

A large-scale photograph of an offshore wind farm, featuring numerous white wind turbines with yellow bases, stretching across a vast blue sea under a cloudy sky. The image is framed by two large, rounded white shapes that serve as text containers.

**INTERIM  
FINANCIAL REPORT**  
FIRST NINE MONTHS 2013

**Moving Energy Forward**

**23 October 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.

## 9M 2013 highlights

## Financials



# Strong earnings improvement

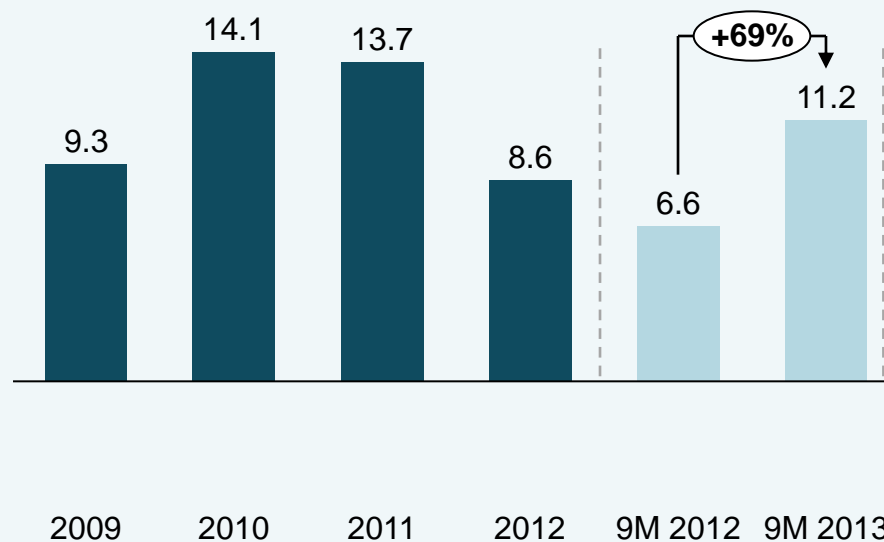
## Highlights 9M 2013

- EBITDA of DKK 11.2bn (up 69% y/y)
- FFO of DKK 9.1bn (up 27% y/y)
- Net debt of DKK 29.9bn (down 7% vs. EoY 2012)
- Adj. Net debt/EBITDA<sup>1</sup> of 2.8x vs. 4.0x (3.0x excl. non-cash provisions) in 2012

## Outlook for 2013

- EBITDA of DKK 13.5bn-14.5bn (new guidance)
- Adj. Net debt/EBITDA below 2.5x (new guidance)<sup>2</sup>

Group EBITDA  
DKKbn



Note (1): Last 12 months EBITDA

Note (2): Conditional upon financial close of equity injection of DKK 11bn in 2013

# 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 9M 2013

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- Divestments of DKK 9.3bn (EV) in 2013
  - Few additional non-core divestments in progress for 2014
- 
- Execution of farm-downs progressing as planned
- 
- Full year target of DKK 1.2bn almost realised in Q3 13
  - New cost initiatives implemented in Sep. (in addition to DKK 1.2bn)
- 
- Significant cost reductions and renegotiation of gas contracts
  - Breakeven expected for 2013, profitability targeted for 2014
- 
- Terms negotiated with private investors to inject DKK 11bn
  - Signing expected before end 2013
-

# Cost reductions on track

## Assumptions for like-for-like comparison

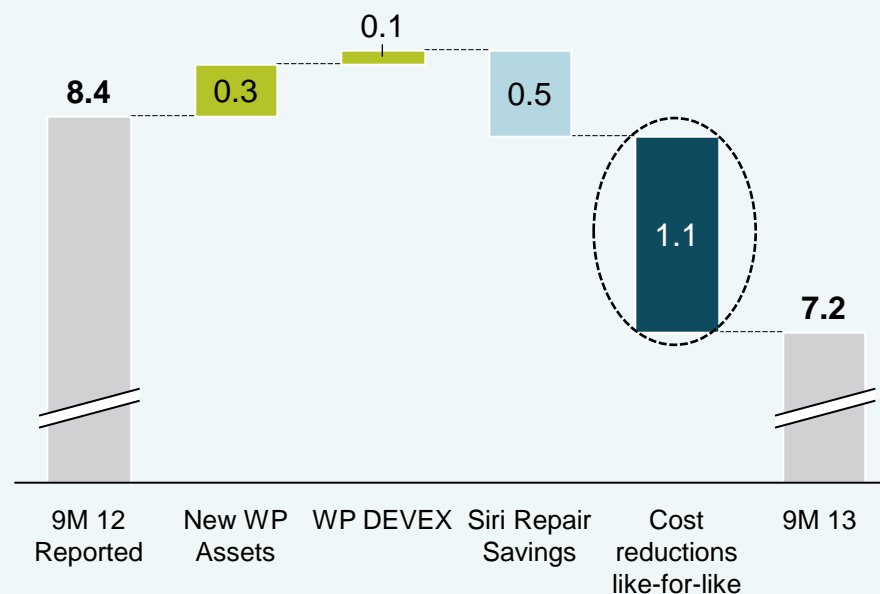
- Target of DKK 1.2bn cost savings measured on a like-for-like basis
- Adjustments for OPEX growth driven by new offshore wind farms, more conservative capitalising and timing effect of costs for Siri repair
- Relative to the target, we saw like-for-like cost reductions in 9M 2013 of DKK 1.1bn

