DONG ENERGY
INVESTOR PRESENTATION

12 May 2016

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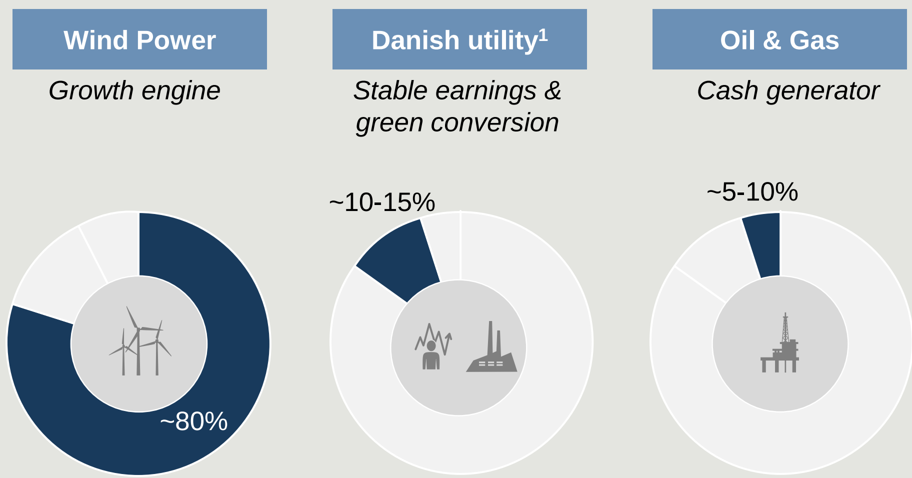
Intention to float announcement

- DONG Energy confirms its intention to proceed with the next step towards an IPO and listing
- Barring unforeseen circumstances and subject to prevailing market conditions, the IPO could be launched for a listing in summer 2016
- The intended IPO is expected to consist of a sale of at least 15 per cent of the existing shares in the company by the current shareholders of DONG Energy other than employee shareholders
- The final offer size will be communicated in the publication of the prospectus. No new share capital will be raised in the IPO
- The Danish State will sell part of its current shareholding in the IPO, while maintaining 50.1% shareholding in DONG Energy after an IPO

DONG energy

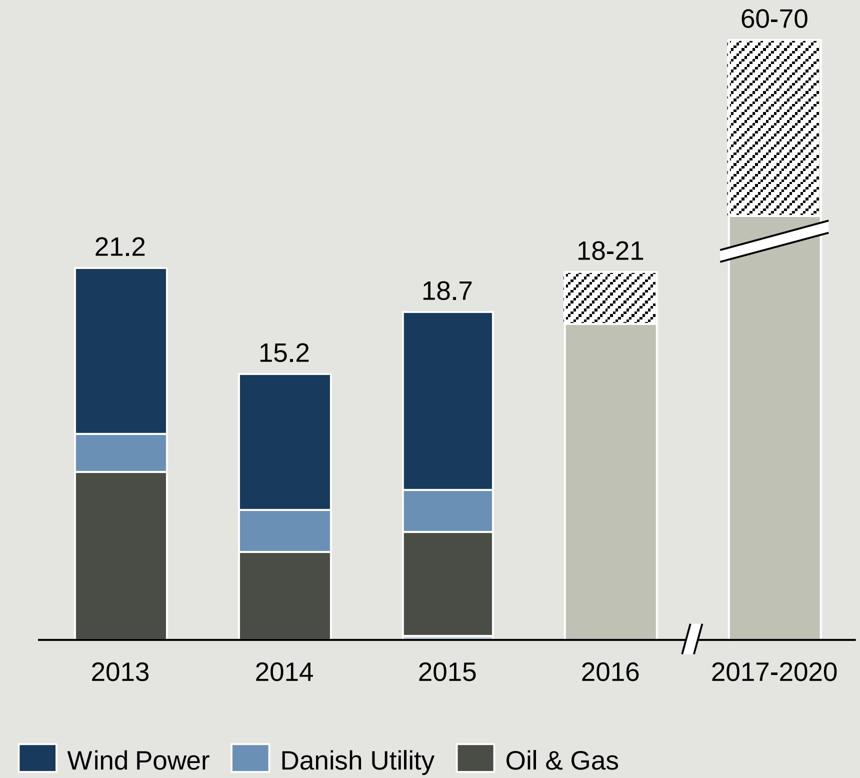
Capital allocated to renewables

Gross CAPEX expected
Split 2016-2020, %



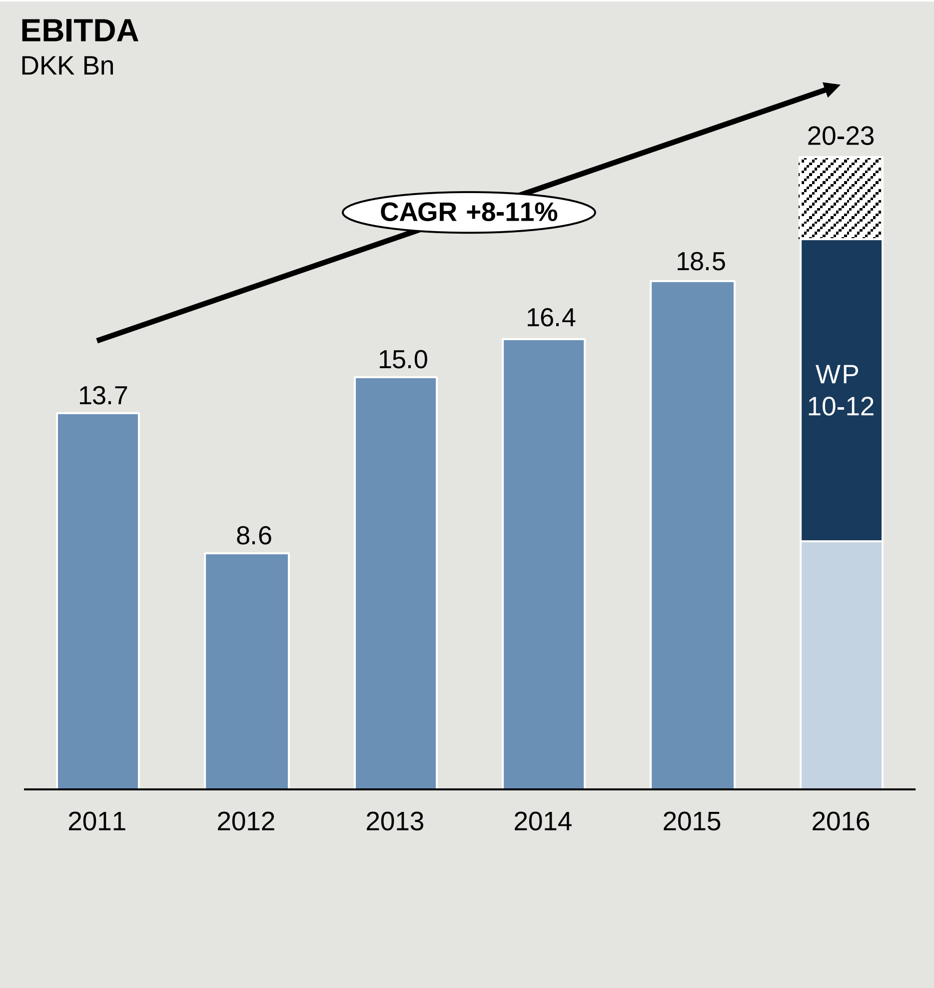
- Investments focused on DONG Energy's differentiated capabilities within renewables and offshore wind in particular
- Investments within Danish utility focused on conversion to biomass firing, new bioenergy technologies and investments in power distribution grid and remote power meters (increasing Regulatory Asset Base, RAB)
- Oil & Gas managed for cash with free cash flow directed towards investments in renewables

