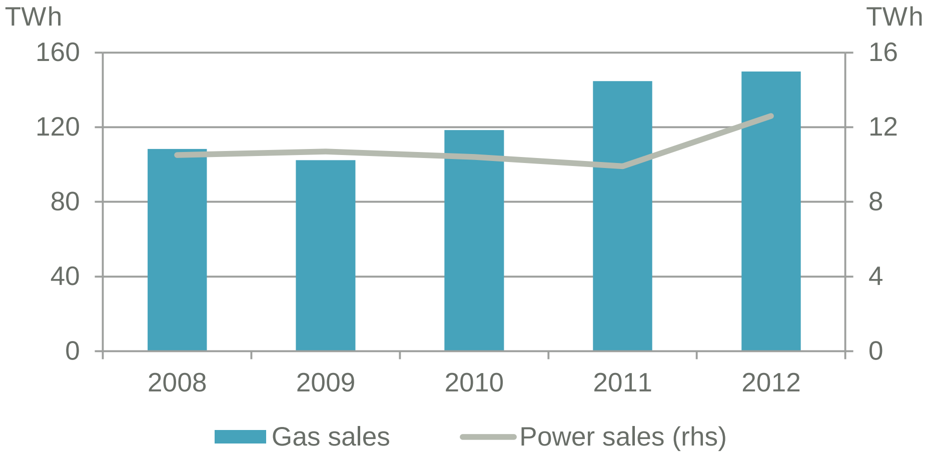


Financial highlights

- EBITDA down 9% to DKK 2.1bn
  - × Higher hydro levels and milder weather
    - Lower Green Dark Spread
    - Lower power production (-27% y/y)
    - Sale of Oil Terminals in January 2012 (lost EBITDA)
  - ✓ Tolling income from Enecogen
- Impairment charges totalling DKK 2.5bn – of which DKK 2.0bn on gas-fired power stations

Energy Markets
Challenging gas business

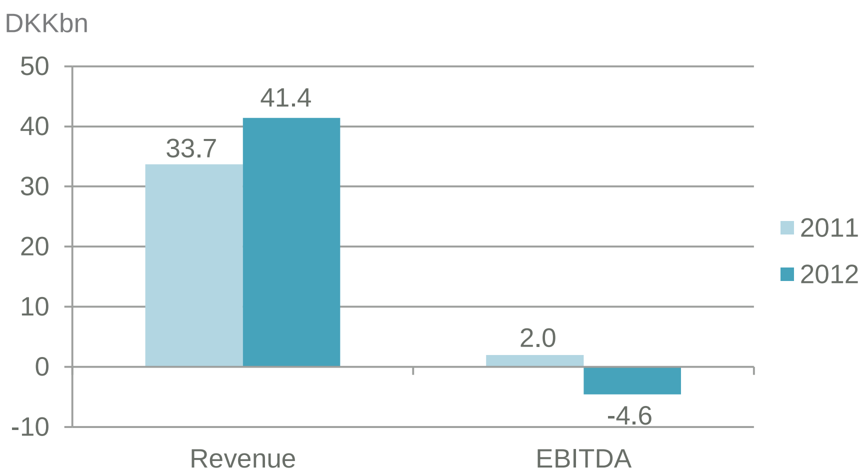
Operational figures



Status on gas business

- Renegotiations ongoing with gas suppliers – DONG Energy expects to obtain similar terms as other large gas purchasers. In some cases arbitration has been initiated
- As expected, negative impact from reduced volumes from legacy gas purchase contracts
- Provisions taken on loss-making long-term gas storage and LNG capacity contracts

Financial development



Financial highlights

- EBITDA at DKK -4.6bn vs. DKK 2.0bn in 2011
  - One off gain on gas contracts renegotiations in 2011 (DKK 1bn) not repeated in 2012
  - Provisions on long-term gas storage and LNG contracts (DKK 2.9bn non-cash)
  - Low Green Spark Spreads materialising in negative EBITDA contribution from gas-fired power stations (Severn and Enecogen)
  - Continued oil/gas spread impacting gas portfolio through timelag in contracts (despite a high hedging ratio)

