

INTERIM FINANCIAL REPORT H1 2014

27 August 2014



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.

H1 2014 highlights

Financials

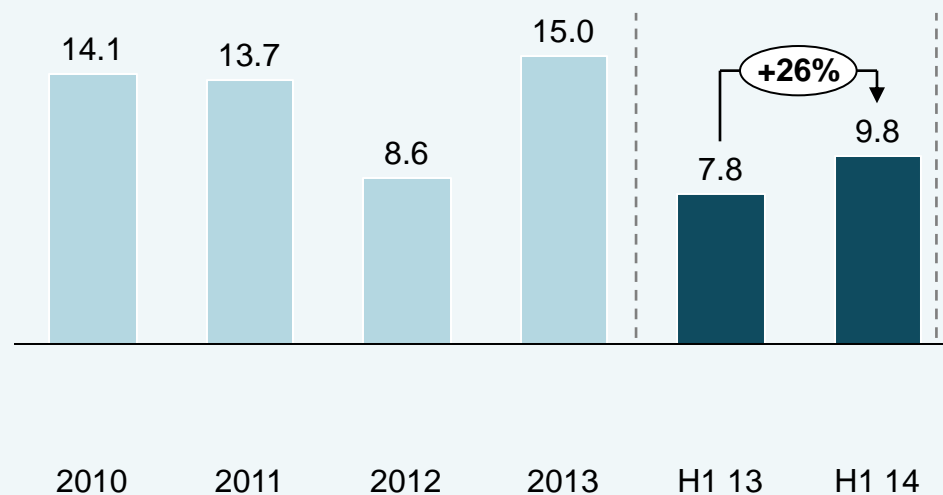


Strong progress

Highlights H1 14

- EBITDA of DKK 9.8bn (up 26% y/y)
- Low net debt level after equity injection and divestments
- FFO¹/Adjusted net debt of 35% (23% in 2013)
- ROCE¹ of 4.1% (7.1% excl. writedowns) – up by 10.4 percentage points vs. H1 13

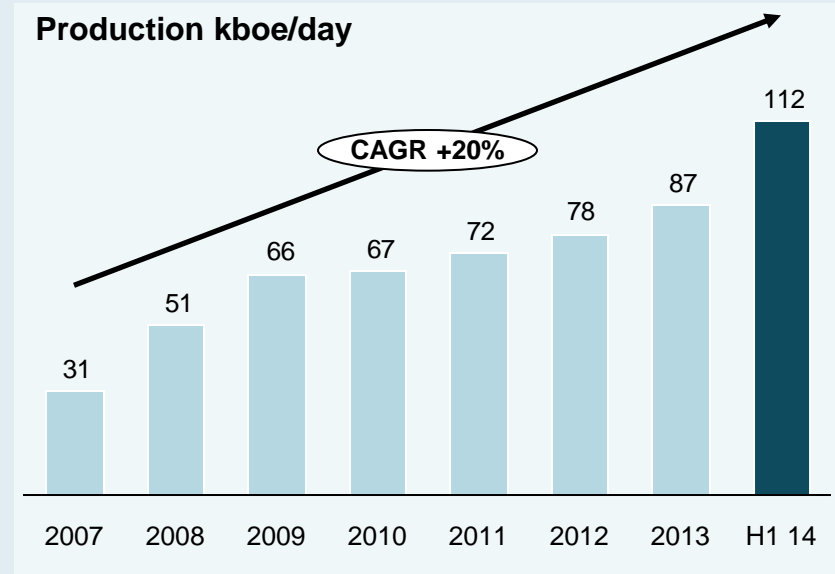
Group EBITDA (DKKbn)