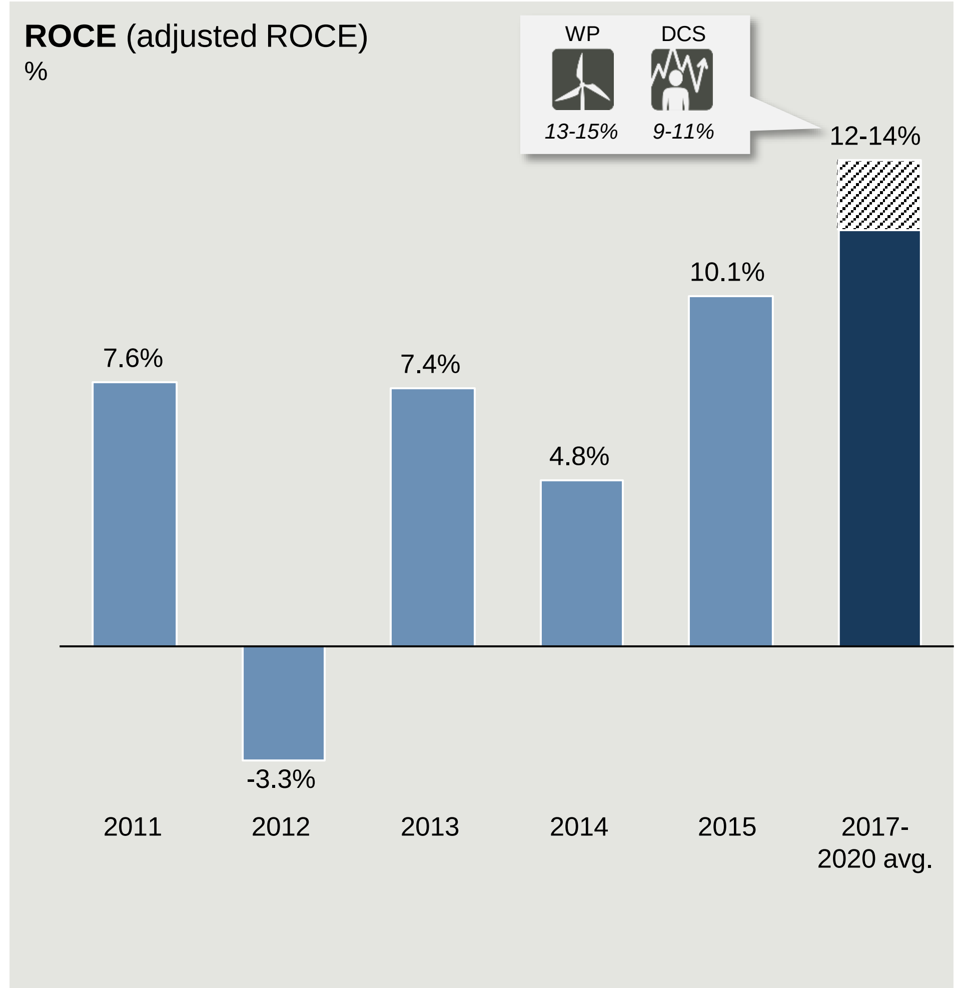
Expectation gross CAPEX
DKK Bn



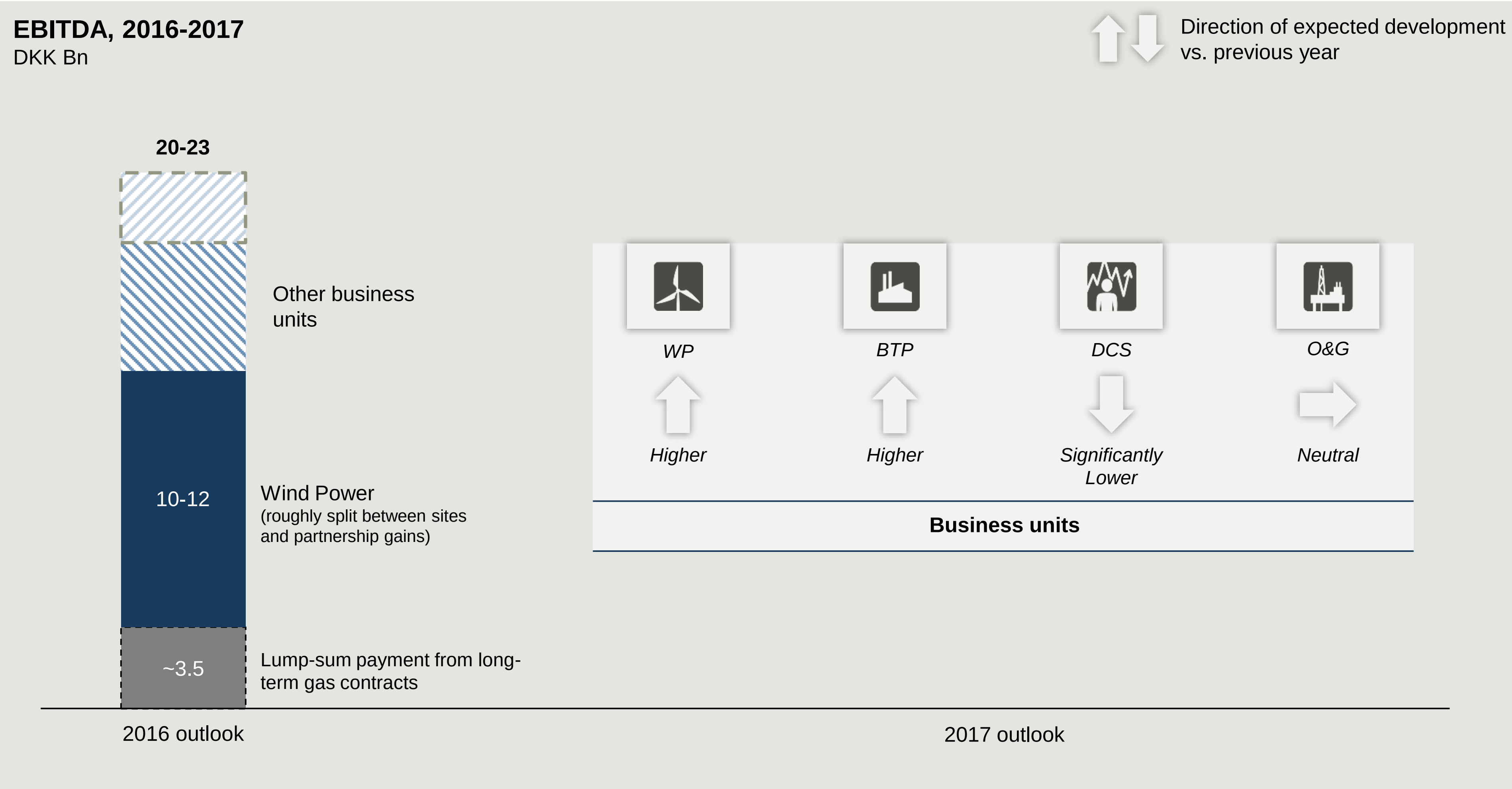
1. Danish Utility encompasses the business units Bioenergy & Thermal and Distribution & Customer Solutions