Sales & Distribution
Stable earnings

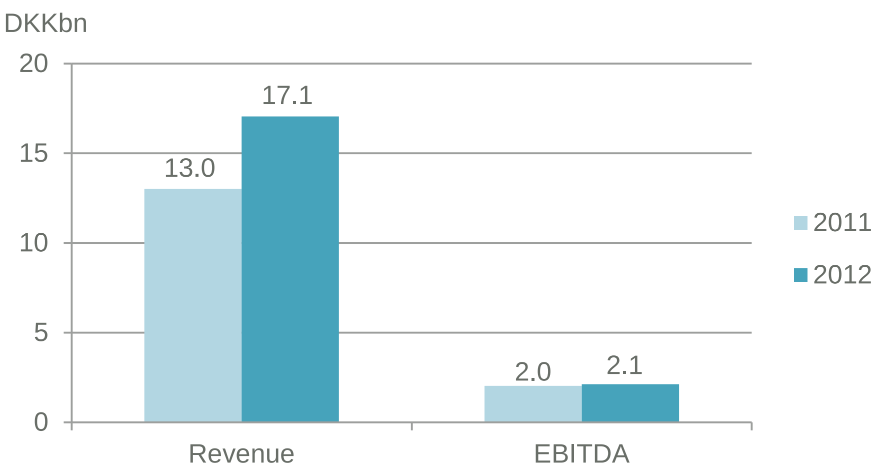
Operational figures

		2012	2011
Gas sales	TWh	36.8	20.3
Distribution of gas	TWh	9.1	9.9
Power sales	TWh	7.5	7.6
Distribution of power	TWh	8.7	8.8
Transport of oil	Mbbl	66	72

Operational highlights

- Increasing gas sales (up 81% y/y) primarily due to the acquisition of Shell Gas Direct in the UK, recognised from May 2012
- Negative effect in 2013 from expected lower distribution tariffs

Financial development

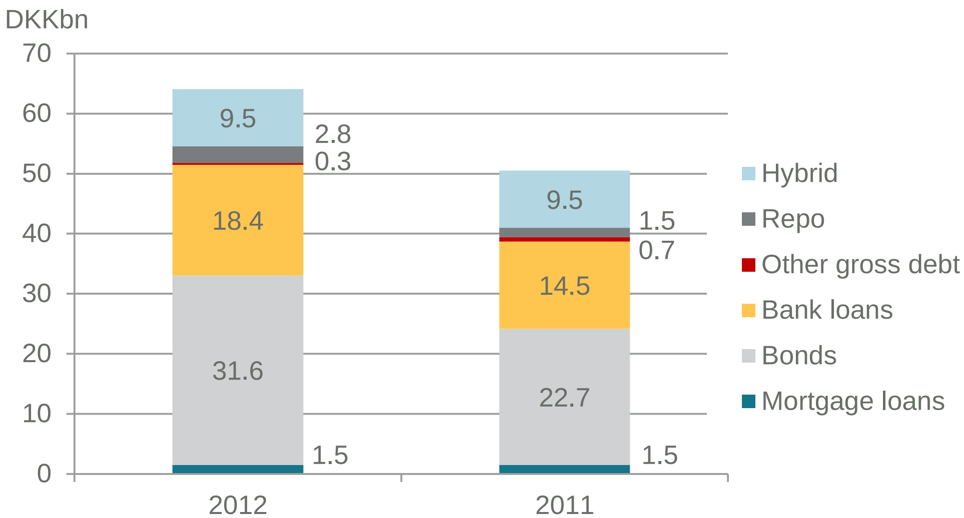


Financial highlights

- EBITDA stable at DKK 2.1bn
  - ✓ Higher tariffs for power distribution
  - ✓ Lower cost level
  - ✓ Income from adjustment of decommissioning obligations
  - × Lower gas distribution volumes and tariffs
  - × Lower margins on gas sales