→ Target of DKK 1.2bn nearly completed

## Additional initiatives implemented in Sep. 2013

- Reduce costs by DKK 0.3bn, full effect in 2014
- FTE reductions of approx. 350 positions

## Group OPEX DKKbn



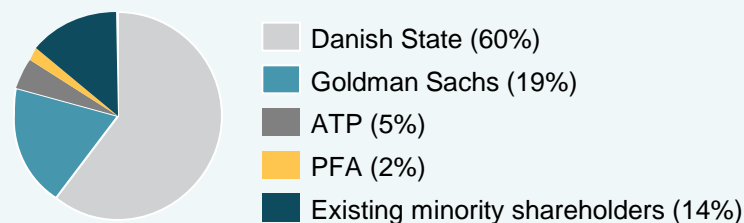
# Equity injection

- Terms negotiated with Goldman Sachs and Danish pension funds ATP and PFA to inject DKK 11bn through new shares
- The investment will be conditional upon conclusion of final agreements between the parties as well as:
  - Confirmatory due diligence investigations by the investors
  - Political approval
  - Adoption of the capital increase by the shareholders of DONG Energy A/S
  - Approval by the relevant competition authorities
- The agreement will result in the Danish State's ownership being reduced from the current share of 81% to c.60%
- The ownership interest of the existing minority shareholders will be reduced from c.19% to c.14%. The minority shareholders will be offered to participate in the capital increase on equal terms with the new investors
- The parties agree to seek an IPO of DONG Energy when conditions are right. If not completed before publishing of Annual Accounts for 2017, the new investors can put their shares to the Danish State at pre-agreed terms
- In a potential future IPO, the Danish State will remain majority shareholder in line with the Political Agreement in Denmark

## CURRENT OWNERSHIP



## OWNERSHIP POST EQUITY INJECTION



# Current key priorities for DONG Energy

2013

- ✓ Divest 10bn of non-core assets
- ✓ Cost reductions
- ✓ Restructuring of midstream gas
- (✓) Equity injection
- ✓ New assets on stream
- ✓ Ormen Lange redetermination
- ✓ Group simplification and optimisation

2014

- Selective farm-down of core assets
- Final non-core assets divestment
- E&P: Laggan-Tormore on time/budget
- WP: West of Duddon Sands on time/budget
- Renegotiation of LT gas contracts
- Siri repair

2015

- Biomass conversions
- E&P: Hejre on time/budget
- WP: Westermost R. on time/budget
- WP: Borkum R. 1 on time/budget
- IPO roadmap