Note (1): Last 12 months

Revised long-term targets for E&P

- Successful production growth in recent years
- However, the E&P business has faced some challenges recently with:
 - Exploration results not living up to the Group's expectations
 - Downward adjustment of gas price forecasts
 - Changed hydrocarbon tax frameworks
 - Delays in ongoing field development projects
- These challenges have prompted a revision of the ROCE target for E&P to around 12% on average for 2015-2020
- Furthermore, E&P will not be driven by a specific volume target going forward but maintain strong focus on value creation and accentuate capital discipline (previous target 150 kboe/day in 2020)
- Alongside a targeted exploration approach, major field developments like Hejre, Syd Arne and West-of-Shetlands will continue to attract significant investments



Recent key events

- **EGM – election of Chairman of the Board of Directors**
 - Thomas Thune Andersen elected at EGM on 7 August 2014
- **Sale of 50% in German offshore wind farm Gode Wind 2**
 - Farm-down an integral part of Wind Power's strategy
 - Divestment to Danish pension funds
 - Price DKK 4.5bn (paid during 2014-2016)
 - Full commissioning of the farm (252MW) expected in 2016
- **Conversion of Skærbæk and Studstrup Power Stations**
 - Cornerstone in reaching a fuel mix in CHP plants in DK of 50% sustainable biomass
 - Green heat agreement (15-20 years) with municipalities
 - The agreements entail conversion of the district heating production from natural gas to wood chips (Skærbæk) and from coal to wood pellets (Studstrup)
 - Total capex: DKK 2.5bn (of which municipalities pay 80%)
- **Rating outlook to Stable**
 - S&P rating outlook to Stable from Negative in May 2014 (Fitch to Stable in Feb 2014)
- **EU Commission authorises UK state-aid for offshore wind farms**
 - EU Commission has in July 2014 approved state-aid for FID enabling CfD contracts for three UK offshore wind farms in DONG Energy's pipeline

CV Thomas Thune Andersen

- Selective current Board Memberships:
 - Lloyd's Register Group (Chairman)
 - VKR Holding A/S (Deputy Chairman)
 - Petrofac
- Previously also Board Member in SSE
- Career:
 - Several executive positions within A.P. Møller Mærsk
 - CEO in Mærsk Oil 2004-2009