Debt overview

Gross interest-bearing debt and hybrid capital



Net debt: **33.5bn** **23.6bn**

Key ratios loan portfolio (excl. hybrid capital)

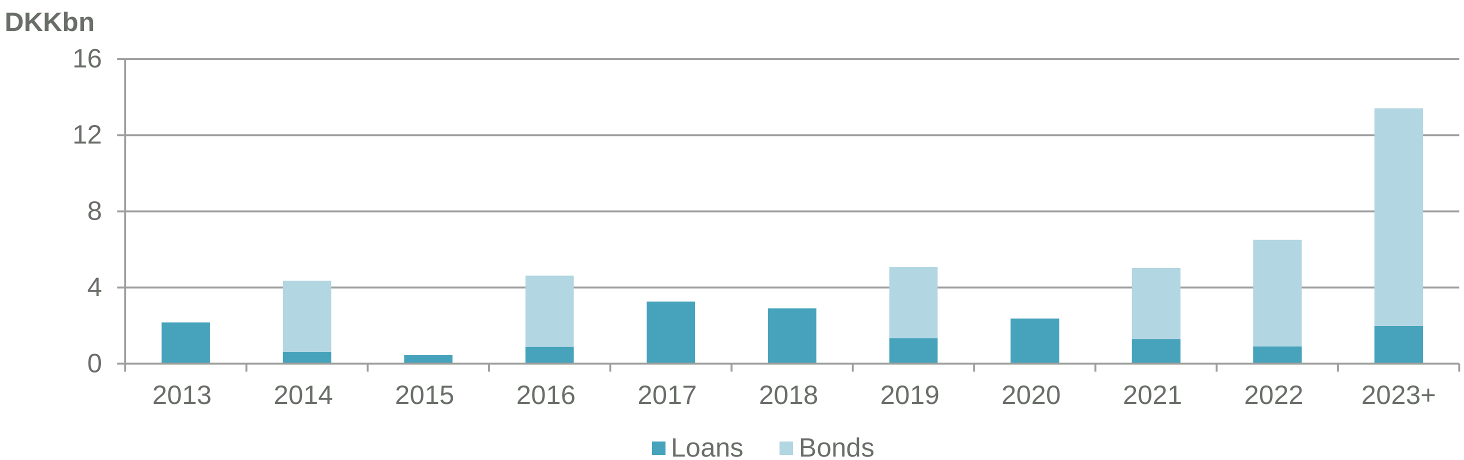
	2012	2011
Duration (years)	6.8	6.0
Average time to maturity (years)	10.5	9.4
Average interest rate	3.9%	4.1%
Net interest cost risk (DKKm)[1]	46	32

Note (1): Increase in net interest costs in 2013 from 1 percentage point upward shift in the interest rate

Liquidity reserves (DKKbn)	**2012**	**2011**
Liquid assets (unrestricted)[1]	14.2	9.7
Committed borrowing facilities	11.6	13.4
Total	**25.7**	**23.1**

Note (1): Marketable securities in REPO transactions excluded (DKK 2.8bn in 2012)

Long term debt maturity schedule at December 31, 2012



Business Performance – 2012

- In 2012, the difference between Business Performance and IFRS amounted to DKK -1.5bn

Business Performance EBITDA	**DKK 8.6bn**
Adjustments	**DKK -1.5bn**
MtM of financial and physical hedging contracts relating to other periods	*DKK -0.5bn*
Deferred losses/gains relating to financial and physical hedging contracts where the hedged production or trading is recognised in the reporting period	*DKK -1.0bn*
IFRS EBITDA	**DKK 7.2bn**

Dividend, Funding and Rating

Long term capital structure target

- Maintain a minimum rating of BBB+ / Baa1
- Adjusted net interest-bearing debt [1] up to 2.5 times EBITDA

Funding strategy and Debt Programmes

- External funding primarily to be carried out through parent company – to avoid structural subordination
- EMTN programme with a total amount of EUR 5bn