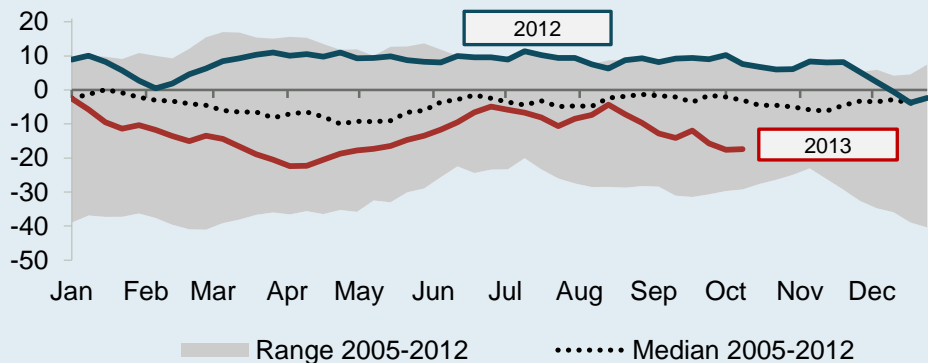
## 9M 2013 highlights

## Financials



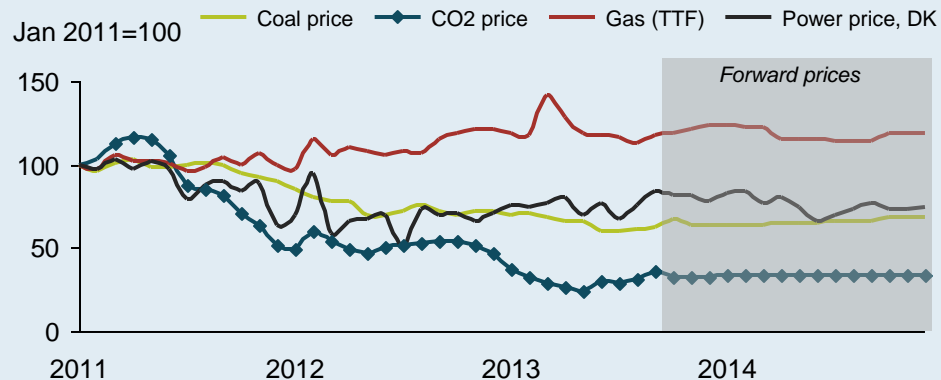
# Market conditions and prices

## HYDRO BALANCE (TWh)



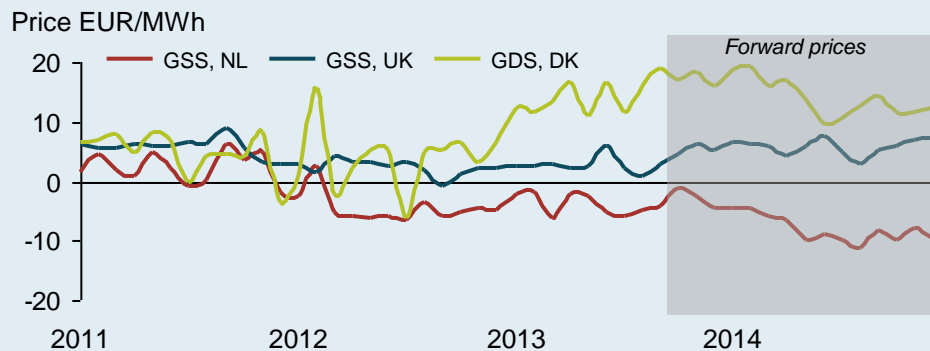
Source: Syspower

## 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 9M 2013

## EBITDA – DKK 11.2bn (up 69% y/y)

- ✓ New wind farms brought on stream and gain from construction agreements in Wind Power
- ✓ Cost reductions
- ✓ Higher gas production (Ormen Lange redetermination)
- ✓ One-off provisions in 2012 (DKK 2.9bn)
- ✗ Lower oil production due to disruptions

## Net debt – DKK 29.9bn (down 7% vs. Q4 12)

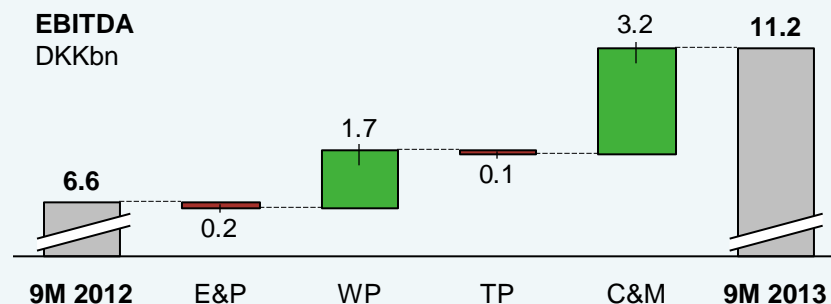
- Strong cash flow and proceeds from divestments

## Impairment charge in Q3 13 of DKK 1.8bn

- Impairment charge on gas field Oselvar and oil field Ula due to lower reserves' expectations and poor performance on two Oselvar wells
- Impairment corresponds to DKK 0.4bn after tax

## Selected financial figures<sup>1</sup>

(DKKm)	9M 2013	9M 2012	2012
Revenue	49,010	51,235	67,179
EBITDA	11,215	6,647	8,639
Financial items, net	-2,456	-1,234	-1,356
Profit after tax	52	-2,401	-4,021
Assets	148,971	163,404	157,489
Equity incl. hybrid	52,332	52,620	50,016
Net debt	29,856	31,777	31,968
FFO	9,118	7,172	7,394
Operating cash flow	6,523	5,298	7,891
Net investments	-6,994	-10,922	-13,350
Adjusted net debt <sup>2</sup> /EBITDA <sup>3</sup>	2.8x	3.9x	4.0x
FFO <sup>3</sup> /Net debt	31%	32%	23%



Note (1): Comparison figures for 2012 changed due to implementation of IFRS 11 in 2013  
 Note (2): 9M 13: Net debt plus 50% of hybrid capital. 2012 and 9M 12: 50% of hybrid capital due 3005  
 Note (3): Last 12 months

