

Interim financial report  
First quarter

2017





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Management statement

## CONFERENCE CALL

3 In connection with the presentation of the interim financial report  
 4 a conference call for investors and analysts will be held on Thurs-  
 5 day 27 April 2017 at 10:00am CET:  
 6  
 9 Denmark: +45 3544 5583  
 13 International: +44 203 194 0544  
 14 USA: +1 855 269 2604  
  
 15 The conference call can be followed live:  
 23 [www.dongenergy.com/conferencecall](http://www.dongenergy.com/conferencecall)  
  
 39 Presentation slides will be available prior to the conference call:  
[www.dongenergy.com/presentations](http://www.dongenergy.com/presentations)  
  
 The interim financial report can be downloaded at:  
[www.dongenergy.com/interimreports](http://www.dongenergy.com/interimreports)

## FURTHER INFORMATION

### Media Relations

Martin Barlebo  
 +45 9955 9552

### Investor Relations

Henrik Brünniche Lund  
 +45 9955 9722

## [www.dongenergy.com](http://www.dongenergy.com)

DONG Energy A/S  
 CVR no. 36213728  
 Kraftværksvej 53  
 7000 Fredericia  
 Tlf. +45 9955 1111

## Language

This report has been prepared in Danish and in English. In the event of any discrepancies between the Danish and the English version, the Danish version shall prevail.

# CEO's review—first quarter

## Good start to 2017, which supports the expectations for the year

- Operating profit (EBITDA) totalled DKK 3.3 billion
- Underlying EBITDA decreased by 19% as a result of higher income from Wind Power partnerships in Q1 2016. Partnership income is expected later in 2017 and expected to exceed the 2016 level
- Income from operating wind farms was up by 21%
- We were awarded three offshore wind projects in Germany
- Divestment of Oil & Gas continues to progress

## Financial results

Q1 EBITDA in line with expectations gives us a good start to 2017.

EBITDA was DKK 3.3 billion in Q1 2017 compared to DKK 7.1 billion in Q1 2016. The decrease was in line with expectations and was driven primarily by a positive impact in Q1 2016 from one-off payments from the renegotiation of gas purchase contracts, as well as the divestment of our gas distribution network to Energinet.dk in Q3 2016. These non-recurring items totalled DKK 3.0 billion in Q1 2016.

Underlying EBITDA declined by DKK 0.8 billion, mainly due to a very strong Q1 2016 in Wind Power, which included a gain of DKK 0.6 billion on the divestment of 50% of Burbo Bank Extension and high activity related to the construction of the German wind farms Gode Wind 1 and 2. In 2017, partnership income in Wind Power is expected to materialise later in the year in connection with the expected divestment of 50% of Walney Extension and the construction of, among others, the Race Bank wind farm.

Return on capital employed (ROCE) for the last 12 months increased from 15% in Q1 2016 to 17% in Q1 2017.

We maintain our financial guidance for 2017, with EBITDA expected to amount to DKK 15-17 billion

and gross investments expected to total DKK 18-20 billion for the year.

## Wind Power

Operations in Wind Power were in line with expectations in Q1. Following a January with weak winds, both February and March were close to a normal wind year. In addition, wind farm availability was satisfactory. Overall, earnings from commissioned wind farms were up by 21% compared to Q1 2016.

In April, we completed Burbo Bank Extension located off the UK's west coast, making us the first company in the world to deploy 8MW wind turbines. In addition, we have five large offshore wind farms under construction, which are all progressing according to plan.

The development of our portfolio of offshore wind projects for construction after 2020 is progressing steadily, both in terms of business development in new markets, including the USA and Taiwan, and in terms of participation in auctions in Europe.

On 13 April, we were awarded the right to build three offshore wind projects in the German part of the North Sea with a total capacity of 590MW. For two of these projects, OWP West and Borkum Riffgrund West 2, we submitted a bid of EUR 0 (zero) per MWh, meaning that these projects will not receive any subsidies on top of the wholesale power price. The third project, Gode Wind 3, was awarded based on a bid price of EUR 60 per MWh. The zero subsidy projects represent a historical breakthrough for offshore wind. We are seeing significant momentum in the offshore wind industry, with innovation and notably reduced costs creating new market opportunities and an ever-stronger value chain. Competitive intensity is escalating as more strategic operators have entered the scene, which also helps to further accelerate the development of offshore wind. We

remain very well-positioned to take part in this significant potential for long-term, profitable growth.