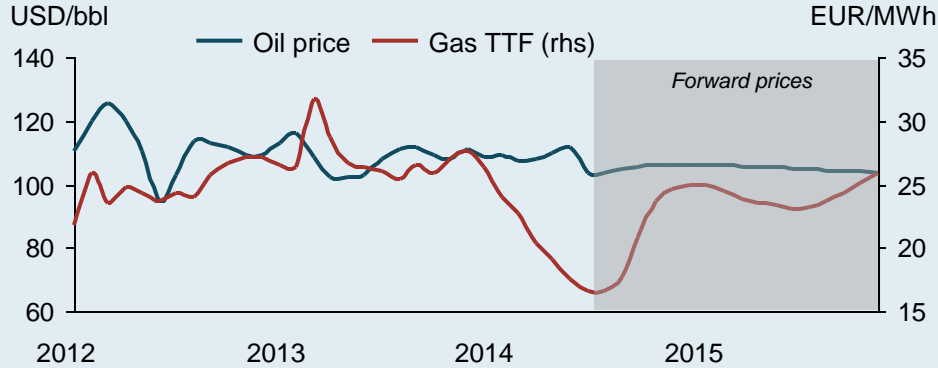
H1 2014 highlights

Financials



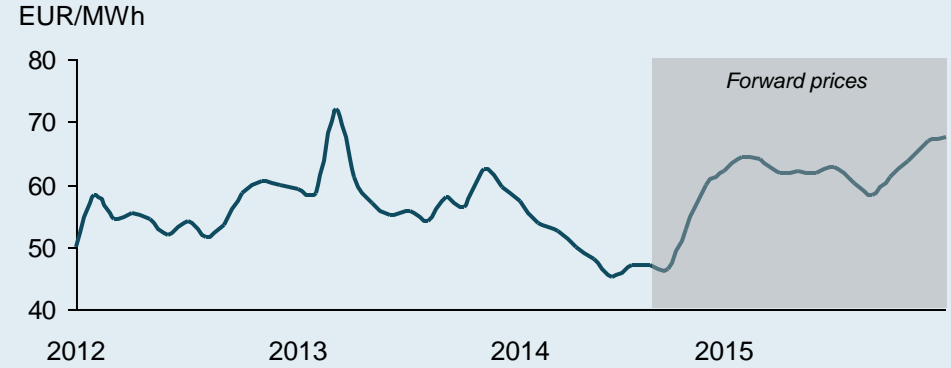
Market conditions and prices

OIL AND GAS PRICE



Source: Platts, Argus

UK POWER PRICE

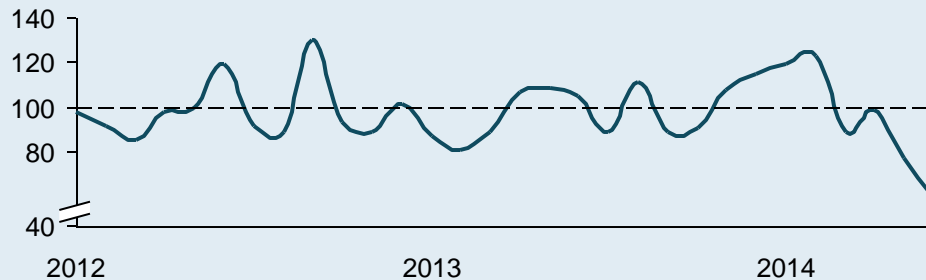


Source: LEBA

WIND ENERGY CONTENT

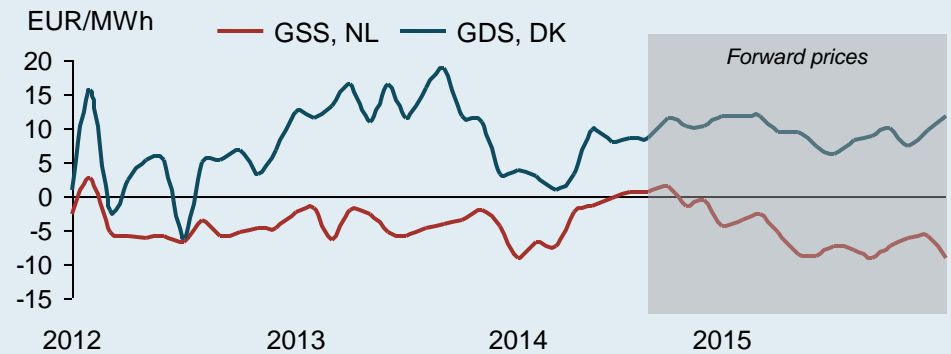
Wind index for DONG Energy's offshore wind farms

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



Source: DONG Energy wind data

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



Source: APX, Argus, Nord Pool, ECX

Financial highlights H1 14

EBITDA – DKK 9.8bn (up 26% y/y)

- ✓ Higher gas production (Ormen Lange redetermination)
- ✓ Gain from divestment of wind farms
- ✓ Full-year effect from Anholt
- ✗ Challenging market conditions for thermal production
- ✗ Lower contribution from WP contractor model

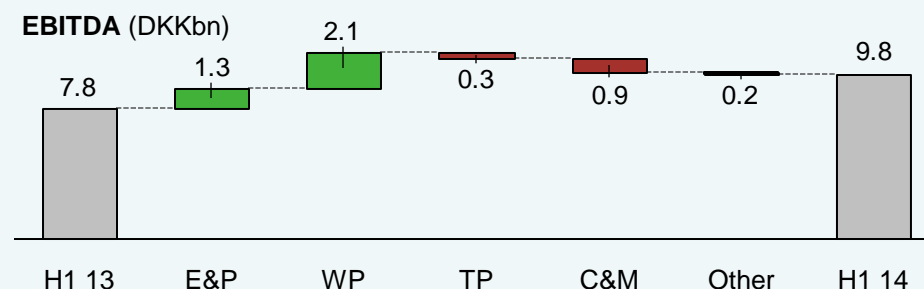
Net debt – DKK 6.4bn (DKK 25.8bn EoY 2013)

