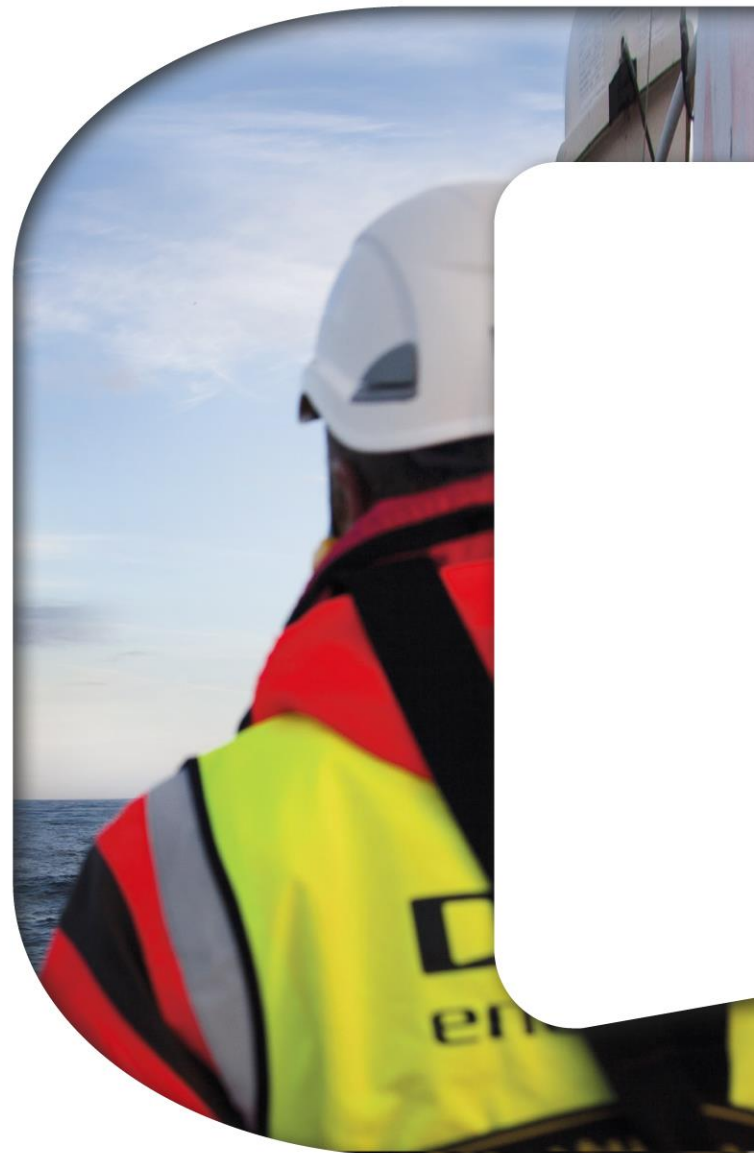


# INTERIM FINANCIAL REPORT Q1 2013

Moving Energy Forward

23 April 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, CO<sub>2</sub>, 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](http://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.

## Q1 13 highlights

## Financials



# Sound progress

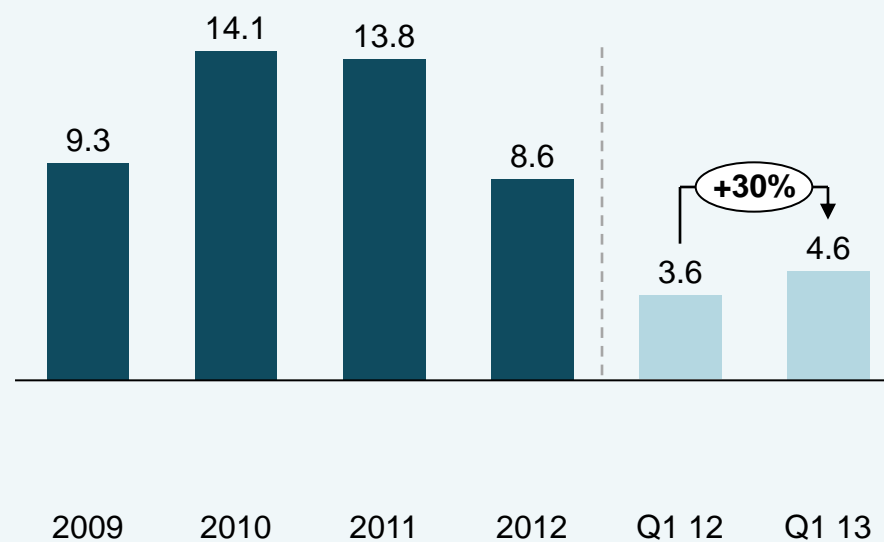
## Highlights Q1 13

- EBITDA of DKK 4.6bn (up 30% y/y)
- FFO of DKK 3.4bn (up 28% y/y)
- Net debt of DKK 34.5bn (up 8% vs. EoY 2012)
- Adj. Net debt/EBITDA<sup>1</sup> of 3.8x (2.9x excl. non-cash provisions) vs. 4.0x (3.0x) in 2012

## Unchanged Outlook for 2013

- EBITDA 2013 of DKK 11.5-12.5bn

## Group EBITDA DKKbn



1) Last 12 Months EBITDA

# 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**

## Update Q1 13

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- Agreement to sell Polish onshore wind business (DKK 1.8bn)
  - Execution of other divestments progressing as planned
- 

- Execution of farm-downs progressing as planned
- 

- FTE reductions fully implemented
  - All other cost reductions incorporated in budget
- 