## Bioenergy & Thermal Power

At the end of 2016, we completed the coal-to-biomass conversion of the Studstrup and Avedøre Power Stations. As a result, we generated a large volume of our heat from biomass in Q1 2017. Once the boilers are fully commissioned, this proportion will increase further. The ongoing conversion of the Skærbæk Power Station is in its final phase, and we expect to generate the first, green power during Q2 2017.

The construction of the first commercial REnescience plant in Northwich, UK, converting unsorted waste into green energy and recyclable materials, is progressing according to plan and the plant is expected to be commissioned in Q2 2017.

## Distribution & Customer Solutions

By the end of 2020, our 1 million Danish power customers will have remote read power meters. Following a successful pre-pilot project in December 2016 with replacement of the first 2,000 power meters, we replaced a further 12,500 power meters in Q1 2017. The experience gained from the replacement of the first power meters has been positive, and the large-scale roll-out starts in June.

After the renegotiation of the most significant long-term gas purchase contracts in 2016, Markets has seen ongoing margin improvement in earnings from the gas portfolio in Q1 2017.

## Oil & Gas

The process of divesting O&G is progressing according to plan, and the transaction is still expected to be closed in 2017.

O&G delivered strong operational performance in Q1 2017 with high and stable production from all fields. Total costs and investments were reduced

by 70% relative to the same period last year.

Good operational performance in O&G generated a free cash flow of DKK 2.1 billion in Q1 2017.

## Employees

Last, but not least, we recorded a continued positive trend in our lost-time injury frequency in Q1, with no life changing accidents. LTIF (number of lost-time injuries per one million hours worked) decreased to 1.6 for the last 12 months.

Once again, DONG Energy's dedicated employees deserve considerable recognition for their commitment and hard work this past quarter.



Strong Q1 operating profits give us a good start to 2017.

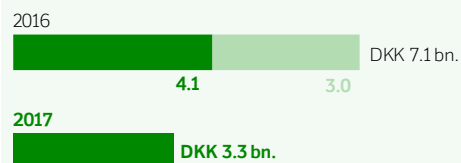
In April, we completed Burbo Bank Extension located off the UK's west coast, making us the first company in the world to deploy 8MW wind turbines. Moreover, we have five large offshore wind farms under construction, which are all progressing according to plan.

# First quarter—at a glance

## DONG Energy

### EBITDA

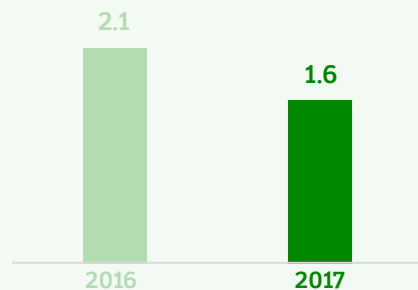
- Underlying EBITDA
- Non-recurring EBITDA



### Key figures Q1 2017

Revenue	DKK 16.5 bn.
Gross investments	DKK 2.5 bn.
Capital employed	DKK 64.6 bn.
ROCE <sup>1</sup>	17%
LTIF <sup>1</sup>	1.6
Number of employees	5,787

### Safety, LTIF



## Wind Power

### EBITDA

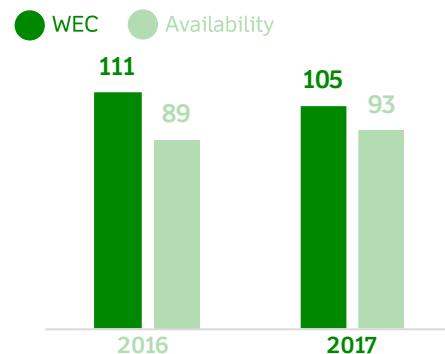
- Underlying EBITDA
- Non-recurring EBITDA



### Key figures Q1 2017

Revenue	DKK 4.7 bn.
Gross investments	DKK 2.0 bn.
Capital employed	DKK 56.2 bn.
ROCE <sup>1</sup>	15%
LTIF <sup>1</sup>	0.9
Number of employees	2,371