# Exploration & Production

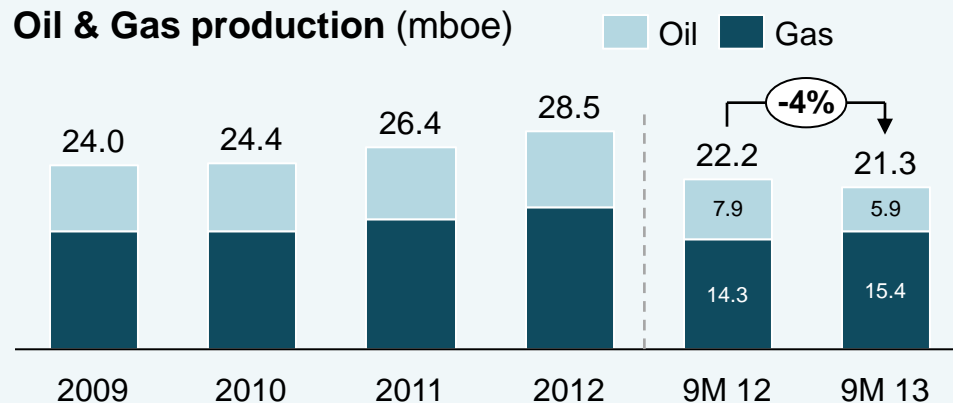
## Operational highlights

- Fields with temporary production disruptions brought back into production in September/October
- FY2013 production growth (y/y) expected despite the production disruptions

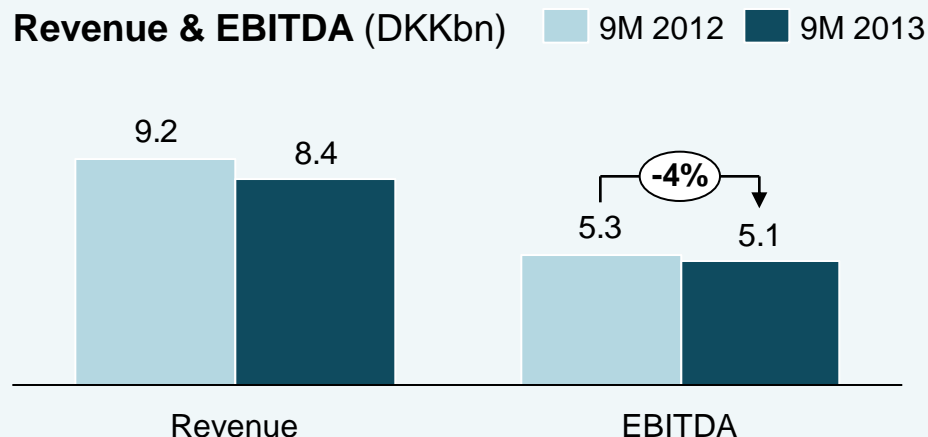
## Financials highlights 9M 13 – EBITDA down 4% y/y

- ✓ Higher gas production (Ormen Lange redetermination)
- ✓ Lower costs related to Siri repair
- ✗ Lower oil production due to disruptions
- Q3 13: Impairment charge of DKK 1.8bn (DKK 0.4bn after tax) on gas field Oselvar and oil field Ula due to lower reserves' expectations and poor performance on two Oselvar wells

## Oil & Gas production (mboe)



## Revenue & EBITDA (DKKbn)



# Wind Power

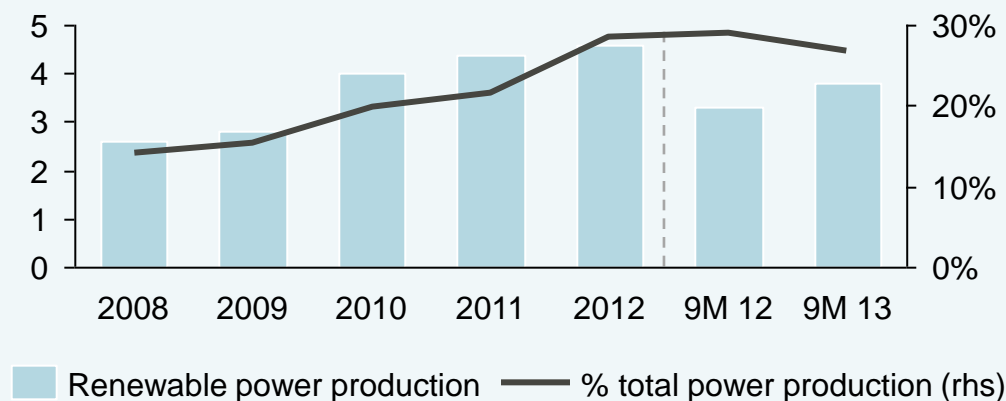
## Operational highlights

- Increased production in 9M 13 (up 16% y/y) from new wind farms
- London Array: All turbines producing in April 2013
- Anholt: All turbines producing in June 2013
- Lincs: All turbines producing in July 2013