Dividend policy

- The payout policy stipulates a distribution of DKK 8.00 per share in 2012. The annual dividend is to increase by DKK 0.25 per share (DKK 73m) in the subsequent years.
- The payout ratio[2] may however not exceed 60% and not to be below 40% of net profit after tax

- The Board of Directors proposes zero dividend for 2012 (DKK 1.5bn in 2011) following negative net result in 2012

Credit ratings

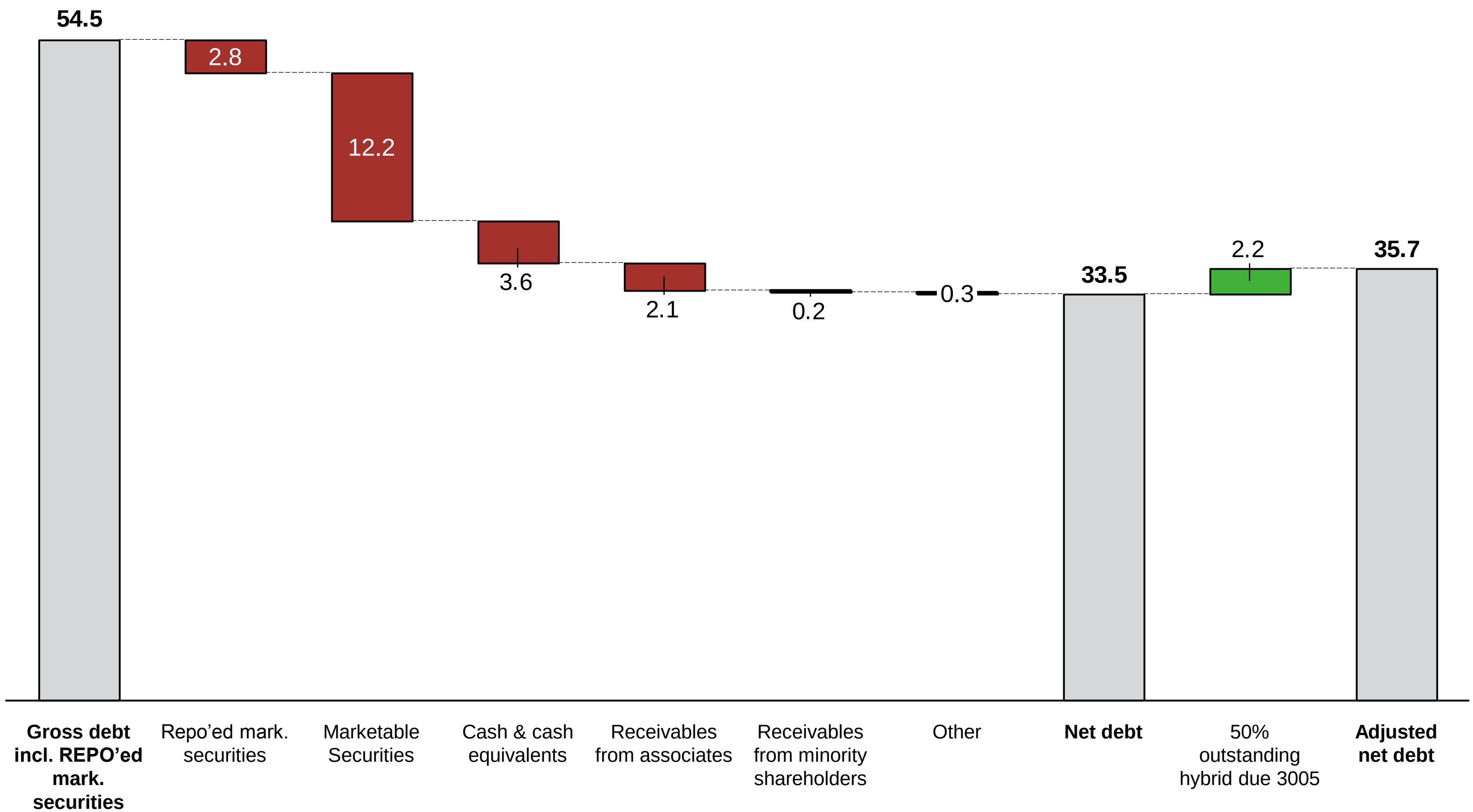
	S&P	Moody's	Fitch
Corporate	BBB+	Baa1	BBB+
Senior bonds	BBB+	Baa1	BBB+
Hybrid capital	BBB- and BB	Baa3	BBB-
Outlook	*Negative*	*Stable*	*Negative*
Last Update	*Feb. 2013*	*Dec. 2012*	*Nov. 2013*