Growing earnings and returns





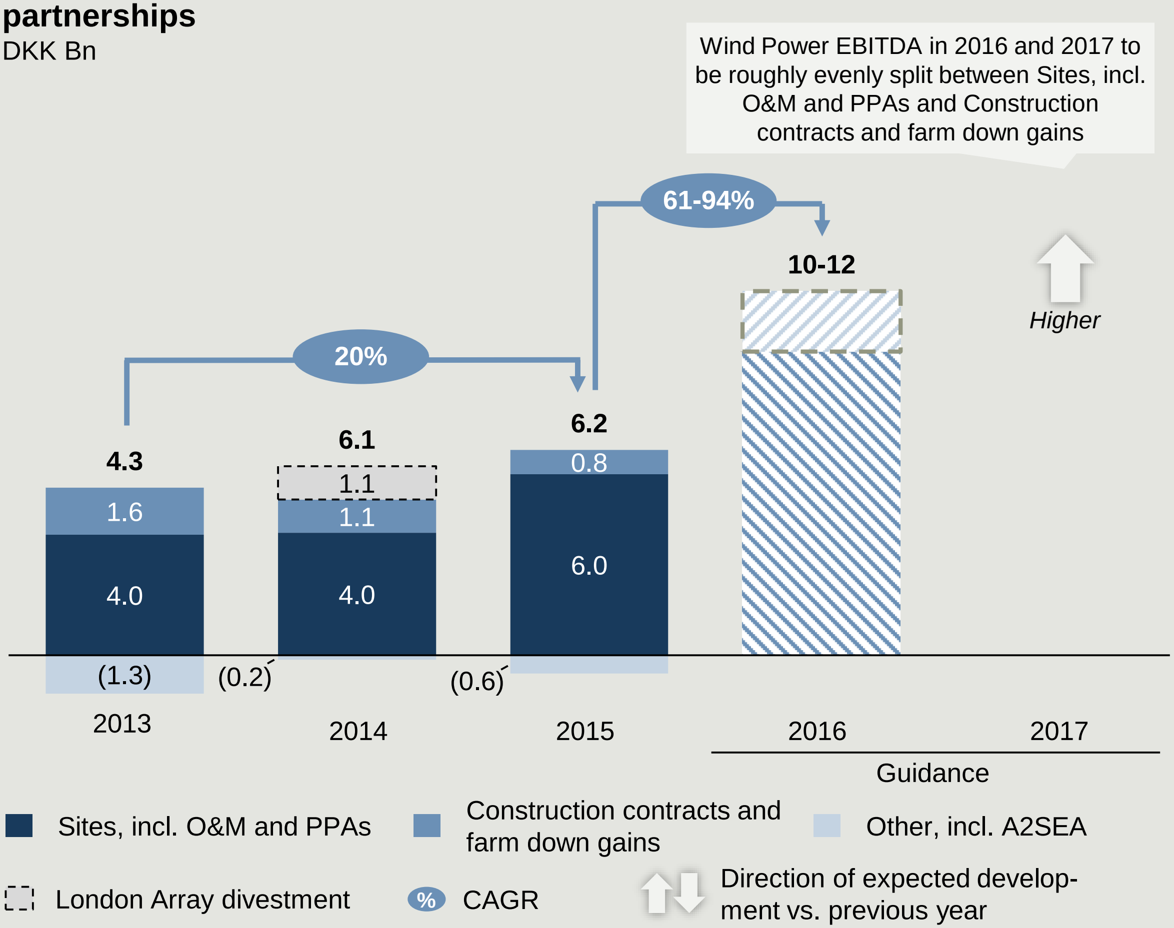
Directional business unit guidance for 2016-2017



Wind Power – continued earnings growth

Strong Wind Power EBITDA growth from operating assets and partnerships

DKK Bn



Key commentary

- Notwithstanding DONG Energy's strong track-record in farm downs, the EBITDA outlook for 2016 and 2017 is sensitive to the timing of the expected farm downs
- Wind Power EBITDA in 2016 and 2017 to be roughly evenly split between Sites (incl. O&M and PPAs) and construction contracts and farm down gains

2015 to 2016

- ↑ Ramp up of power generation from Borkum Riffgrund 1[1] and Gode Wind 1&2[2]
- ↑ Substantially higher activity and earnings on construction agreements from Gode Wind 1&2, Burbo Bank Extension and an additional farm down in 2016
- ↓ Expensed project development costs expected to increase due to the build-up of the post-2020 pipeline

2016 to 2017

- ↑ Ramp up of power generation from Gode Wind 1&2 and Burbo Bank Extension
- ↑ Higher total earnings from construction agreements and farm-down gains. Two farm-downs assumed in 2017[3] and construction work to cover remaining work on Burbo Bank Extension as well as work related to farm-downs made in 2016 and 2017

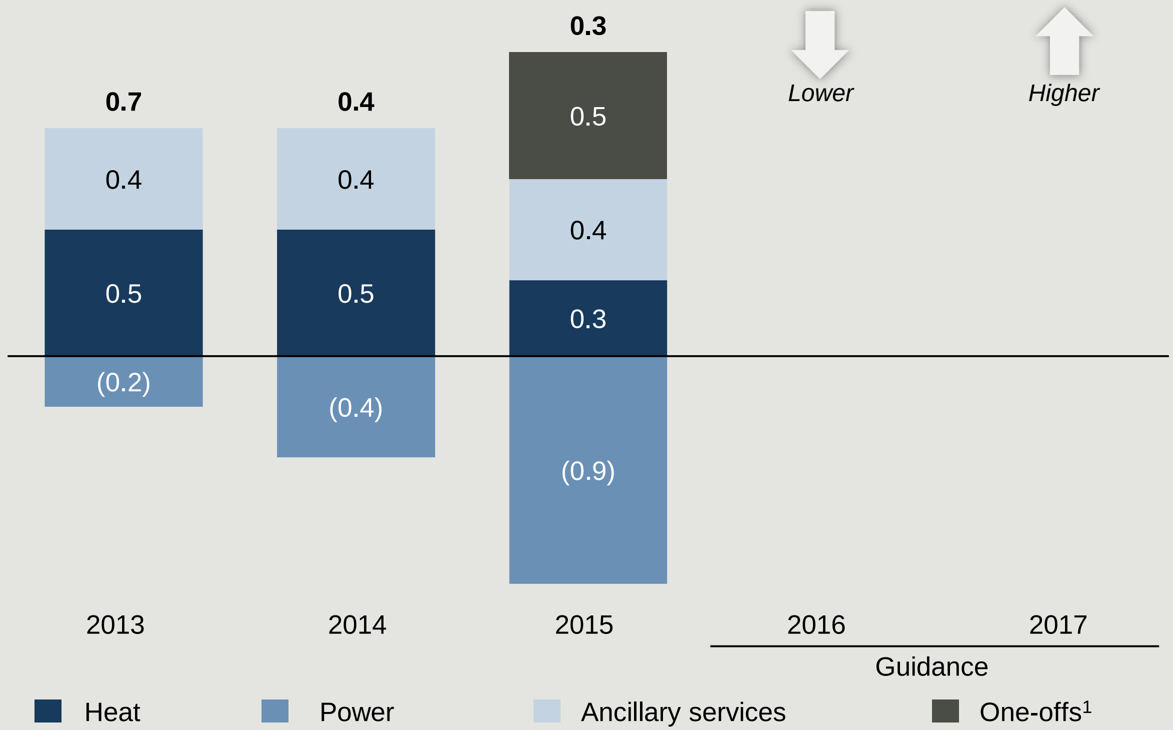
1. Commissioned in 2015
2. Expected to be commissioned in 2016
3. The farm-downs do not include Hornsea 1, which is expected to be farmed-down in 2018

BTP – earnings driven by biomass conversions

EBITDA and directional guidance

DKK Bn

Direction of expected development vs. previous year



Key commentary

- Heat EBITDA is expected to more than double from 2015 when the bio-conversions under construction are completed

2015 to 2016

- Stable heat volumes but higher earnings per MWth following bio-conversions of Studstrup and Avedøre towards the end of the year, while a moderate recovery of the power market environment is expected
- Ancillary services to exhibit steady development
- 2015 positively impacted by one-off settlements