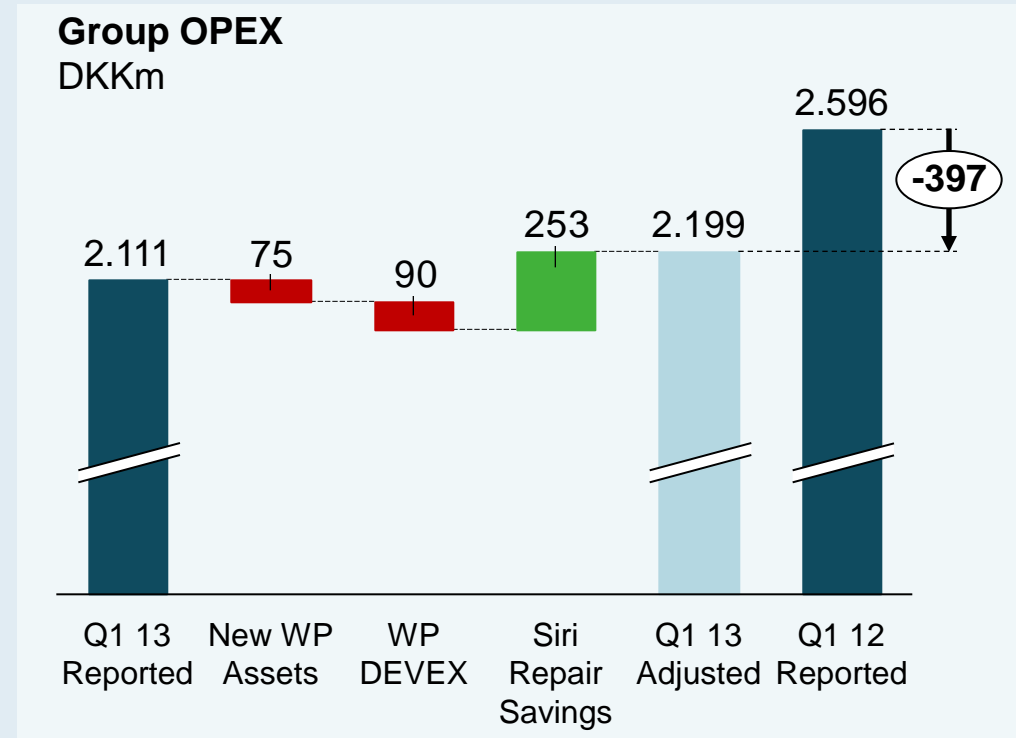
- Significant cost reductions and new organisation in place
  - Sound progress on renegotiations of gas contracts
- 

- Equity process continuing according to plan and expected to close in 2013
-

# Cost reductions on track

## Assumptions for like-to-like comparison

- Target of DKK 1.2bn cost savings to be measured on a like-to-like basis
- Adjustments for OPEX growth driven by new offshore wind farms
- Annual savings target of DKK 1.2bn equates to DKK 700m like-for-like on a year-over-year basis
- Relative to this basis we saw Q1 13 cost reductions of DKK 397m

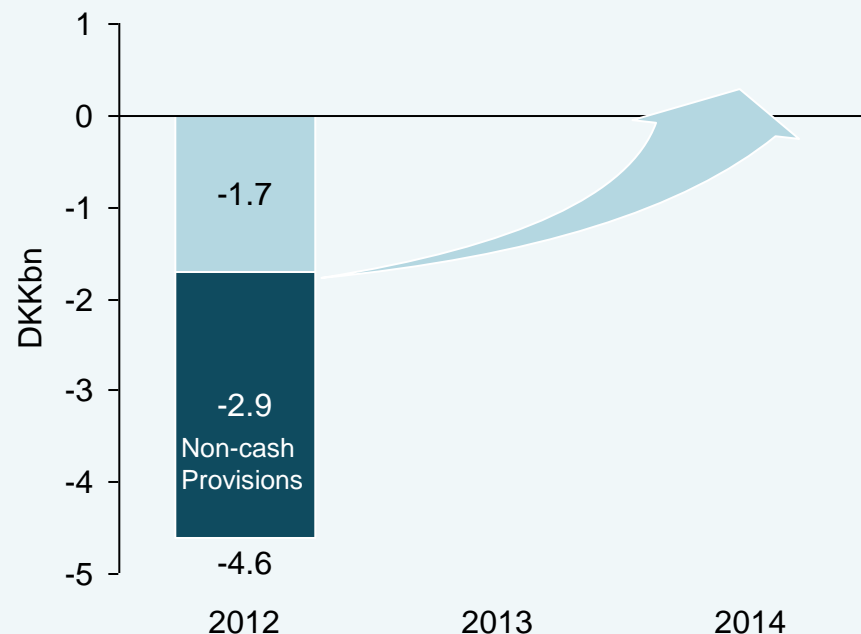


# Restructuring of Energy Markets – Road to profitability in 2014

## Key drivers for regaining profitability

- Secure continued positive contribution from optimisation and hedging in challenging market conditions
- Recurring cost savings
  - Headcount reduction of 30% carried through
  - Reduction of other fixed costs having full impact in 2014
  - Reduced infrastructure costs through new capacity booking strategy
- Settlement of remaining price reviews of long term gas contracts with gradual impact through 2013 and 2014
- Execution of non-core asset divestments with impact in 2013 and 2014

## Energy Markets' EBITDA development



# Restructuring of Energy Markets – Renegotiation of gas contracts

## Gas sourcing contracts

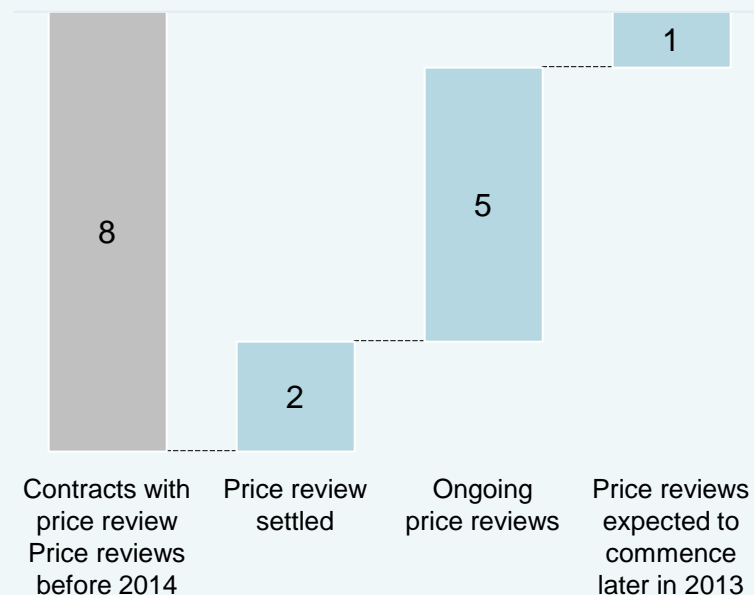
- Price review focus on aligning contract price to market price levels while managing oil/gas price exposure
- Settled price reviews finalised in line with expectations
- One-off effects expected for on-going price reviews – also covering historical volumes (several years)
- Some price reviews are entering arbitration processes

→ **Settlement of price reviews for long term gas sourcing contracts are critical for regaining profitability for EM in 2014**

## Gas sales contracts:

- No outstanding price reviews

Price review status (number of supply contracts)