- ✓ Strong operating cash flow
- ✓ Divestments offsetting spent capex
- ✓ Equity injection

FFO/Adjusted net debt of 35% (23% in 2013)

- ✓ Low net debt level after equity injection and divestments
- ✓ Strong earnings generation

Selected financials (DKKm)	H1 14	H1 13	2013
Revenue	35,873	39,238	73,105
EBITDA	9,813	7,766	15,004
Net financial items	-1,233	-1,829	-3,801
Net profit	1,429	430	-993
Assets	156,782	147,789	145,672
Equity	67,235	49,089	51,543
Net debt	6,443	31,419	25,803
Operating cash flow	6,621	4,626	9,729
Gross investments	-6,754	-8,394	-21,234
Net investments	810	-3,227	-5,902
FFO ^{1,2} /Adjusted net debt	35.4%	17.4%	23.1%
ROCE ¹	4.1%	-6.3%	0.5%
ROCE excl. oneoffs ^{1,3}	7.1%	1.4%	6.8%



Note (1): Last 12 months.

Note (2): For H1 13, one-off non cash provisions are excluded

Note (3): Excluding one-off non-cash provisions and impairments

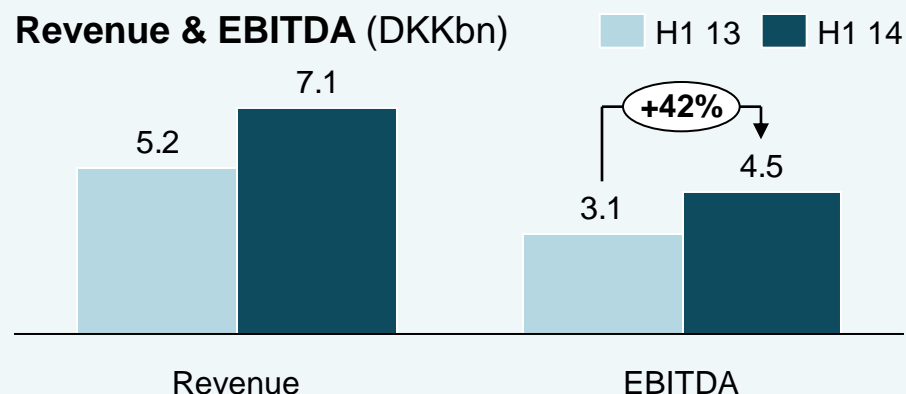
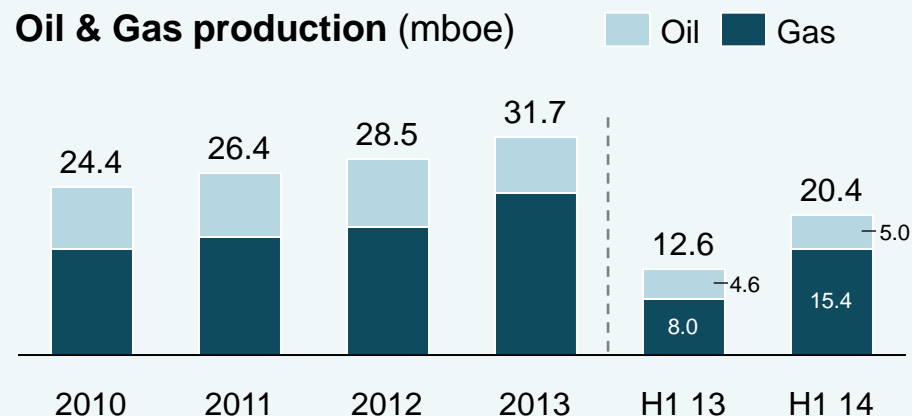
Exploration & Production

Operational highlights H1 14

- Gas production up 93% – primarily due to the redetermination of the Ormen Lange field
- Siri platform – repair work completed in July 2014
- Hejre start-up expected in 2017 (previous assumption 2016) due to delay in engineering of top-side
- Laggan-Tormore: Production start expected to be postponed to 2015 due to delays with construction of the gas treatment plant in Shetland