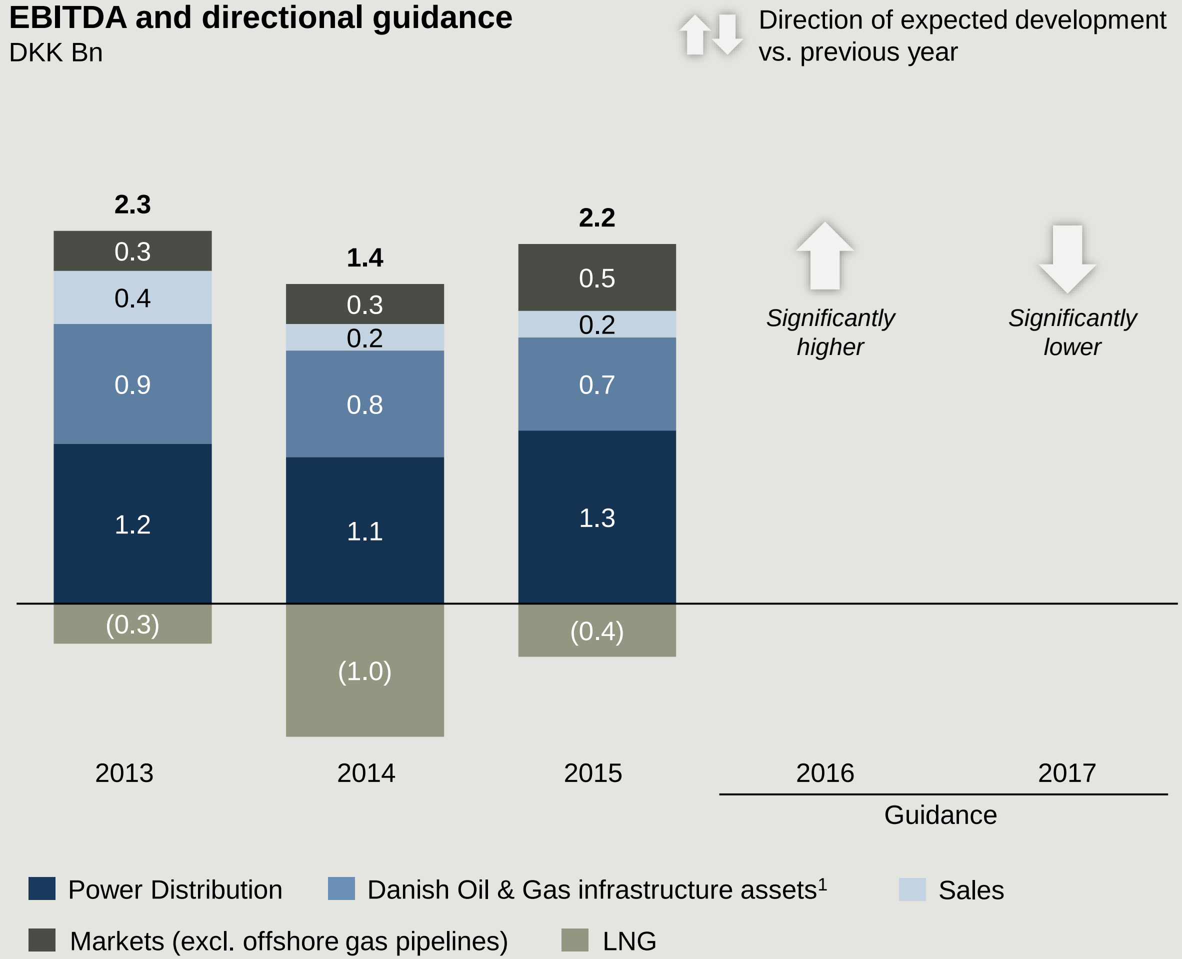
2016 to 2017

- Bio-conversion of Skærbæk and full-year effect of new heat contracts on Avedøre and Studstrup to improve the combined heat and power EBITDA due to (I) tax advantage; (II) up front CAPEX contribution; (III) improved cost sharing; (IV) sharing of CHP advantage; (V) avoidance of forced power production via bypass etc.; (VI) contractual coverage of forced power production
- Ancillary services to exhibit steady development

1. One-off compensation of DKK 488 MM received in 2015 from dispute settlement regarding CO_2 allowances from 2005 and 2006, and insurance compensation

DCS – earnings anchored in stable Power Distribution business

EBITDA and directional guidance
DKK Bn



Key commentary

2015 to 2016

- ⬆ Renegotiations of long-term gas sourcing contracts with assumed receipt of DKK 3.5 Bn
- ➡ Power Distribution and Sales to remain stable
- ⬆ LNG activities to be slightly better than 2015
- ⬇ Lost EBITDA from sale of Oil & Gas infrastructure assets

2016 to 2017

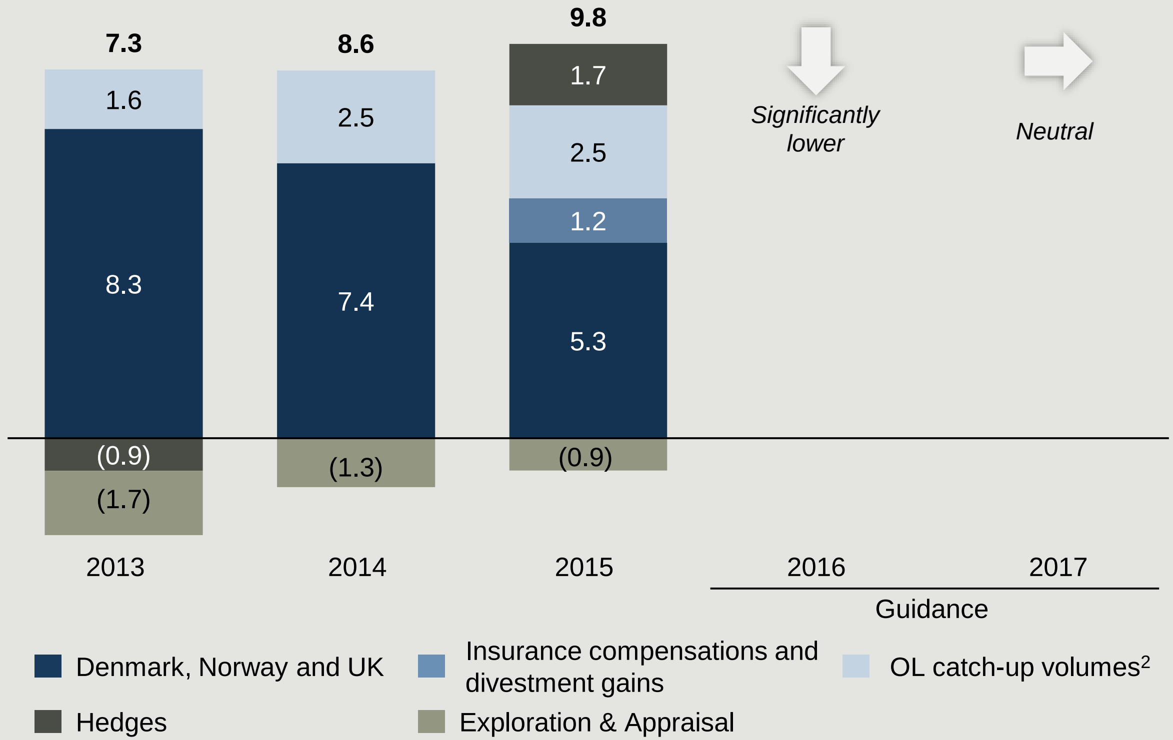
- ➡ Power Distribution and Sales to remain stable
- ⬆ LNG slightly better in near-term and stable in the medium-term
- ⬇ Lump-sum payments in 2016 negatively impacting y/y comparison for Markets in 2017
- ⬇ Full year effect of assumed gas- and oil pipeline divestments