## Sizeable new assets coming on stream in 2013



### London Array

UK, 630MW<sup>1</sup>  
Ownership: 50%

- All 175 turbines installed (April 2013)
- Final commissioning expected Q2 13



### Lincs

UK, 270MW<sup>1</sup>  
Ownership: 25%

- All 75 turbines installed (April 2013)
- Final commissioning expected summer 2013



### Anholt

DK, 400MW<sup>1</sup>  
Ownership: 50%

- 81 out of 111 turbines installed (April 2013)
- Final commissioning expected summer 2013



### Syd Arne phase 3

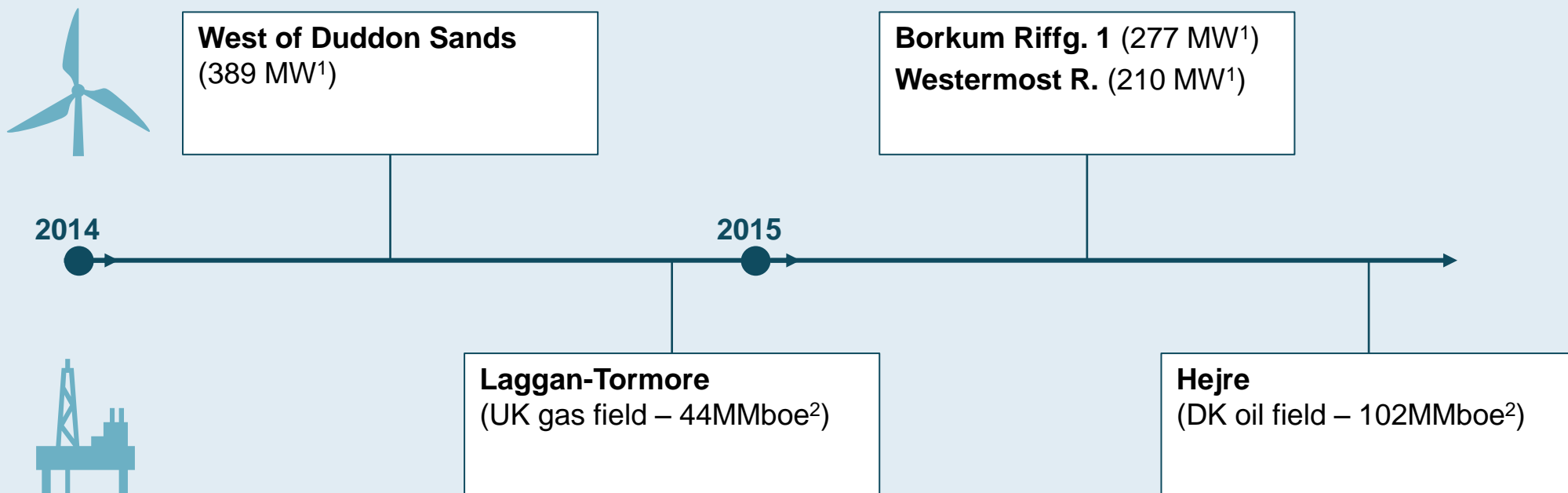
DK oil field, 16MMboe<sup>2</sup>  
Ownership: 36.8%

- Field installations in place (platforms & pipelines)
- Drilling scheduled to begin in Q2 13 with first oil expected in Q4 13