Financials highlights H1 14 – EBITDA up 42% y/y

- ✓ Significantly higher gas production
- ✗ Higher costs for Siri repair (overall – costs are within the previously announced budget of DKK 3.5bn)
- ✗ Gas price fully hedged, but declining gas price still impacts EBITDA as hedging is conducted post hydrocarbon and corporate tax



Wind Power

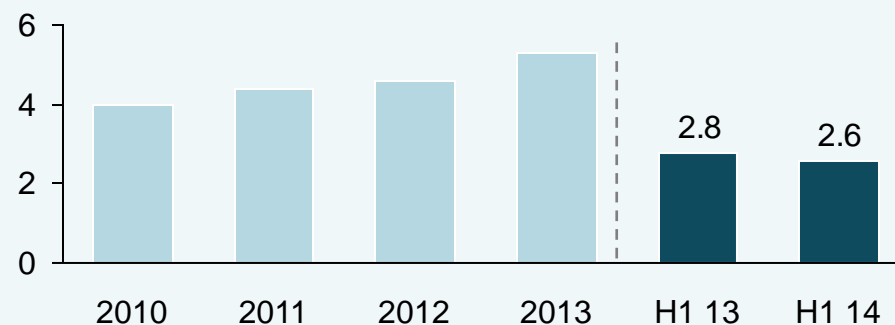
Operational highlights H1 14

- Full-year impact from Anholt partly offset by lost production from divestments (London Array, Swedish hydro plant, Danish & Polish onshore wind)
- Continued high availability (95% in H1 14)
- West of Duddon Sands: All turbines installed (Aug 2014)

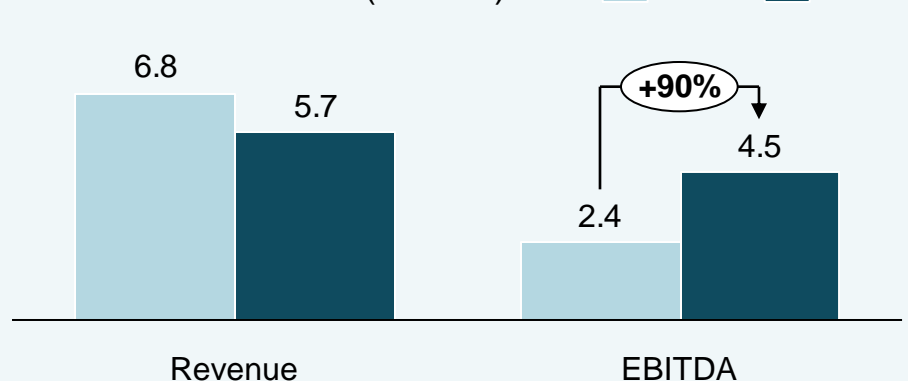
Financials highlights H1 14 – EBITDA up 90% y/y

- ✓ Gain from sale of stakes in London Array and Westermost Rough
- ✓ Full-year production from Anholt
- ✗ Lower earnings contribution from construction contracts for co-investors
- ✗ Earnings dilution from divested activities

Renewable production (TWh)



Revenue & EBITDA (DKKbn)