1. Including Stenlille gas facility divested in 2014

Oil & Gas – Lower volumes and prices partly offset by hedging

EBITDA pre-HCT[1] and directional guidance
DKK Bn

Direction of expected development vs. previous year



Key commentary

- Overall oil and gas volumes to be lower throughout the period, despite the ramp-up of Laggan-Tormore, due to the reduced impact of the Ormen Lange redetermination

2015 to 2016

- ↑ Ramp-up of production from Laggan-Tormore
- ↑ Restructuring and refocus of business model will improve earnings due to reduced spend
- ↓ Net effect of lower oil and gas forward prices (and related FX) despite high hedge ratio (hedging done after tax)
- ↓ Significant decline in Ormen Lange catch-up volumes
- ↓ Insurance compensations and divestment gains received in 2015 not expected to be repeated in 2016
- ↓ Hejre related OPEX provision regarding termination of contracts (vessels etc.)[3]

2016 to 2017

- ↑ Restructuring and refocus of business model will improve earnings due to reduced spend
- ↑ Hejre OPEX provision in 2016 not repeated
- ↓ Production assumed to be lower than in 2016 due to decline in production from existing fields only partly offset by ramp-up in production from Laggan-Tormore

1. Hydrocarbon tax constitute DKK 1.1 Bn, DKK 3.5 Bn and DKK 2.6 Bn for the years 2013, 2014 and 2015 respectively
2. EBITDA effect of the Ormen Lange catch-up volumes
3. Offset by reversal of CAPEX provision in impairment losses (EBIT and total provisions unchanged)

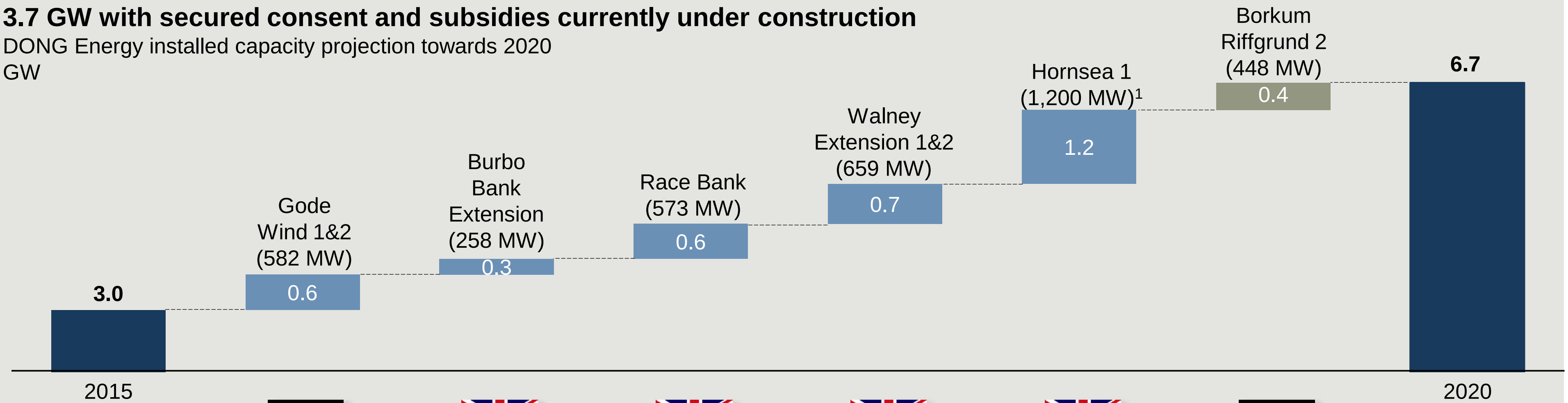
DONG energy

Secured revenue through robust and highly visible offshore wind build-out plan until 2020

3.7 GW with secured consent and subsidies currently under construction

DONG Energy installed capacity projection towards 2020

GW



Country						
FID timing	November 2013	December 2014	June 2015	October 2015	February 2016	Expected Q2 or Q3 2016
Expected commissioning	Q3 2016	Q2 2017	H1 2018	H2 2018	2020	2019
Current progress						
On budget	✓	✓	✓	✓	✓	NA
Subsidy regime	Feed-in tariff	CfD[2]	ROC	CfD[2]	CfD[2]	Feed-in tariff
Subsidy level	194/154/39 EUR/MWh[3]	150 GBP/MWh	1.8 ROC/MWh	150 GBP/MWh	140 GBP/MWh	184/149/39 EUR/MWh[3]
Subsidy expiry	2036	2032	2037	2033	2036	2039

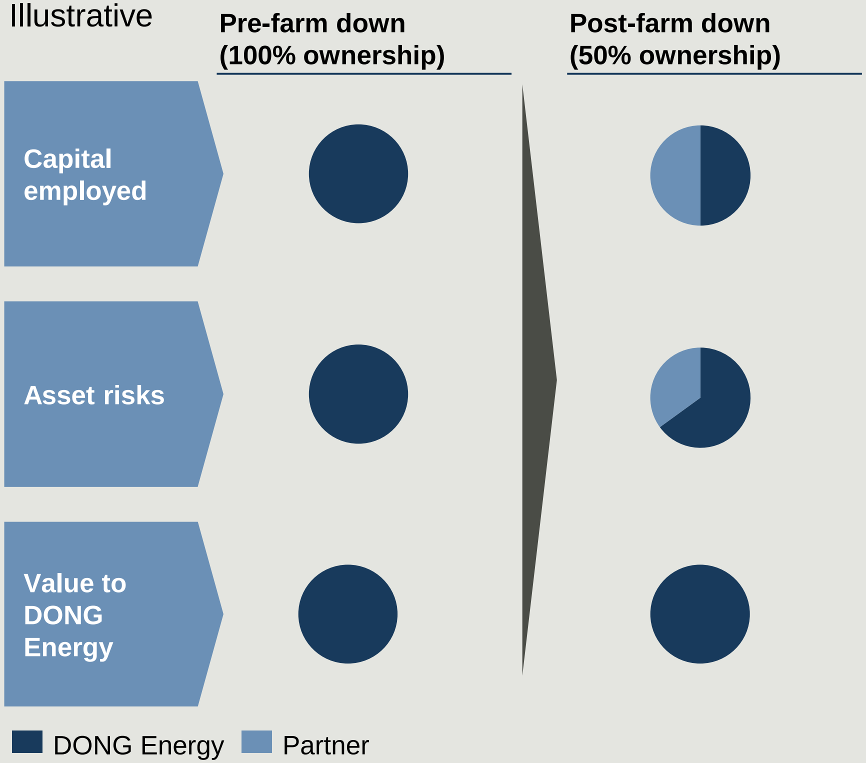
1. The export capacity of Hornsea 1 is 1,200 MW determined by the boundary of the facility (offshore substations), while the aggregated installed generator capacity is 1,218 MW
2. Contract for difference, indexed with CPI
3. Phase 1 for 8 years, phase 2 for 21 months (28 months for Gode Wind 2) and phase 3 (floor) to year 20

DONG energy

Partnership model allows for significant portfolio value with less capital and reduced risk

Significant up-front value realisation from partnership model

Illustrative



DONG Energy brings in partners at a price around DONG Energy's cost of capital, thereby allowing for value realisation to invest in new value creating projects

Multiple portfolio benefits from partnership model

- ✓ Recycle capital
- ✓ Upfront value creation
- ✓ Risk diversification
- ✓ Scale and standardisation from large portfolio

DKK +42 Bn secured between 2010-2016

Examples of wind farm partnerships[1]

talanx.[2] Insurance. Investments
PGGM
Global Infrastructure Partners
Masdar – A Mubadala Company
Ampere Equity Fund
KIRKBI
Stadtwerke Lübeck
William Demant
Marubeni
Lærernes pension
Lægernes Pensionskasse
pka
Green Investment Bank
Industriens Pension
PensionDanmark
Caisse de dépôt et placement du Québec