1) Gross capacity

2) DONG Energy share of reserves

# Key assets on stream 2014 and 2015



- 1) Gross capacity
- 2) DONG Energy E&P share of reserves

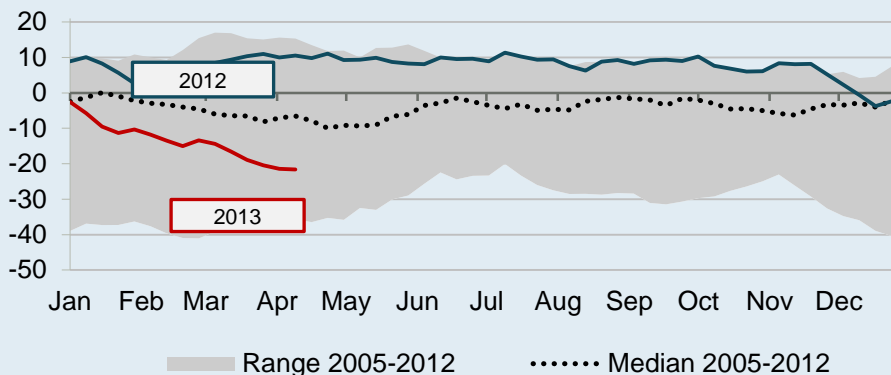
## Q1 13 highlights

## Financials



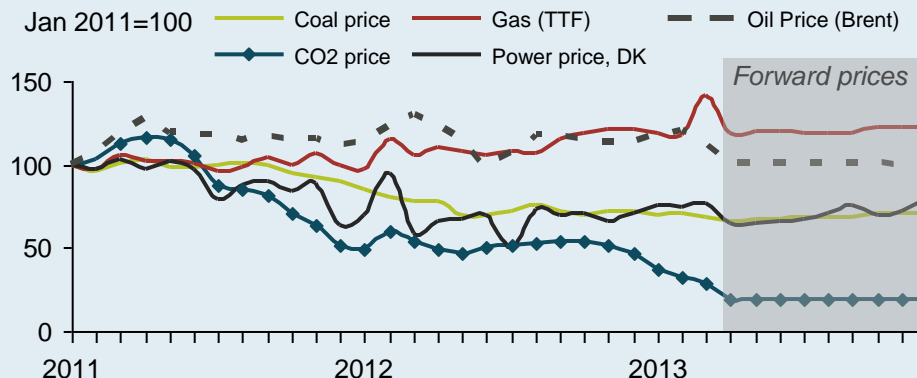
# Market conditions and prices

## HYDRO BALANCE (TWh)



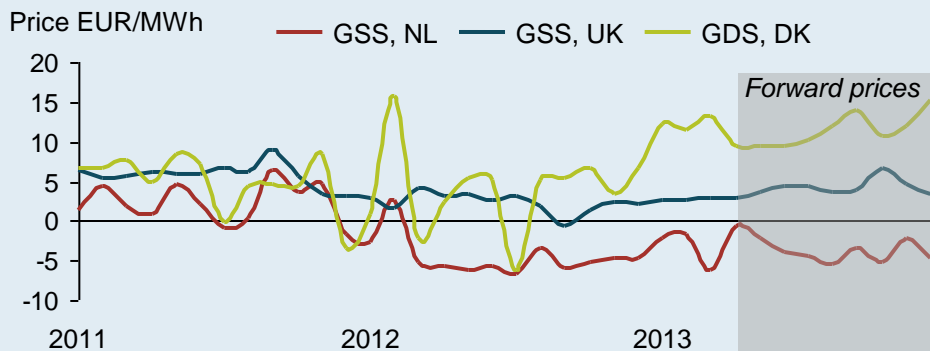
Source: Syspower

## POWER, GAS, COAL & CO<sub>2</sub> – INDEXED PRICES



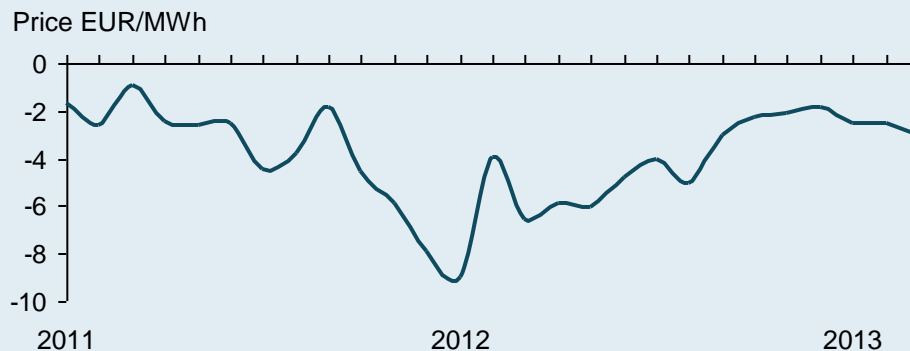
Source: Argus, Nord Pool, EEX, ECX, Platts

## COAL-FIRED VS. GAS-FIRED GENERATION



Source: LEBA, APX, Argus, Nord Pool, EEX, ECX

## OIL/GAS SPREAD – GAS HUB LESS CONTRACTED GAS



Source: BAFA, Argus

# Financial highlights Q1 13

## EBITDA – DKK 4.6bn (up 30% y/y)

- E&P – up DKK 0.4bn y/y  
Higher oil production and lower costs for Siri repair
- WP – up DKK 0.7bn y/y  
New wind farms brought on stream and gain from construction agreements in Wind Power
- TP, EM and S&D – Unchanged y/y

## CFO – DKK 2.2bn (up 114% y/y)

- Increase y/y driven by higher EBITDA and less negative impact from working capital development

## Net debt – DKK 34.5bn (up 8% vs. Q4 12)

- Proceeds from divestments from Polish onshore wind (DKK 1.8bn) to be received later in 2013

Selected financial figures <sup>1</sup>	Q1 13	Q1 12	2012
Revenue	21,449	19,896	67,179
EBITDA	4,627	3,564	8,639
Financial items, net	-639	-414	1,356
Profit after tax	474	2,257	-4,021
Assets	156,079	162,642	157,489
Equity incl. hybrid	49,608	58,394	50,016
Net debt	34,537	24,349	31,968
FFO	3,419	2,681	7,394
CFO	2,233	1,043	7,891
Net investments	5,247	2,023	13,799
Adjusted net debt <sup>2</sup> /EBITDA <sup>3</sup>	3.8x	2.1x	4.0x
FFO <sup>3</sup> /Net debt	24%	44%	23%



Note (1): Comparison figures for 2012 changed from implementation of IFRS 11 in 2013

Note (2): Net debt plus 50% of outstanding hybrid capital due 3005 and 0% of hybrid capital due 3010

Note (3): Last 12 months

# Exploration & Production

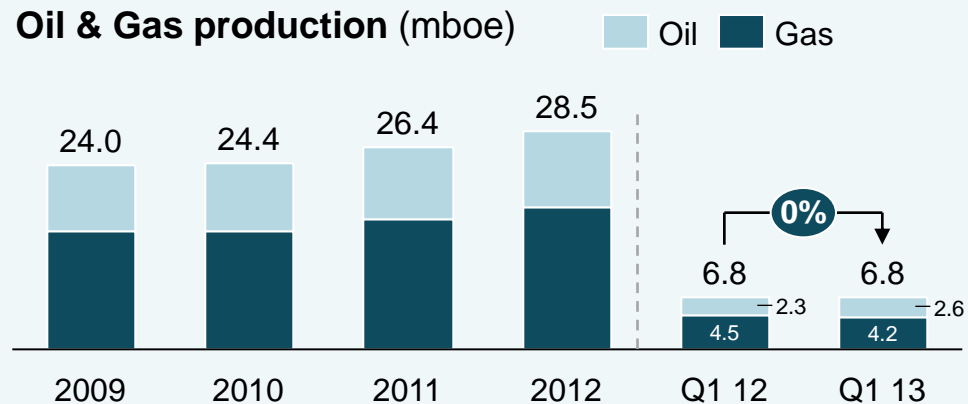
## Operational highlights

- Higher oil production (up 14% y/y)
- Lower gas production (down 6% y/y)
- Siri without production disruptions during the repair in Q1 13
- Production disruptions at certain fields incorporated in the outlook for 2013

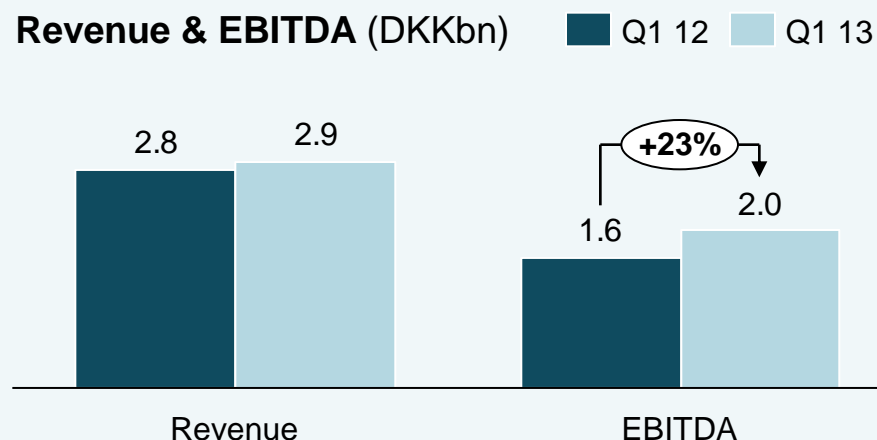
## Financials highlights Q1 13 – EBITDA up 23% y/y