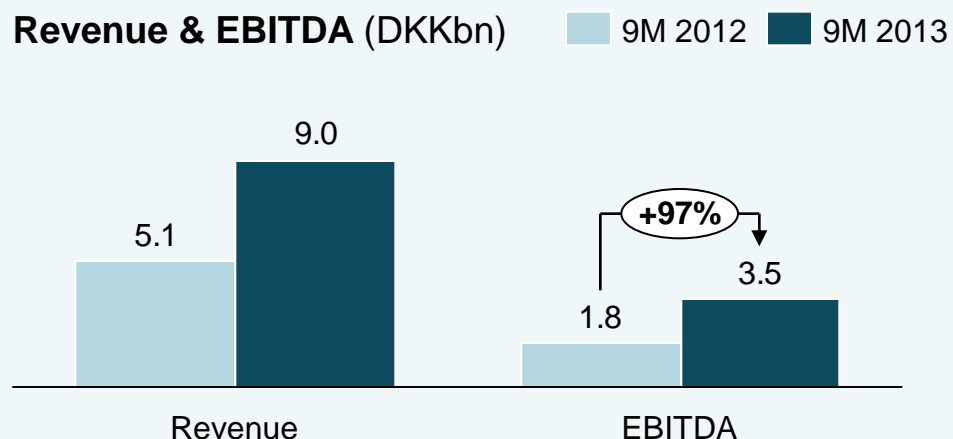
## Financials highlights 9M 13 – EBITDA doubled

- ✓ Increased power production
- ✓ Earnings from contracts for the construction of the Anholt offshore wind farm for co-investors
- ✗ Higher development costs

## Renewable production (TWh)



## Revenue & EBITDA (DKKbn)



# Thermal Power

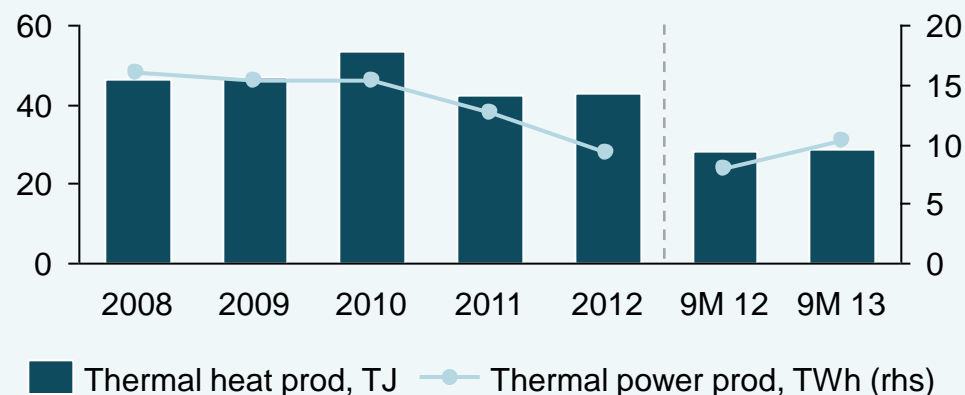
## Operational highlights

- Increased power production in 9M 13 (up 30% y/y) due to higher Green Dark Spread (GDS):
  - Higher power prices driven by cold weather and lower hydro balance in Norway and Sweden
  - Lower coal and CO<sub>2</sub> prices

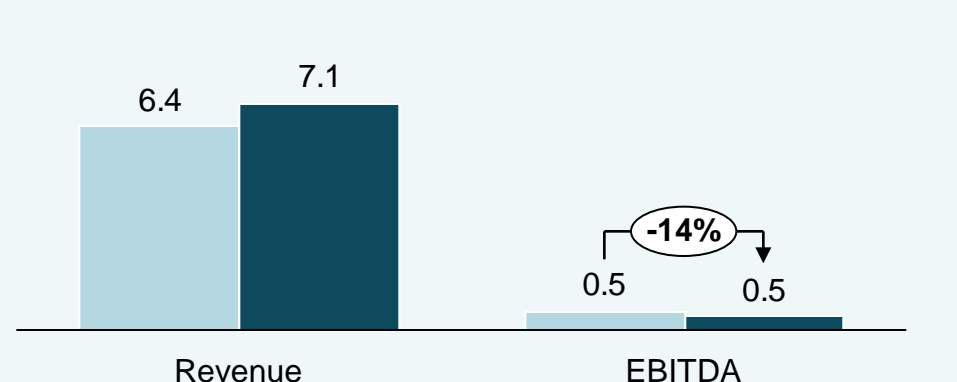
## Financial highlights 9M 13 – EBITDA down 14% y/y

- ✓ Increased power production
- ✓ Increased contribution margin from higher GDS
- ✓ Lowering of fixed costs
- ✗ Discontinuation of free CO<sub>2</sub> quotas
- ✗ Negative impact from hedging (positive in 9M 12)

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



## Revenue & EBITDA (DKKbn)



# Customers & Markets

## Operational highlights

- Decreased gas sales y/y due to lower sales on gas hubs and lower wholesale of gas
- Higher power sales y/y from increased wind power production in the UK
- Increased gas distribution y/y following cold weather