1. Excludes utilities and other strategic partners such as Siemens, Vattenfall, SSE, Scottish Power, Centrica, and E.ON
2. Cornerstone bond investor in Global Infrastructure Partners' acquisition of 50% of Gode Wind 1

DONG energy

Wind Power value drivers

Key drivers[1]

	Execution Assets[2]
Load Factor	48-50% (weighted average) Burbo Bank Extension is an outlier with lower than average expected load factor
COGS	Primarily include BSUoS and TNUoS charges for UK wind farms[3], as well as balancing and other fees
OPEX	Expected to decrease in the long-term from current level for existing operating assets of ~DKK 15.0-17.0 MM/MW (2015 real terms) due to cost-out initiatives and increasing scale of portfolio. OPEX per MW expresses the total lifetime cost
CAPEX[4,5,6]	DKK 22-24 MM/MW (weighted average in 2015 prices)
Partnerships	DONG Energy brings in partners at around its cost of capital Farm down timing expected 12-24 months after FID

	Name	Capacity (MW)	Year commissioned	Ownership
Execution assets	Gode Wind 1	330	Q3 2016	50%
	Gode Wind 2	252	Q3 2016	50%
	Burbo Bank Extension	258	Q2 2017	50%
	Race Bank	573	H1 2018	100%
	Walney Extension	659	H2 2018	100%
	Borkum Riffgrund 2 (pending FID)	448	2019	100%
	Hornsea 1	1,200	2020	100%

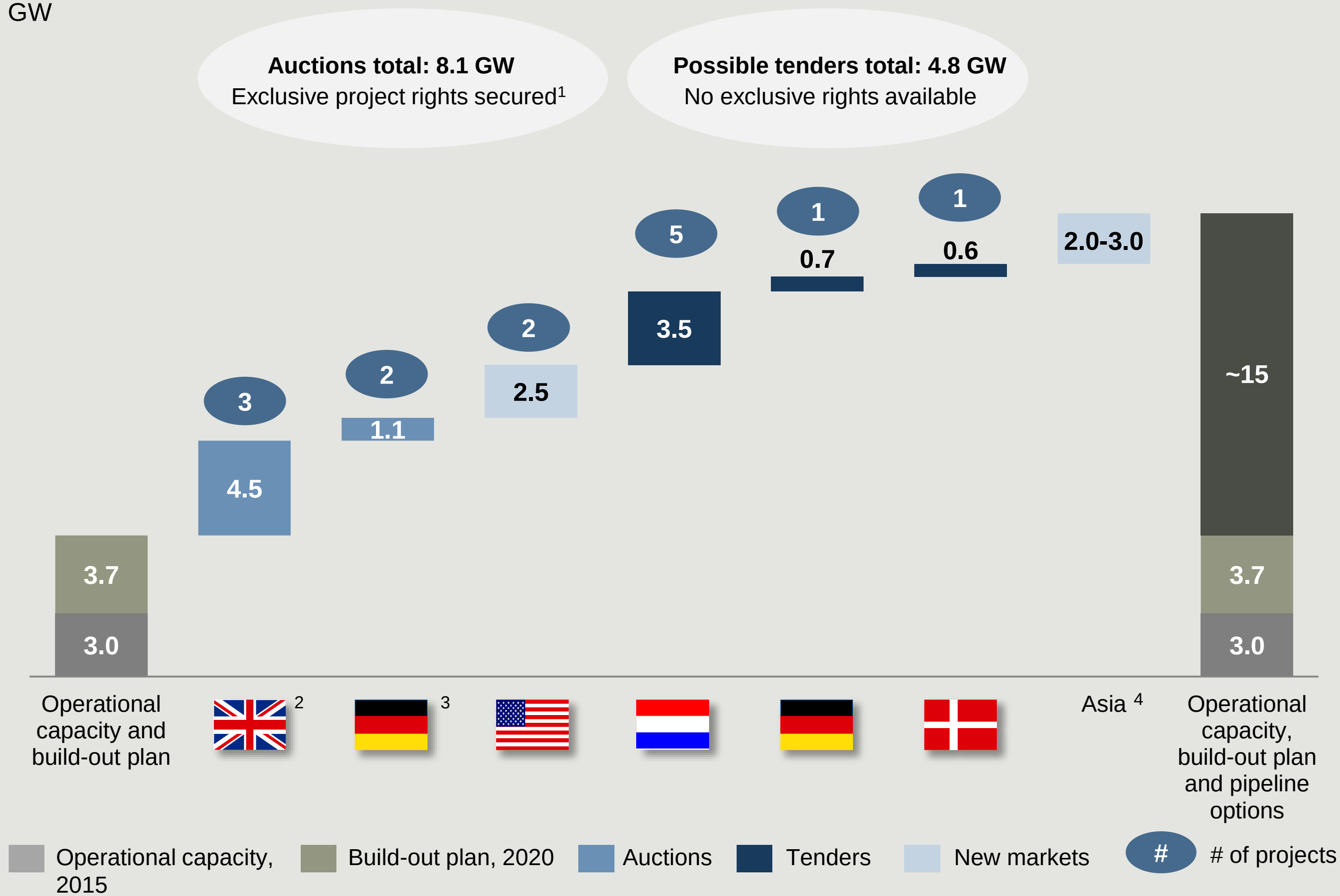
1. Based on life-cycle calculations
2. Includes Gode Wind 1+2, Burbo Bank Extension, Race Bank, Walney Extension, Borkum Riffgrund 2 and Hornsea 1
3. For more information on BSUoS (Balancing Services Use of System) and TNUoS (Transmission Network Use of System) charges please see http://www2.nationalgrid.com/bsuos/ and http://www2.nationalgrid.com/UK/Industry-information/System-charges/Electricity-transmission/Transmission-network-use-of-system-charges/, respectively
4. Incl. contingency and management reserve and allocated group overheads and excl. OFTO
5. DONG Energy incurs project development costs and 100% of the CAPEX prior to FID and pre-farm down, which is not accounted for in this multiple (following farm-down DONG Energy incurs 50% of CAPEX)
6. Please refer to page 75 of DONG Energy's 2015 Annual Report for detail on share of already invested CAPEX in Wind Power property, plant and equipment under construction as of 31 December 2015

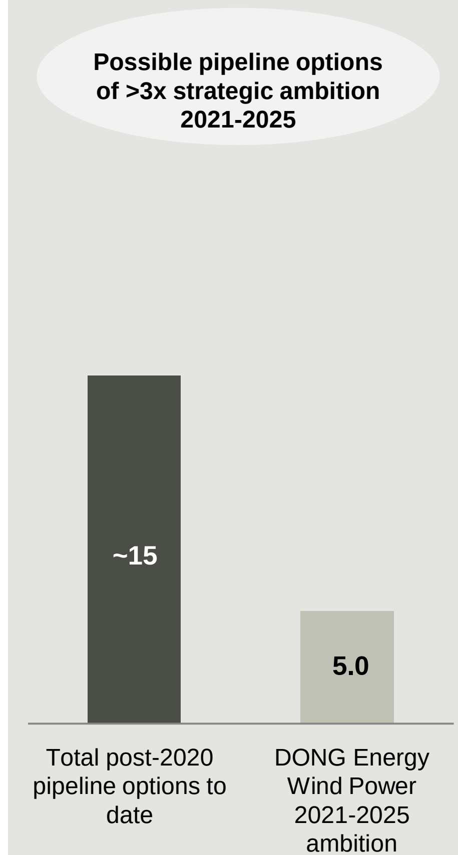
DONG energy

Substantial growth options post-2020 with secured project rights in the UK, Germany and the U.S.