- ✓ Higher oil production
- ✓ Lower costs related to Siri repair

## Oil & Gas production (mboe)



## Revenue & EBITDA (DKKbn)



# Wind Power

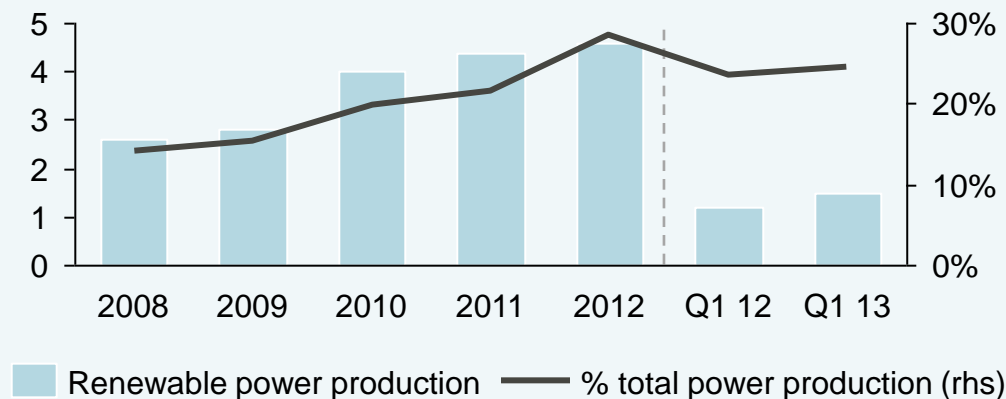
## Operational highlights

- Increased production in Q1 13 (up 17% y/y) from new wind farms
- London Array: All turbines installed (April 2013)
- Lincs: All turbines installed (April 2013)
- Anholt: 81 out 111 turbines installed (April 2013)

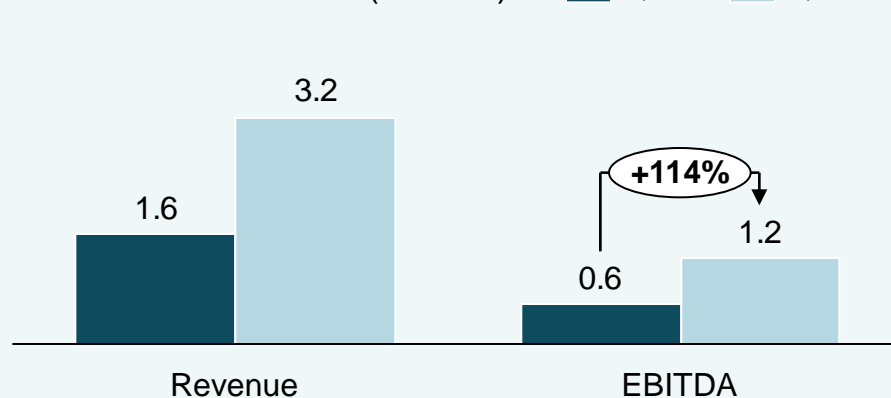
## Financials highlights Q1 13 – EBITDA up 114% y/y

- ✓ Increased power production
- ✓ Earnings from contracts for the construction of the Anholt offshore wind farm for co-investors
- Two-thirds of Wind Power's total revenue (excl. construction agreements) stemming from fixed price revenue (and equivalent)

## Renewable production (TWh)



## Revenue & EBITDA (DKKbn)



# Thermal Power

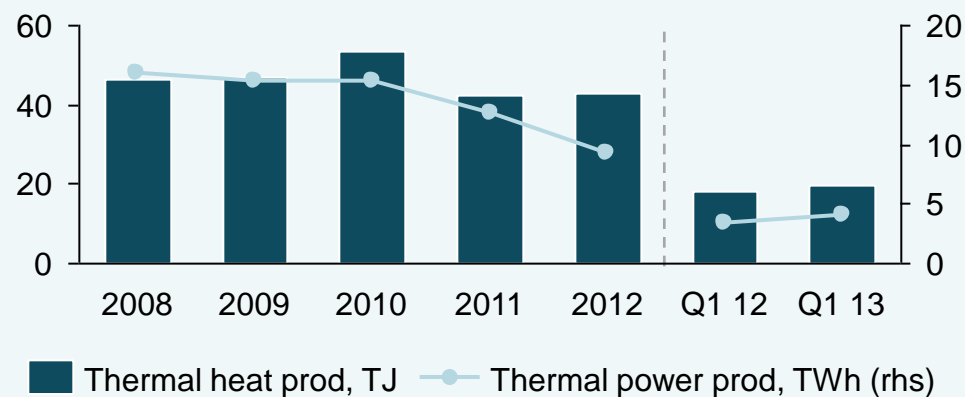
## Operational highlights

- Increased heat and power production in Q1 13 y/y due to cold weather and lower hydro balance in Norway and Sweden
- Biomass conversion continues – most lately the decision to convert unit 2 at the Avedøre plant

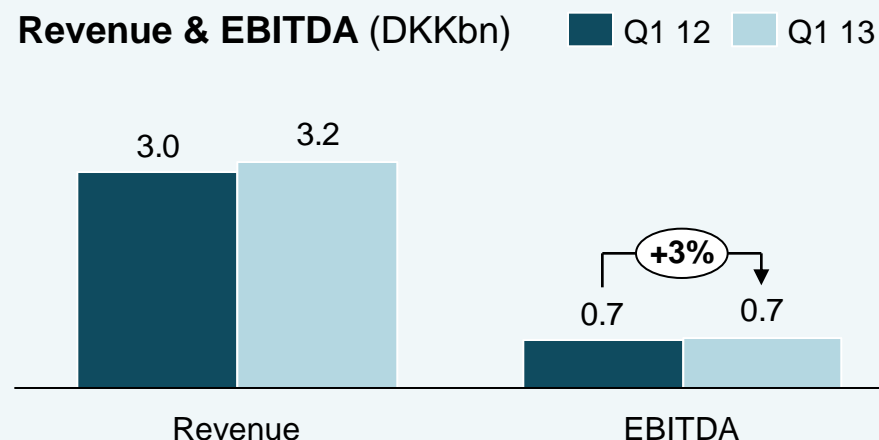
## Financial highlights Q1 13 – EBITDA unchanged

- ✓ Increased heat and power production
- ✓ Increased contribution margin from higher GDS
- ✗ Lower GSS due to higher gas prices
- ✗ Lower tolling income from Severn due to lower availability