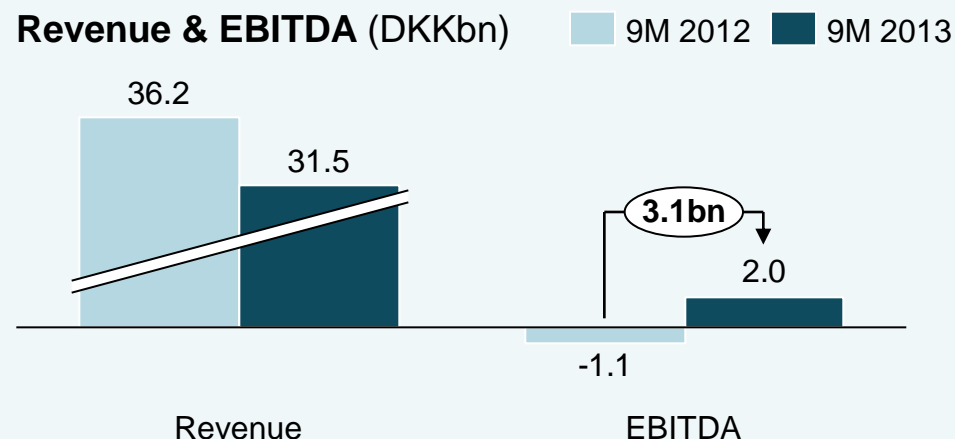
## Financials highlights 9M 13 – EBITDA up DKK 3.1bn

- ✓ One-off provisions in 2012 (DKK 2.9bn) on loss-making gas storage and LNG capacity contracts
- ✓ Lower infrastructure cost for transmission and storage of gas
- ✓ Reduction of fixed costs

## Operational figures

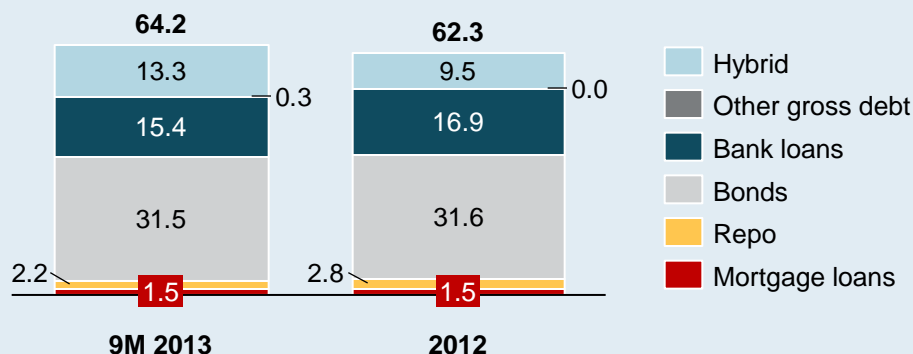
		9M 13	9M 12
Gas sales	TWh	95.7	105.4
Power sales	TWh	12.3	9.1
Distribution of gas	TWh	6.7	6.4
Distribution of power	TWh	6.4	6.4

## Revenue & EBITDA (DKKbn)



# Debt overview

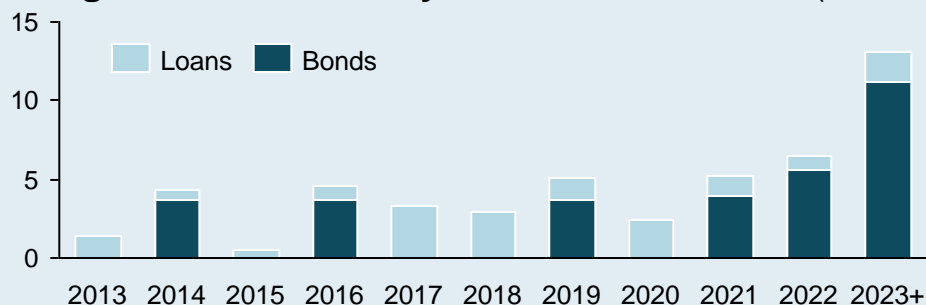
## Gross debt incl. hybrid capital (DKKbn)



Net debt: 29.9bn

32.0bn

## Long term debt maturity schedule end 9M 13 (DKKbn)



## Key ratios loan portfolio<sup>1</sup> End 9M 13 End Q4 12

Duration	6.2	6.8
Average time to maturity (years)	9.9	10.5
Average interest rate	3.9%	3.9%

Note (1): Excluding hybrid capital

## Liquidity reserves (DKKbn) End 9M 13 End Q4 12

Liquid assets (unrestricted) <sup>1</sup>	15.9	14.2
Committed borrowing facilities	16.6	11.6
<b>Total</b>	<b>32.6</b>	<b>25.7</b>

Note (1): Marketable securities in REPO transactions excluded (DKK 2.2bn at Q3 13)



# Outlook

## EBITDA

DKK 13.5-14.5bn in 2013  
(previous guidance DKK 13-14bn)

## Net investments

DKK 30bn in 2013-2014 (unchanged)

## Adjusted net debt/EBITDA

Below 2.5x in 2013<sup>1</sup>  
(previous guidance below 2.5x in 2014)



*Note (1): Conditional upon financial close of equity injection of DKK 11bn in 2013*