Pipeline options to date for 2021-2025 construction

GW

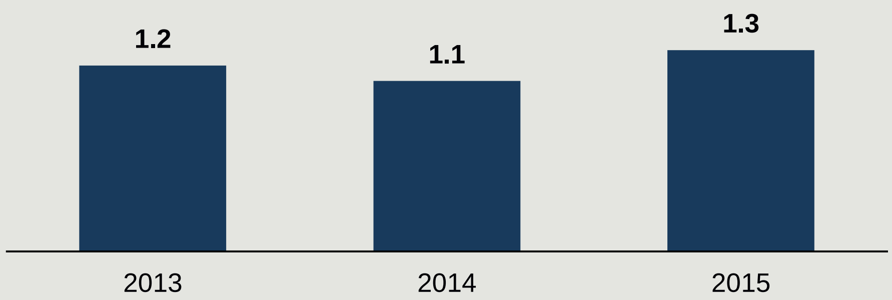




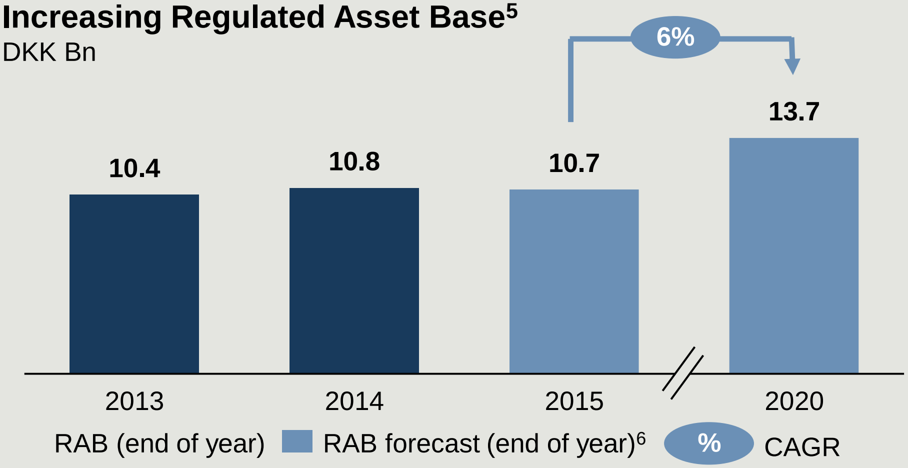
1. Subsidies, grid connections and planning consents have not yet been secured
2. Includes Isle of Man project of 700 MW
3. In relation to Gode Wind 3, we have entered into a conditional purchase agreement for the expected 90 MW project rights. The agreement is conditional on certain conditions precedent being satisfied by the seller
4. China, Japan and Taiwan

Attractive and stable earnings in Power Distribution

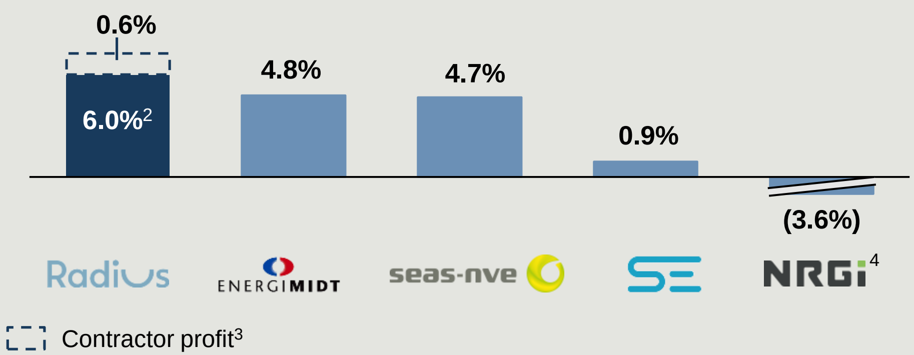
Stable earnings
Power Distribution EBITDA
DKK Bn



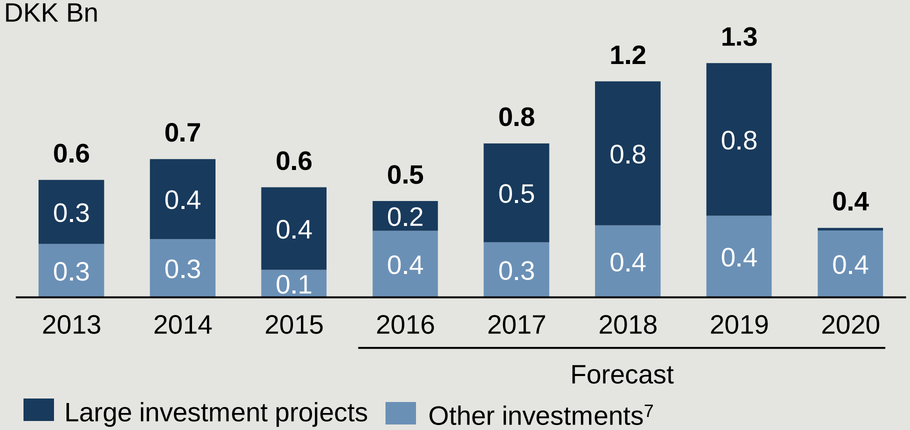
Increasing Regulated Asset Base[5]
DKK Bn



High profitability relative to peers[1]
Return on power assets, % of regulatory asset base, 2010-2014



Larger investments drive RAB growth
DKK Bn



Source: Regulatory accounts published by Danish Energy Regulatory Authority

1. Return of peers does not include possible contractor profit
2. Regulatory return consists of 5.3% ordinary return and 0.7% excess return
3. Contractor profit defined as contractual purchase of services from DONG Energy Sales & Distribution (non-regulated) on arm's length basis. Income from contractor profit is recognised in DONG Energy
4. Corrected for pension adjustments
5. Under the new regulation, RAB will be inflation adjusted
6. Investments in RAB are acknowledged as an investment when put in use, not when the cash is spent. Assets under construction of DKK 0.5 Bn not yet included in RAB EoY2015
7. Other investments include reinvestments, new connections and other investments

Resilient heat production business with a growing contribution from converted biomass plants

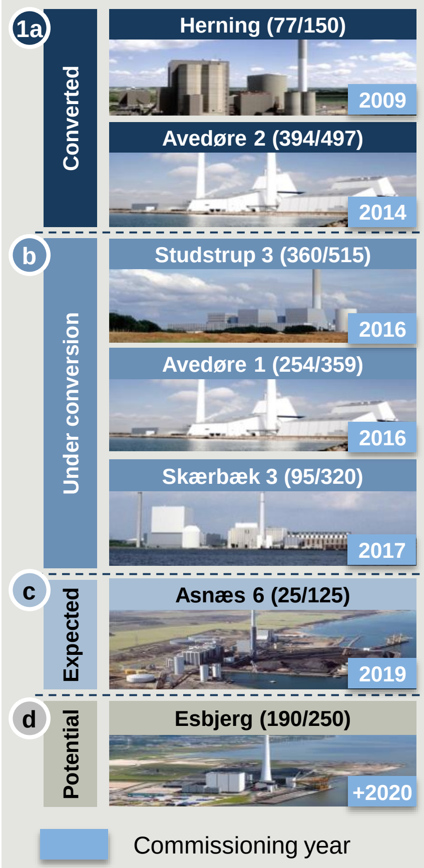
Transformation of business model is well underway

From	To
Fossil-fired	Biomass-fired
Power (heat as by-product)	Heat (power as by-product)
High commodity exposure	High share of regulated earnings