## Thermal heat and power production (TJ, TWh)



## Revenue & EBITDA (DKKbn)





# Energy Markets

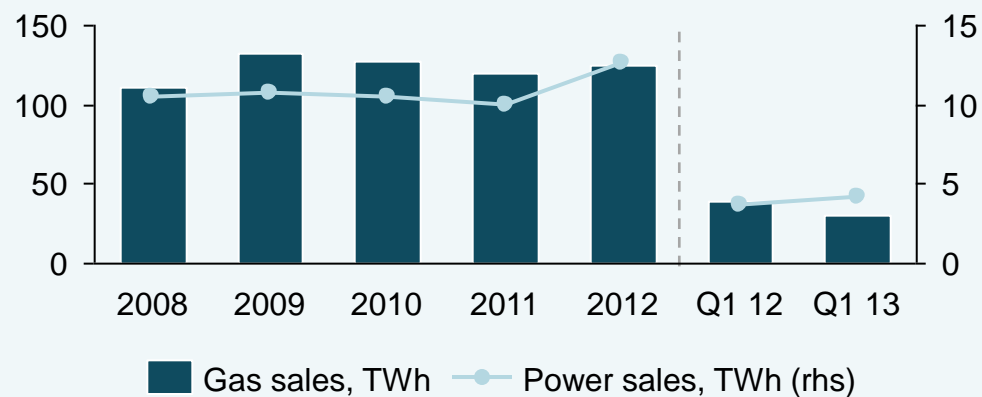
## Operational highlights

- Decreased gas sales in Q1 13 y/y due to lower sales on gas hubs
- Increased power sales from increased power production in the UK

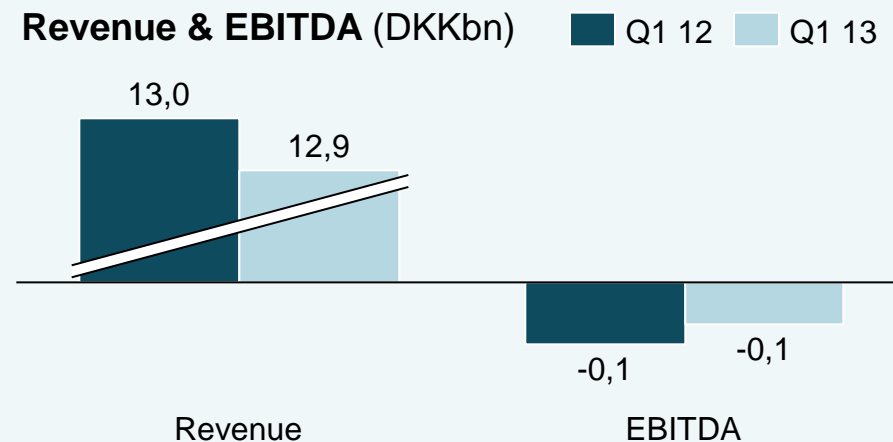
## Financials highlights Q1 13 – EBITDA unchanged

- ✓ Improved earnings on gas contract portfolio
- ✓ Lower infrastructure costs
- ✗ Lower income from trading

## Gas and Power sales (TWh)



## Revenue & EBITDA (DKKbn)



# Sales & Distribution

## Operational highlights

- Doubling of gas sales in Q1 13 y/y primarily due to the acquisition of Shell Gas Direct in the UK, recognised from May 2012

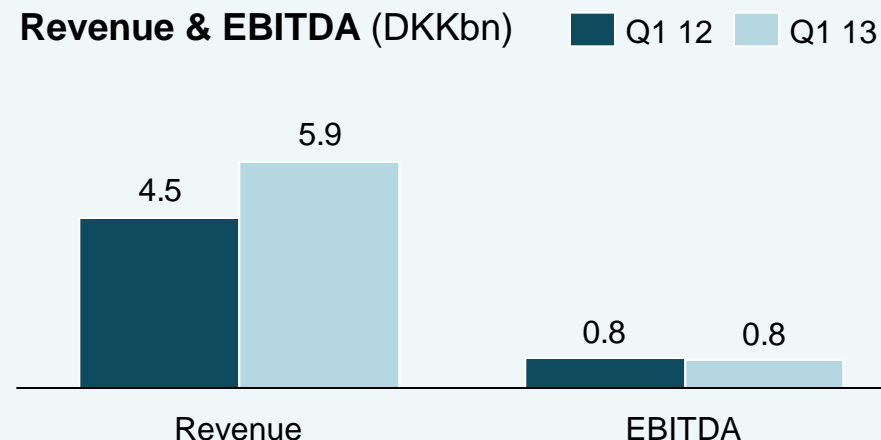
## Financials highlights Q1 13 – EBITDA unchanged

- ✓ Higher tariffs for power distribution
- ✗ Lower gas distribution tariffs
- ✗ Lower earnings from transport of oil from due to settlement regime

## Operational figures

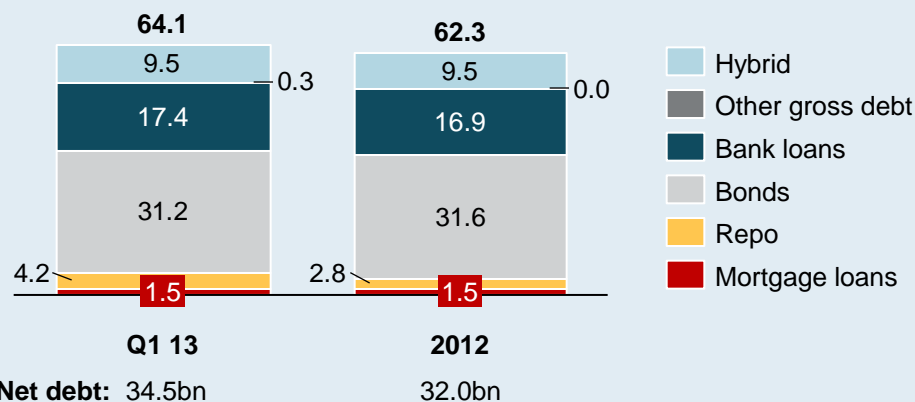
		Q1 13	Q1 12
Gas sales	TWh	15.0	7.7
Distribution of gas	TWh	3.9	3.6
Power sales	TWh	2.1	2.1
Distribution of power	TWh	2.4	2.4
Transport of oil	Mbbl	15	16