# Q & A

# APPENDIX

# Ten targets defining our ambition and direction

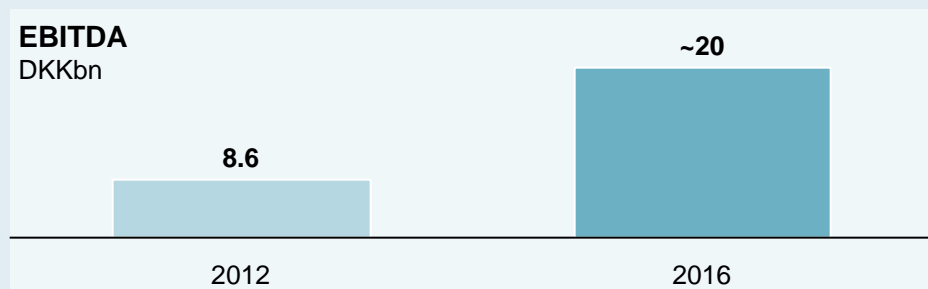
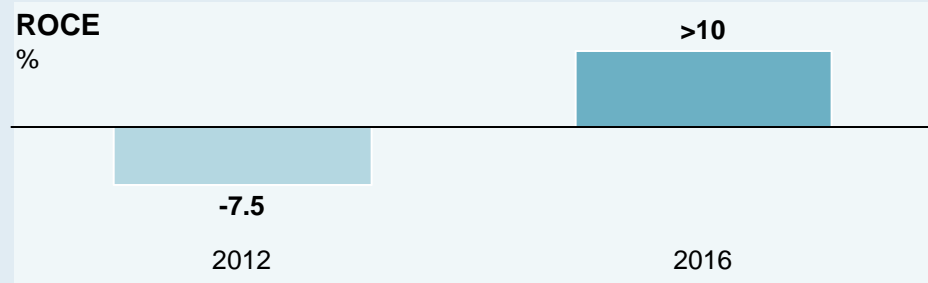
- 1 ROCE >10% by 2016 and >12% by 2020
- 2 Adjusted Net Debt/EBITDA < 2.5x
- 3 CO<sub>2</sub> emission reduction to 260g CO<sub>2</sub>/kWh by 2020
- 4 From 1.7GW to 6.5GW installed gross offshore wind capacity by 2020
- 5 Offshore wind cost-of-energy below €100/MWh<sup>1</sup> by 2020
- 6 From 80.000 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 9M 13
Oil, Brent	USD/bbl	106	107	108
Gas, TTF	EUR/MWh	27	26	27
Gas, NBP	EUR/MWh	27	27	27
Electricity, Nord Pool system	EUR/MWh	37	38	39
Electricity, Nord Pool, DK <sup>1</sup>	EUR/MWh	39	43	41
Electricity, EEX	EUR/MWh	38	44	38
Electricity, UK	EUR/MWh	58	61	59
Coal, API 2	USD/tonne	77	94	81
CO <sub>2</sub> , EUA	EUR/tonne	4.3	6.6	4.4
Green dark spread, DK <sup>1</sup>	EUR/MWh	14.1	10.6	14.1
Green spark spread, UK	EUR/MWh	0.7	5.1	2.7
Green spark spread, NL	EUR/MWh	(4.7)	(4.5)	(3.9)
USD exchange rate	DKK/USD	5.6	5.6	5.7
GBP exchange rate	DKK/GBP	8.5	9.1	8.8

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

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

# Business Performance – 9M 13

- In 9M 13, the difference between Business Performance and IFRS amounted to DKK 0.2bn


<b>Business Performance EBITDA</b>	<b>DKK 11.2bn</b>
<b>Adjustments</b>	<b>DKK -0.2bn</b>
<i>MtM of financial and physical hedging contracts relating to other periods</i>	<i>DKK 0.3bn</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 -0.5bn</i>
<b>IFRS EBITDA</b>	<b>DKK 11.0bn</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
- 
- No dividend for 2012 was paid in 2013 due to negative result (dividend of DKK 1.5bn for 2011)