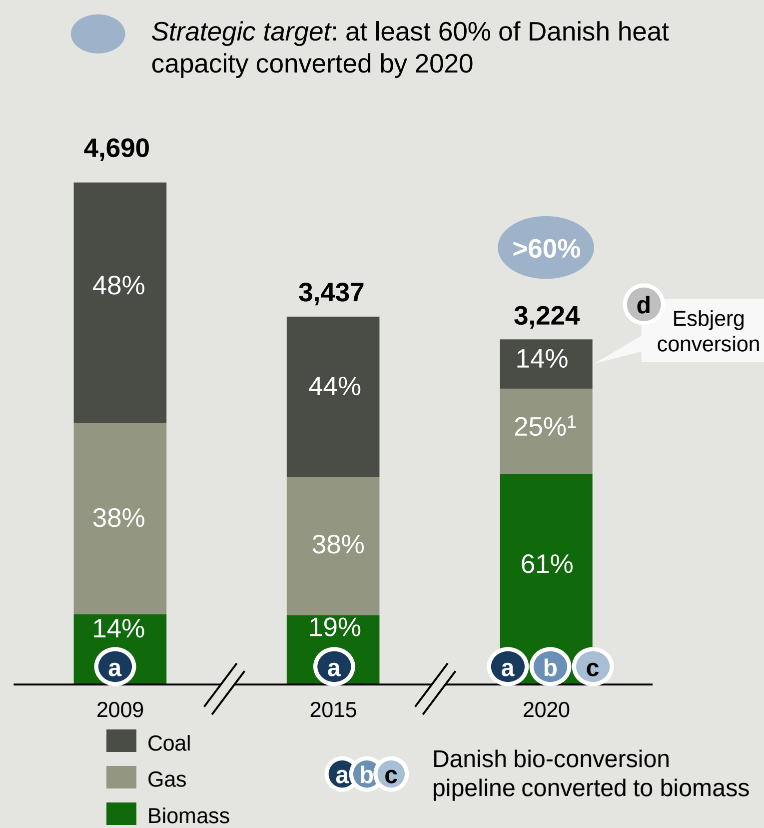
A platform for growth – incubator for new bioenergy technologies

On track to meet ambitious biomass strategic target

Conversion CHP (MWe/MWth)[1]



DONG Energy heat capacity per fuel type (MW, %)



1. H.C. Ørsted and Svanemøllen heat contracts expire 2025-2030

DONG energy

Strong, low-cost asset portfolio centred around three high-quality, cash generative assets

Low-cost, sizeable and well positioned portfolio

Focused North Western European footprint with more than 30 years of experience

Attractive lifting costs[1] of 7.3 USD/Boe in 2015 across portfolio

Diversified 2P reserve base of 238 MM Boe[2]

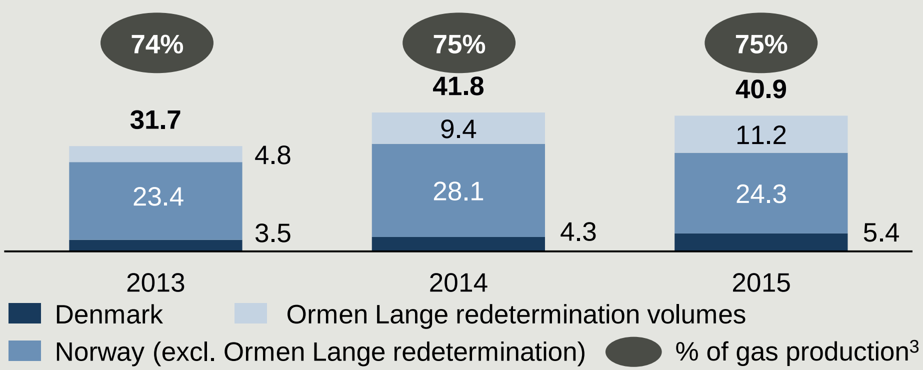
2016 and 2017 production almost fully hedged at USD 80/bbl for oil and 20 EUR/MWh for gas

Three attractive high-quality assets constituting ~75% of production in 2015

Country	Asset	Working Interest	Operator
Norway	Ormen Lange	14%	
Denmark	Syd Arne	37%	HESS
UK	Laggan-Tormore	20%	TOTAL

Material gas-weighted production

Annual production
MM Boe



Hejre project status

Platform EPC contract terminated. As a result, the platform will not be completed and the Hejre project in its current form has been stopped.

DONG Energy and Bayerngas are jointly assessing redevelopment options for the Hejre area with two possible outcomes

1. Monetisation through redevelopment - In any redevelopment option, DONG Energy will seek to reduce equity exposure and review a new operatorship model
2. Abandonment - DONG Energy's assessment is that the March 2016 provision will provide sufficient coverage

1. Lifting costs calculated as the sum of OPEX and processing cost divided by working interest production. Siri repair costs have been excluded as not part of ordinary operations
2. DONG Energy 2P reserves as of Q1 2016
3. Gas production as a proportion of total production (gas plus liquids). Liquids defined as oil, NGL and condensate

DONG energy

O&G business managed for cash – targeting positive free cash flow from 2017

5 key pillars of O&G way forward

Exploration and appraisal investments kept to a minimum

Honour existing licensing commitments and support continued optimisation of core assets

Significant cost reductions

Contract renegotiations, activity adjustments and headcount reductions

No new development projects

Value of current development projects will be maintained for potential monetisation subject to market conditions and commerciality[1]

Optimisation of asset portfolio

Focus on core low-risk, low-cost, long-term assets

No new operator roles

Aspiration towards a position as a knowledgeable and active partner of a low-risk portfolio of non-operated assets

Implications

- Focus on building a leading O&G business in terms of return on capital employed and cash generation
- Targeted positive free cash flow from 2017 onwards, including DONG Energy's hedging position
- Medium-term free cash flow break-even price at a level around USD 35/bbl[2]
- Positive cash flow from O&G to support future investments in renewable technologies

The outlined direction is a matter of strategic choice and, as such, independent from potential future increases in oil and gas prices

1. DONG Energy may however still invest in field extensions or build-out near existing producing assets and already initiated developments, including at or in the Hejre area
2. Based on current forecast

Financial outlook, medium-term targets and policies

EBITDA outlook 2016

Group	DKK 20-23bn

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

Business Unit EBITDA direction

	FY2016 vs. FY2015	FY2017 vs. FY2016
WP	FY2016: DKK 10-12bn[1]	Higher
BTP	Lower	Higher
DCS	Significantly higher	Significantly lower
O&G	Significantly lower	Neutral

Gross investment outlook 2016

Group	DKK 18-21bn

- The reduced gross investment expectation reflects the decision to terminate the Hejre project in its current form as well as timing differences in offshore wind farm projects

Return on capital employed (ROCE) targets

Group	12-14%	Avg. 2017-2020
WP	13-15%	Avg. 2017-2020
DCS	9-11%	Avg. 2017-2020

Free cash flow targets

O&G	Positive	2017
BTP	Positive	2018

Financial policies

Rating	Min. Baa1/BBB+/BBB+
FFO/Adjusted net debt	Around 30%

Dividend policy: Subject to the completion of the IPO, DONG Energy intends to update its dividend policy to be as follows:

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

1. Wind Power guidance for FY2016 of DKK 10-12bn is significantly higher than FY2015 (DKK 6.2bn)

DONG energy

DONG Energy – a clean energy growth story

Key investment highlights

1. Global leader in the attractive offshore wind market
2. Differentiated competitive position from value chain integration and proven partnership model in offshore wind
3. Robust and highly visible offshore wind build-out plan delivering strong and profitable growth
4. Leading Danish utility with a highly regulated profile and a platform to continue developing innovative renewable technologies
5. Positive cash flow from low-cost, low-risk O&G producing assets invested in renewable energy
6. Highly visible earnings and cash flow growth to support attractive shareholder returns
7. Experienced management team with proven track-record and a capable and passionate organisation

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