Thermal Power

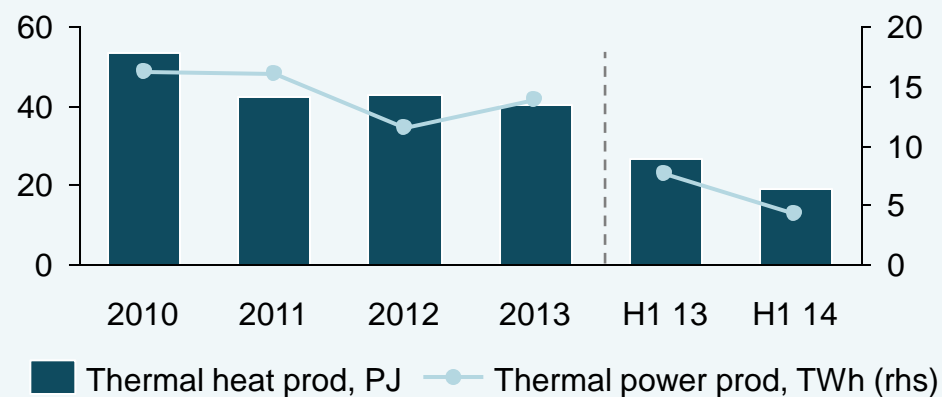
Operational highlights H1 14

- Declining power and heat production
 - Declining power production (-45% y/y) and prices due to windy (Q1) and warm weather, rising hydro levels and increased production from wind assets
 - Heat production negatively impacted (-28% y/y) by warm weather

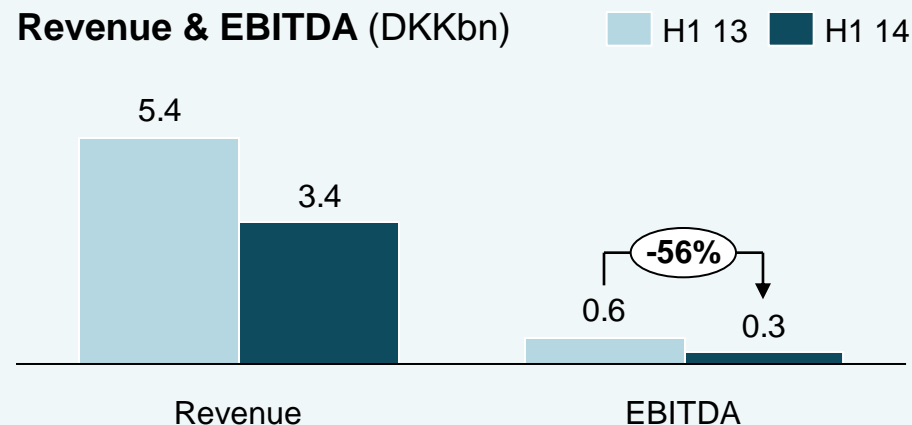
Financial highlights H1 14 – EBITDA down 56% y/y

- ✘ Declining production and lower contribution margin from decreasing spreads (GDS and GSS)
- ✘ Earnings dilution from divested activities

Thermal heat and power production (PJ, TWh)



Revenue & EBITDA (DKKbn)



Customers & Markets

Operational highlights H1 14

- Milder weather negatively impacting gas sales and gas distribution
- Higher power sales y/y from increased wind power production in the UK
- Prolonged renegotiations of gas sourcing contracts

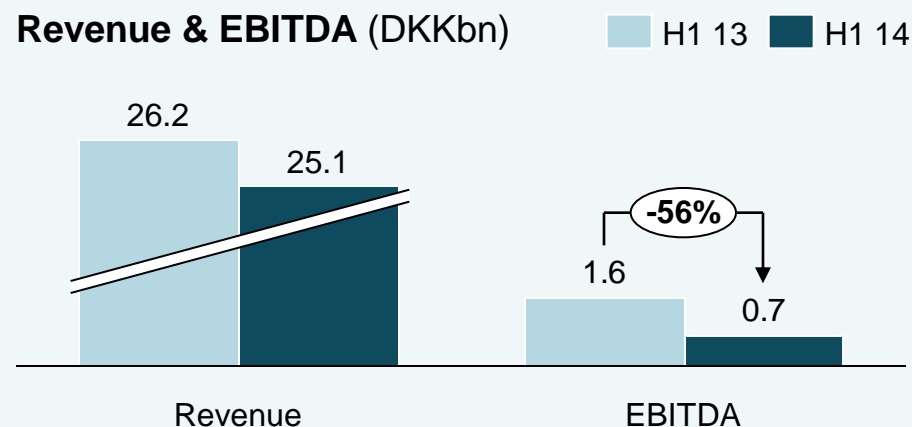
Financials highlights H1 14 – EBITDA down 56%