Note (1): Net interest-bearing debt plus 50% of hybrid capital

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

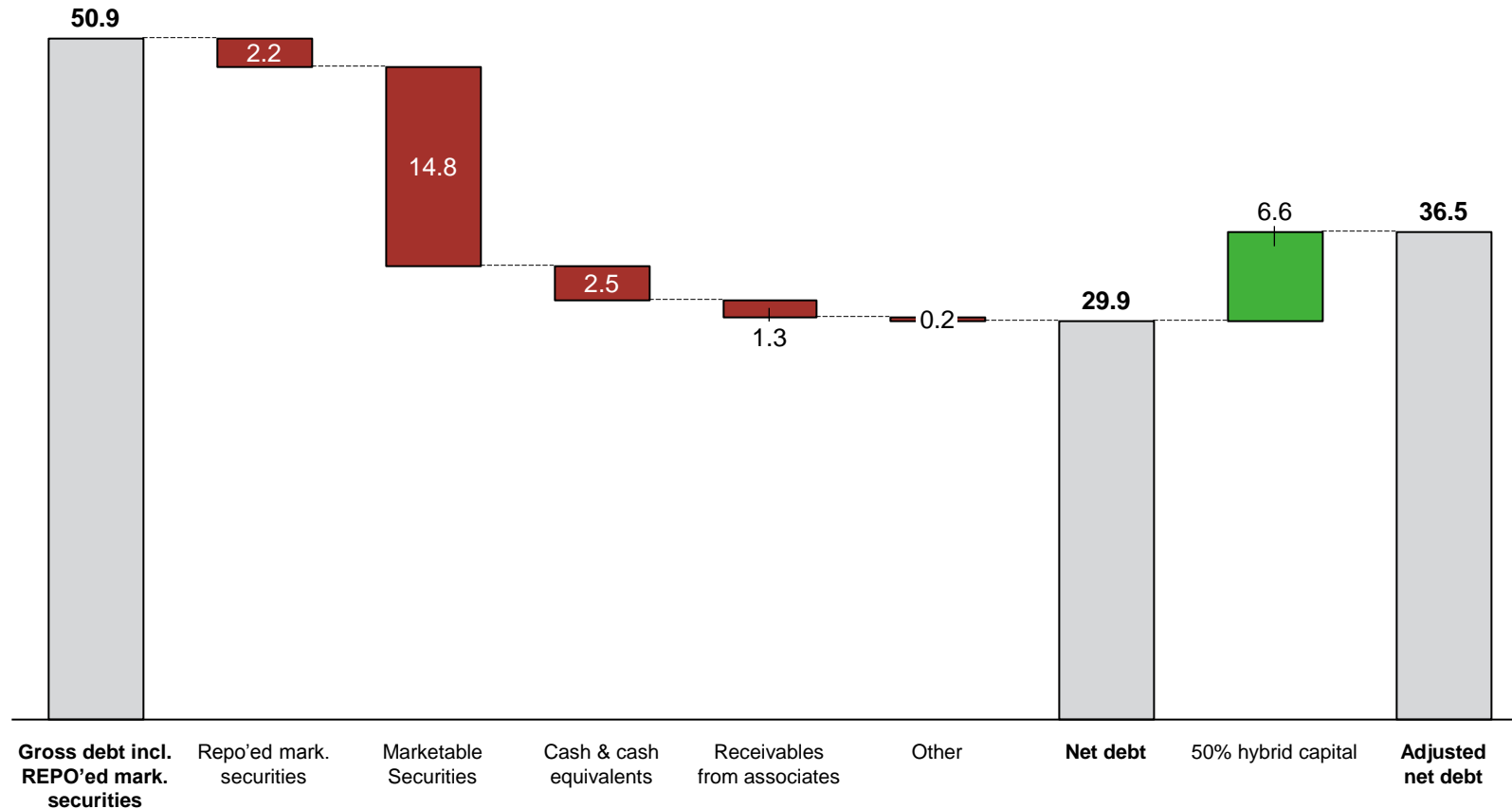
- External funding primarily to be carried out through parent company – to avoid structural subordination
- EMTN programme with a total amount of EUR 7bn

## 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>July 2013</i>	<i>July 2013</i>	<i>July 2013</i>



# Net debt calculation 9M 13



# Investments

## Investments in 9M 13

<b>Cash flow from investing activities</b>	<b>8.4bn</b>
Purchase of securities	-9.8bn
Sale of securities	7.7bn
Loans to jointly controlled entities	0.8bn
Other	-0.1bn
<b>Net investments<sup>1</sup></b>	<b>7.0bn</b>
Sale of assets and companies	9.5bn
Other	0.1bn
<b>Gross investments</b>	<b>16.6bn</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 9M 13

<b>Wind activities:</b>	<b>DKK 7.7bn</b>
▪ Anholt	DKK 1.9bn
▪ West of Duddon Sands	DKK 1.7bn
▪ Borkum Riffgrund	DKK 0.5bn
▪ Project dev. Gode Wind 1+2	DKK 0.4bn
▪ Sea Installer 2	DKK 0.4bn
▪ Westernmost Rough	DKK 0.3bn
▪ London Array	DKK 0.3bn
▪ Other	DKK 2.2bn
<b>Gas and oil fields:</b>	<b>DKK 7.6bn</b>
▪ Ormen Lange	DKK 3.3bn
▪ Laggan-Tormore	DKK 1.2bn
▪ Hejre	DKK 1.1bn
▪ Other	DKK 2.0bn

# Larger decided construction projects

Larger ongoing projects with production start in 2013-2016						
Project	Type of project	Country	MW <sup>(1)</sup>	Commercial operation date <sup>(2)</sup>	Own share of project	Announced capex <sup>(3)</sup>
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)