## Revenue & EBITDA (DKKbn)

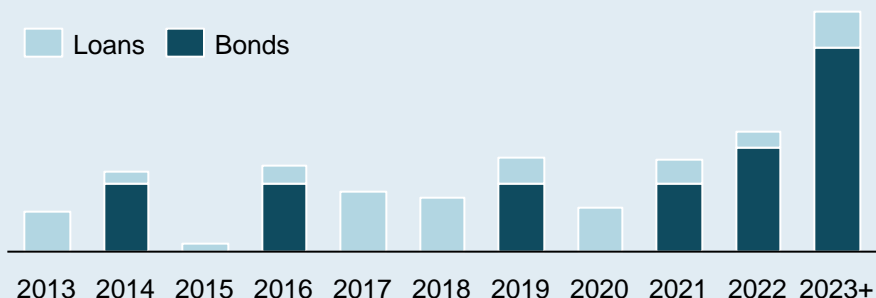


# Debt overview

## Gross debt incl. hybrid capital (DKKbn)



## Long term debt maturity schedule per Q1 13 (DKKbn)



## Key ratios loan portfolio<sup>1</sup>

	Q1 13	Q4 12
Duration	6.5	6.8
Average to maturity (years)	10.3	10.5
Average interest rate	3.9%	3.9%
Net interest cost (DKKm) <sup>2</sup>	13	46

Note (1): Excluding hybrid capital

Note (2): Increase in net interest costs in 2013 from 1 percentage point upward shift in the interest rate

## Liquidity reserves (DKKbn)

	Q1 13	Q4 12
Liquid assets (unrestricted) <sup>1</sup>	11.8	14.2
Committed borrowing facilities	11.6	11.6
<b>Total</b>	<b>23.4</b>	<b>25.7</b>

Note (1): Marketable securities in REPO transactions excluded (DKK 4.2bn in Q1 13)

# Unchanged 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



# Q & A

# APPENDIX

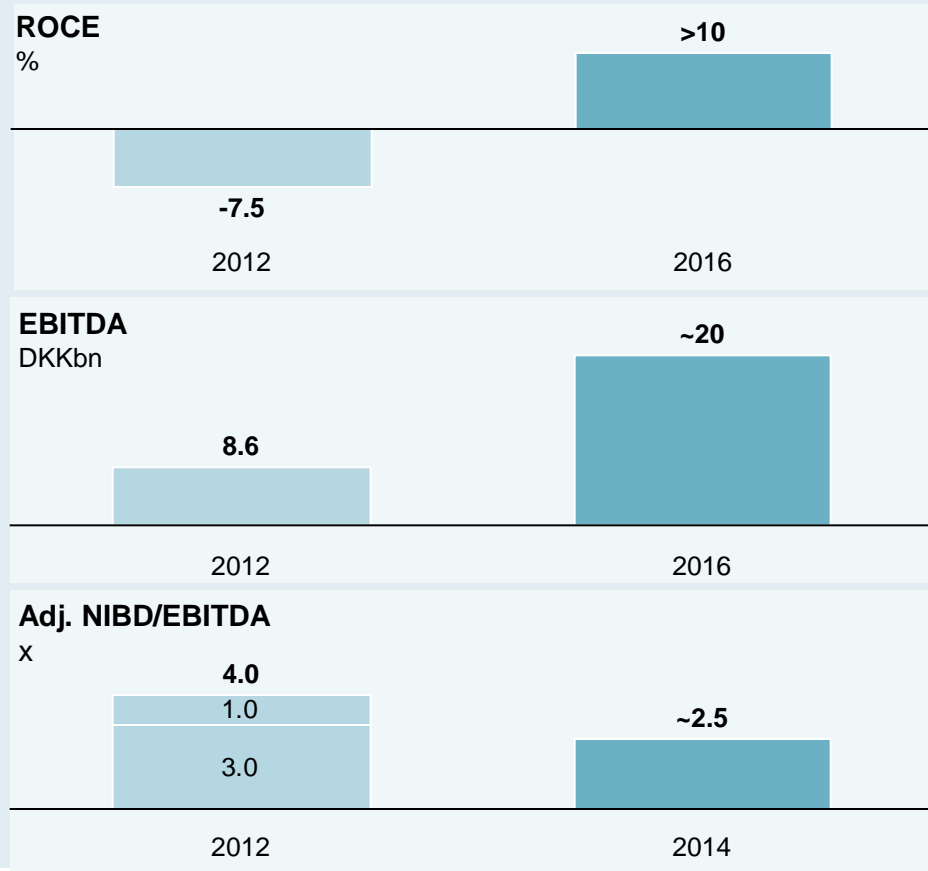
# Ten targets defining our ambition and direction

- 1 ROCE >10% by 2016 and >12% by 2020
- 2 Adjusted Net Debt/EBITDA < 2.5x
- 3 CO<sub>2</sub> emission reduction to 260g CO<sub>2</sub>/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<sup>1</sup> 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<sup>2</sup>
- 10 From 3.6 to below 1.5 accident frequency (LTIF) by 2020



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

# Clear financial targets





# Outlook Market Prices 2013

(average)		Current estimate (rest of 2013)	Expectation at AR12 (27 Feb. 2013)	Realised Q1 13
Oil, Brent	USD/bbl	112	107	113
Gas, TTF	EUR/MWh	26	26	28
Gas, NBP	EUR/MWh	26	27	29
Electricity, Nord Pool system	EUR/MWh	36	38	42
Electricity, Nord Pool, DK <sup>1</sup>	EUR/MWh	38	43	41
Electricity, EEX	EUR/MWh	40	44	42
Electricity, UK	EUR/MWh	57	61	63
Coal, API 2	USD/tonne	91	94	86
CO <sub>2</sub> , EUA	EUR/tonne	3.4	6.6	4.8
Green dark spread, DK <sup>1</sup>	EUR/MWh	10.9	10.6	12.3
Green spark spread, UK	EUR/MWh	2.8	5.1	2.7
Green spark spread, NL	EUR/MWh	(4.7)	(4.5)	(3.5)
USD exchange rate	DKK/USD	5.5	5.6	5.6
GBP exchange rate	DKK/GBP	8.7	9.1	8.8

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

<sup>1</sup> Based on average prices in DK1 and DK2.