### Wind energy content/Availability, %



## Bioenergy & Thermal Power

### EBITDA

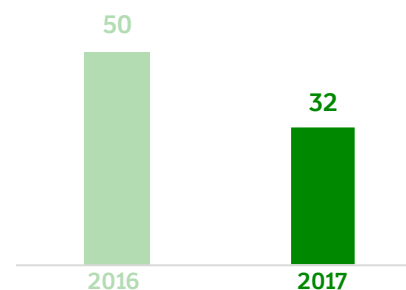
- Underlying EBITDA
- Non-recurring EBITDA



### Key figures Q1 2017

Revenue	DKK 2.2 bn.
Gross investments	DKK 0.4 bn.
Capital employed	DKK 2.1 bn.
Free cash flow	DKK 0.2 bn.
LTIF <sup>1</sup>	2.6
Number of employees	789

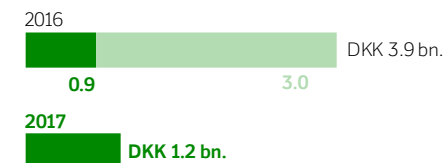
### Coal-share, %



## Distribution & Customer Solutions

### EBITDA

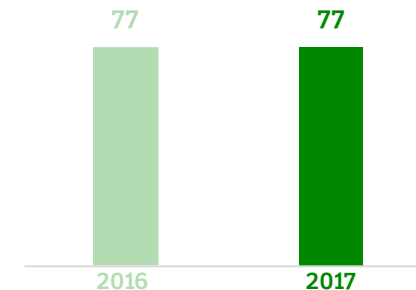
- Underlying EBITDA
- Non-recurring EBITDA



### Key figures Q1 2017

Revenue	DKK 11.6 bn.
Gross investments	DKK 0.1 bn.
Capital employed	DKK 7.1 bn.
ROCE <sup>1</sup>	44%
LTIF <sup>1</sup>	3.5
Number of employees	1,309

### Customer satisfaction (B2C), scale (1-100)



<sup>1</sup>Last 12 months

# Outlook 2017

The outlook for EBITDA and gross investments is unchanged relative to the annual report for 2016.

## EBITDA

EBITDA (business performance) is expected to total DKK 15-17 billion for our continuing operations in 2017. The outlook is based on forward commodity prices and exchange rates, as well as the impact from hedges, and the effects from the expected divestment of 50% of the Walney Extension wind farm.

## Gross investments

Gross investments for 2017 are expected to amount to DKK 18-20 billion. The outlook reflects a high level of activity in Wind Power (Walney Extension, Race Bank, Hornsea 1 and Borkum Riffgrund 2), biomass conversions of our CHP plants and the installation of remote-read power meters.

## Discontinued operations

The outlook for EBITDA for discontinued operations is unchanged relative to the annual report for 2016, where we expected an EBITDA lower than in 2016.

## Forward-looking statements

The interim financial report contains forward-looking statements, which include projections of short and long-term financial performance and targets as well as our financial policies. These statements are not guarantees of future performance and involve certain risks and uncertainties. Actual future results and developments may therefore differ materially from what is forecast due to a variety of factors. These factors include, but are not limited to, changes in temperature, wind conditions and precipitation levels, the development in oil, gas, power, 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 our markets and security of supply. Reference is made to the 'Risk and risk management' chapter and to note 7 in the annual report for 2016.

Outlook 2017 (DKK billion)	2017 guidance	2016 realised
EBITDA (continuing operations)	15-17	19.1
Wind Power	Higher	11.9
Bioenergy & Thermal Power	Higher	0.1
Distribution & Customer Solutions	Significantly lower	7.1
Gross investments	18-20	15.0



Our EBITDA guidance for the Group is the prevailing guidance, whereas the directional earnings development per business unit serves as a means to support this. Higher/lower indicates the direction of the business unit's earnings relative to the results for 2016.

# Results

## Financial results

### Continuing and discontinued operations

As in the 2016 annual report, Oil & Gas is presented as assets held for sale and discontinued operations. Thus, results from the oil and gas business are presented in one separate line in the income statement and the statement of cash flows.

### Revenue

Power generation from offshore wind increased by 24%, to 2.1 TWh in Q1 2017, due to generation from newly constructed offshore wind farms in Germany and the UK. Power generation from offshore wind accounted for 40% of our total power generation. Thermal power generation increased by 6%, to 3.2 TWh, while heat generation was in line with Q1 2016.

Revenue was DKK 16.5 billion. The 5% decline relative to Q1 2016, was due primarily to lower revenue from construction contracts and power and gas distribution. The decrease was partly offset by higher revenue from power and heat generation activities.