- ✓ Lower fixed costs
- ✗ Lower gas sales
- ✗ Declining gas prices
- ✗ H1 13 positively impacted by lump sum payment on renegotiation of long-term gas sourcing contracts

Operational figures

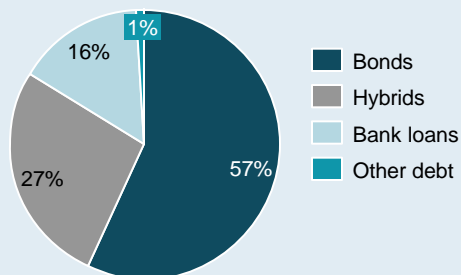
		H1 13	H1 14
Gas sales	TWh	66.3	58.3
Power sales	TWh	8.5	15.3
Distribution of gas	TWh	5.5	4.4
Distribution of power	TWh	4.4	4.2

Revenue & EBITDA (DKKbn)

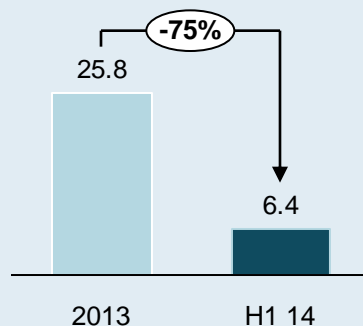


Debt overview

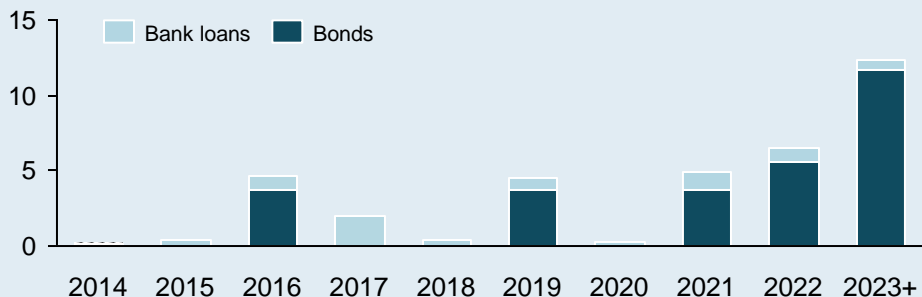
Gross debt and hybrids



Net debt (DKKbn)



Long term debt maturity schedule H1 14 (DKKbn)



Key ratios loan portfolio¹

	H1 14	2013
Duration	7.5	5.9
Average time to maturity (years)	10.9	10.2
Average interest rate	4.2%	3.7%

Note (1): The key ratios refer to the end of period position and exclude hybrid capital

Liquidity reserves (DKKbn)

	H1 14	2013
Liquid assets (unrestricted) ¹	25.3	17.3
Committed borrowing facilities	17.4	17.4
Total	42.7	34.7

Note (1): Marketable securities in REPO transactions also excluded (DKK 0.1bn at H1 14)

Outlook (unchanged)