# Business Performance – Q1 13

- In Q1 13, the difference between Business Performance and IFRS amounted to DKK 0.7bn

<b>Business Performance EBITDA</b>	<b>DKK 4.6bn</b>
<b>Adjustments</b>	<b>DKK 0.7bn</b>
<i>MtM of financial and physical hedging contracts relating to other periods</i>	<i>DKK 0.4bn</i>
<i>Deferred losses/gains relating to financial and physical hedging contracts where the hedged production or trading is recognised in the reporting period</i>	<i>DKK 0.4bn</i>
<b>IFRS EBITDA</b>	<b>DKK 3.9bn</b>

# Dividend, Funding and Rating

## Long term capital structure target

- Maintain a minimum rating of BBB+ / Baa1
- Adjusted net interest-bearing debt <sup>(1)</sup> up to 2.5 times EBITDA

## 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<sup>(2)</sup> may however not exceed 60% and not to be below 40% of net profit after tax

- The dividend for 2012, to be paid in 2013, has been set to zero (DKK 1.5bn in 2011) following the negative net result in 2012

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

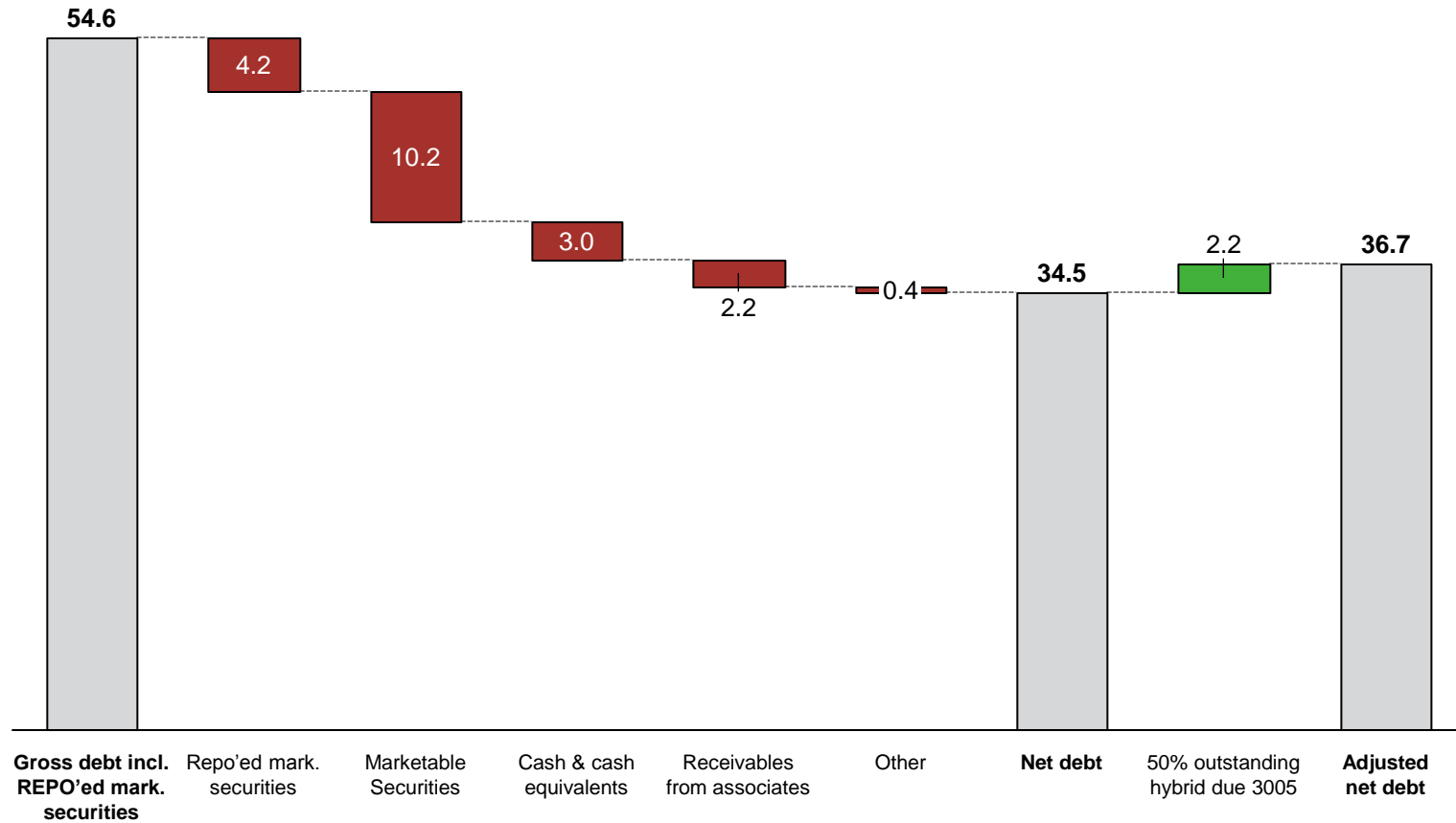
## Funding strategy and Debt Programmes

- External funding primarily to be carried out through parent company – to avoid structural subordination
- EMTN programme with a total amount of EUR 7bn

## Credit ratings

	<b>S&amp;P</b>	<b>Moody's</b>	<b>Fitch</b>
Corporate	BBB+	Baa1	BBB+
Senior bonds	BBB+	Baa1	BBB+
Hybrid capital	BBB- and BB	Baa3	BBB-
<i>Outlook</i>	<i>Negative</i>	<i>Stable</i>	<i>Negative</i>
<i>Last Update</i>	<i>Feb. 2013</i>	<i>Dec. 2012</i>	<i>March 2013</i>

# Net debt calculation Q1 13



# Investments

## Investments in Q1 13

<b>Cash flow from investing activities</b>	<b>DKK 4.8bn</b>
Sale of securities (add back)	DKK 0.5bn
<b>Net investments<sup>1</sup></b>	<b>DKK 5.2bn</b>
<b>Gross investments</b>	<b>DKK 5.2bn</b>

*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 Q1 13

### **Wind activities: DKK 3.6bn**

- Anholt DKK 1.0bn
- West of Duddon Sands DKK 0.8bn
- Westermost Rough: DKK 0.3bn
- Gode Wind 1+2 DKK 0.3bn
- Sea Installer 2 DKK 0.2bn
- GFS Demo DKK 0.2bn

### **Gas and oil fields: DKK 1.3bn**

- Laggan-Tormore DKK 0.4bn
- Hejre: DKK 0.3bn

# Larger decided construction projects

Larger projects with production start in 2013-2015						
Project	Type of project	Country	MW <sup>(1)</sup>	Commercial operation date <sup>(2)</sup>	Own share of project	Announced capex <sup>(3)</sup>
London Array <sup>(4)</sup>	Offshore wind farm	UK	315MW	2013	50%	DKK 8.2bn
Anholt	Offshore wind farm	DK	200MW	2013	50%	DKK 5bn
Lincs <sup>(4)</sup>	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 <sup>(5)</sup>
Laggan-Tormore	Oil/gas field	UK	n.a.	2014	20%	DKK 4.3bn
West of Duddon Sands <sup>(4)</sup>	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)