Financial results (DKK million)	Q1 2017	Q1 2016	%
Revenue	16,497	17,408	(5%)
EBITDA	3,288	7,085	(54%)
Underlying EBITDA	3,288	4,065	(19%)
Depreciation	(1,296)	(1,176)	10%
EBIT	1,992	5,909	(66%)
Gain (loss) on divestment of enterprises	(11)	(3)	267%
Financial items, net	(334)	288	n.a.
Profit before tax	1,604	6,193	(74%)
Tax on profit (loss) for the period	(390)	(1,213)	(68%)
Tax rate	24%	20%	4%p
Profit (loss) for the period, continuing operations	1,214	4,980	(76%)
Profit (loss) for the period, discont. operations	1,426	236	504%
Profit (loss) for the period	2,640	5,216	(49%)

### EBITDA

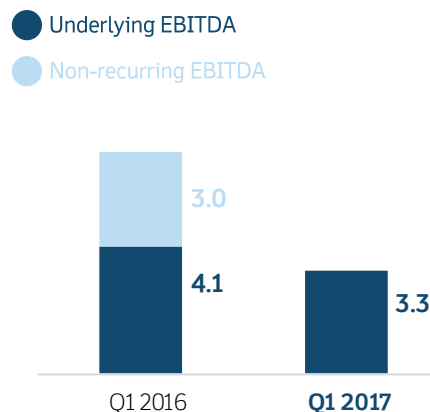
Operating profit (EBITDA) totalled DKK 3.3 billion compared to DKK 7.1 billion in Q1 2016, which was positively affected by one-off payments from renegotiations and earnings from the now divested gas distribution activities. Underlying EBITDA decreased due to gains on the divestment of 50% of Burbo Bank Extension of DKK 0.6 billion and high activity relating to construction contracts for Gode Wind 1 and 2, contributing positively in Q1 2016. The decrease was partly offset by high generation from commissioned offshore wind farms and improved margins in the wholesale gas business, driven, among other factors, by the renegotiations completed in 2016.

### EBIT

EBIT decreased by DKK 3.9 billion to DKK 2.0 billion in Q1 2017, primarily driven by the lower EBITDA.

Depreciation increased by DKK 0.1 billion to DKK 1.3 billion in Q1 2017. The increase was driven by more offshore wind farms in operation.

### Underlying EBITDA, DKK billion



The underlying operating profit excludes one-off payments related to renegotiations of gas purchase contracts and earnings from divested gas distribution assets.

### Financial income and expenses

Net financial income and expenses amounted to DKK -0.3 billion against DKK 0.3 billion in Q1 2016. In both quarters, this item was affected by exchange rate adjustments, which contributed negatively in 2017 and positively in 2016. Net interest expenses were in line with Q1 2016.

### Tax and tax rate

Tax on profit for the period amounted to DKK 0.4 billion, which was DKK 0.8 billion lower than in Q1 2016. The effective tax rate was 24% compared to 20% in the same period last year. The tax rate for Q1 2016 was impacted by a non-taxable gain on the divestment of 50% of Burbo Bank Extension.

### Business performance vs. IFRS

DONG Energy uses business performance as an alternative to the results prepared in accordance with IFRS. Business performance represents the underlying financial performance of the Group in the reporting period as results are adjusted for temporary fluctuations in the market value of contracts (including hedging transactions) relating to other periods. The difference between the two principles will be eliminated as the contracts expire. Apart from this, there is no difference between business performance and the IFRS results.

EBITDA calculated in accordance with IFRS amounted to DKK 3.8 billion in Q1 2017 against DKK 7.7 billion in the same period in 2016. Calculated in accordance with the business performance principle, EBITDA was DKK 3.3 billion and DKK 7.1 billion, respectively. The difference between the two principles was thus DKK 0.6 billion in both periods.

	Q1 2017	Q1 2016
EBITDA - BP	3,288	7,085
Adjustments	555	572
EBITDA - IFRS	3,843	7,657

In the presentation of the results according to IFRS, DONG Energy does not apply the provisions on hedge accounting of commodities and related currency exposures. The market value adjustments of these are continuously recognised in the income statement, which means that the IFRS results for the individual years are not comparable. IFRS results do not reflect the commercial risk hedging, according to which the business units and the Group are managed and evaluated. In the management's review, comments are made on business performance only.