EBITDA

DKK 15-17bn in 2014

Net investments

Around DKK 30bn in 2014-2015

FFO/Adjusted net debt





- Around 25% in 2014
- Around 30% from 2015 and onwards



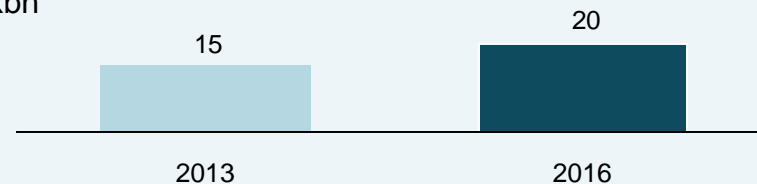
Q & A

APPENDIX

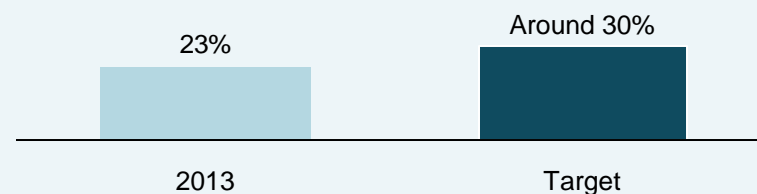
Financial targets

ROCE	H1 14 LTM	Target 2016	Target 2020
Group	4.1% (7.1% excl. writedowns)	10%	12%
 E&P	-0.1% (11.9%)	~12% on average for 2015-2020	
 WP	10.2% (10.2%)	6-8%	12-14%
 C&M	-1.1% (-1.1%)	8%	10%
 TP	Operating CF within target	Target: Yearly operating CF of DKK 600-800m for Danish power stations	

EBITDA DKKbn



Adjusted FFO/Net debt %



Rating

Minimum rating of BBB+/Baa1

Outlook market prices

(average)		Actual, H1 14	Actual, H1 13	Estimate 2014 (rest of year)
Oil, Brent	USD/bbl	109	107	111
Gas, TTF	EUR/MWh	22	28	20
Gas, NBP	EUR/MWh	22	28	20
Electricity, Nord Pool system	EUR/MWh	28	40	30
Electricity, Nord Pool, DK ¹	EUR/MWh	30	40	35
Electricity, EEX	EUR/MWh	32	38	35
Electricity, UK	EUR/MWh	51	60	50
Coal, API 2	USD/tonne	77	83	75
CO ₂ , EUA	EUR/tonne	5.7	4.3	5.9
Green dark spread, DK ¹	EUR/MWh	4.8	13.5	9.8
Green spark spread, NL	EUR/MWh	(4.6)	(3.4)	(1.5)
USD exchange rate	DKK/USD	5.4	5.7	5.4
GBP exchange rate	DKK/GBP	9.1	8.8	9.3

Source: Platts, Argus, Nord Pool, LEBA, APX, ECX.

¹ Based on average prices in DK1 and DK2.

Investments

Investments in H1 14

	DKKm
Cash flow from investing activities	- 8,596
Purchase and sale of securities (reversal)	9,455
Sale of assets and companies (reversal)	- 7,587
Other	- 26
Gross investments	- 6,754
Sale of assets and companies	7,587
Other	- 23
Net investments¹	810

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

Gross investments on Business Units in H1 14

▪ E&P	DKK 2.1bn
▪ Wind Power	DKK 4.0bn
▪ Other	DKK 0.7bn
▪ Total:	DKK 6.8bn

Calculation of FFO/Adjusted net debt

	H1 14 LTM	H1 13 LTM	2013
EBITDA (Business Performance)¹	17.1	12.7	15.0
Reversal of recognised lease payment	0.5	0.4	0.4
Adjusted net interest expenses	-2.8	-2.2	-2.8
<i>Net interest expenses</i>	-1.7	-0.9	-1.7
<i>Capitalised interest</i>	-0.3	-0.5	-0.3
<i>Interest element of decommission obligations</i>	-0.4	-0.3	-0.4
<i>50% of hybrid coupons</i>	-0.3	-0.3	-0.3
<i>Operating leases, interest element</i>	-0.2	-0.1	-0.2
Current tax	-5.1	-2.7	-2.5
Funds From Operations (FFO)	9.6	8.2	10.0
Accounting net debt	6.4	31.4	25.8
50% of hybrid capital	6.6	4.8	6.6
Restricted liquid assets (excluding REPO's)	2.9	1.7	1.7
Operating leases, PV (4.5% discount rate)	5.2	3.9	3.9
Decommissioning obligations	9.7	8.4	8.8
Deferred tax on decommissioning obligations	-3.8	-3.2	-3.5
Adjusted net debt	27.0	47.0	43.4
FFO/Adjusted net debt	35.4%	17.4%	23.1%

Note (1): For LTM H1 13, non-cash provisions of DKK 2.9 have been excluded