Note (1): Net interest-bearing debt plus 50% of outstanding hybrid capital due 3005 and 0% of hybrid capital due 3010

Note (2): The payout ratio is calculated less coupon after tax to holders of hybrid capital and minority interests' share of profit for the year

DONG energy

Net debt calculation 2012



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Investments

Investments in 2012

Cash flow from investing activities	**-20.0bn**
Purchase of securities (add back)	5.0bn
Transactions with non-controlling interests	0.2bn
Loans to jointly controlled entities (add back)	0.3bn
Other	-0.1bn
Net investments[1]	**-14.6bn**
Sale of assets and companies	-4.3bn
Transactions with non-controlling interests	-0.2bn
Other	0.1bn
Gross investments	**-19.1bn**

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

Main gross investments in 2012

Wind activities:	**DKK 12.7bn**
▪ London Array	DKK 5.0bn
▪ Walney	DKK 1.8bn
▪ Anholt	DKK 1.2bn
▪ Lincs:	DKK 1.0bn
▪ Sea Installer 1+2	DKK 0.6bn
▪ Gode Wind 1+2	DKK 0.5bn
▪ West of Duddon Sands	DKK 0.3bn
Gas and oil fields:	**DKK 5.1bn**
▪ Laggan-Tormore	DKK 0.9bn
▪ Oselvar:	DKK 0.8bn
▪ South Arne phase 3	DKK 0.7bn
▪ Ormen Lange	DKK 0.5bn
▪ Marulk	DKK 0.5bn
Other:	**DKK 1.3bn**
▪ Distribution	DKK 0.6bn
▪ Thermal Power mainten.	DKK 0.5bn

Larger decided construction projects

Larger projects with production start in 2013-2015						
Project	**Type of project**	**Country**	**MW (1)**	**Commercial operation date(2)**	**Own share of project**	**Announced capex (3)**
London Array(4)	Offshore wind farm	UK	315MW	2013	50%	DKK 8.2bn
Anholt	Offshore wind farm	DK	200MW	2013	50%	DKK 5bn
Lincs(4)	Offshore wind farm	UK	67.5MW	2013	25%	DKK 1.5bn
Syd Arne phase 3	Oil/gas field	DK	n.a.	2013	36.8%	DKK 2.7bn(5)
Laggan-Tormore	Oil/gas field	UK	n.a.	2014	20%	DKK 4.3bn
West of Duddon Sands(4)	Offshore wind farm	UK	194.5MW	2014	50%	DKK 5.7bn
Sea Installer 2	Installation vessel	n.a.	n.a.	2014	51%	DKK 0.9bn
Borkum Riffgrund 1	Offshore wind farm	DE	139MW	2015	50%	EUR 0.6bn
Westermost Rough	Offshore wind farm	UK	210MW	2015	100%	EUR 1bn
Hejre	Oil/gas field & Terminal	DK	n.a.	2015	60%	DKK 9.2bn

Note (1): DONG Energy's share of MW.
Note (2): Commercial Operation Date (COD). First power may occur up to one year prior to COD.
Note (3): DONG Energy's share of capex (at prevailing exchange rates on announcement date)
Note (4): Expected proceeds from sale of transmission assets subtracted from capex
Note (5): Additional capex following acquisition of Noreco's share in South Arne field is added (DKK 0.2bn)

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