# Results continued

## Profit for the period from continuing operations

Profit for the period from continuing operations totalled DKK 1.2 billion, DKK 3.8 billion lower than in Q1 2016. The decrease was driven mainly by lower EBIT and higher net financial income and expenses.

## Profit for the period from discontinued operations

Profit for the period from discontinued operations amounted to DKK 1.4 billion compared with DKK 0.2 billion in Q1 2016. The increase in underlying profit was primarily driven by a full quarter of production from Laggan-Tormore in the UK. Moreover, one-off items from the recognition of ineffective hedges and the settlement of a dispute over costs for the repair of the Siri platform made a positive contribution. In connection with the classification of the oil and gas business as assets held for sale in December 2016, depreciation was discontinued, which had a positive effect compared to Q1 2016. Read more about the financial performance of discontinued operations in note 9.

## Cash flows and net debt

### Cash flow from operating activities

Cash flow from operating activities totalled DKK 0.9 billion in Q1 2017 compared to DKK 8.4 billion in Q1 2016. The DKK 7.5 billion decrease was driven by lower EBITDA and funds tied up in working capital in Q1 2017, as opposed to a release of funds tied up in working capital in Q1 2016. The release of funds tied up in working capital relating to ongoing construction contracts for offshore wind farms for partners and offshore transmission systems in Q1 2016 was impacted, among other factors, by the divestment of the offshore transmission assets at Westermøst Rough. In addition, we received substantial mile-

stone payments from partners. In Q1 2017, we made good progress in the construction of offshore transmission assets at the UK Hornsea 1 and Walney Extension offshore wind farms, which led to a substantial increase in funds tied up in working capital. The release of funds tied up in other working capital in Q1 2016 was positively impacted by a temporary timing difference in VAT payments in the UK, while funds tied up in other working capital in Q1 2017 were negatively affected by, among other factors, higher trade receivables.

### Investments and divestments

Gross investments amounted to DKK 2.5 billion compared to DKK 3.2 billion in Q1 2016. The main investments in Q1 2017 were as follows:

- Offshore wind farms (DKK 2.0 billion), including Borkum Riffgrund 2 in Germany and Walney Extension, Race Bank and Hornsea 1 in the UK
- Power stations (DKK 0.4 billion), including biomass conversion of the Skærbæk Power Station and construction of a REnescience waste treatment plant in the UK

There were no divestments in Q1 2017. Divestments in Q1 2016 consisted of 50% of Burbo Bank Extension and receipt of deferred payment related to the divestment of 50% of Gode Wind 1 in 2015.

### Interest-bearing net debt

Interest-bearing net debt totalled DKK 6.5 billion at the end of March 2017 compared to DKK 3.5 billion at the end of 2016. The increase was driven primarily by a negative free cash flow from continuing operations of DKK 1.5 billion, as cash flow from operating activities and divestments were lower than investments, as well as distribution of dividends to shareholders of DKK 2.5 billion in March. Free cash flow from discontinued opera-

## Cash flows and net debt

DKK million	Q1 2017	Q1 2016	%
Cash flows from operating activities	888	8,361	(89%)
EBITDA	3,288	7,085	(54%)
Financial instruments	(121)	(567)	(78%)
Changes in provisions	(102)	32	n.a.
Reversal of gain/loss on sale of assets	(38)	(345)	(89%)
Other items	100	(26)	n.a.
Interest expense, net	(250)	(645)	(61%)
Paid tax	12	115	(90%)
Change in work in progress	(967)	1,851	n.a.
Change in other working capital	(1,034)	861	n.a.
Gross investments	(2,502)	(3,231)	(23%)
Divestments	65	1,949	(97%)
<b>Free cash flow</b>	<b>(1,549)</b>	<b>7,079</b>	<b>n.a.</b>
Net debt, beginning of period	3,461	9,193	(62%)
Free cash flow from continuing operations	1,549	(7,078)	n.a.
Free cash flow from discontinued operations	(2,071)	(477)	334%
Dividends and hybrid coupon paid	2,656	96	n.a.
Cash flow from assets held for sale	66	179	(63%)
Exchange rate adjustments, etc.	862	(973)	n.a.
<b>Net debt, end of period</b>	<b>6,523</b>	<b>940</b>	<b>594%</b>

tions made a positive contribution of DKK 2.1 billion.

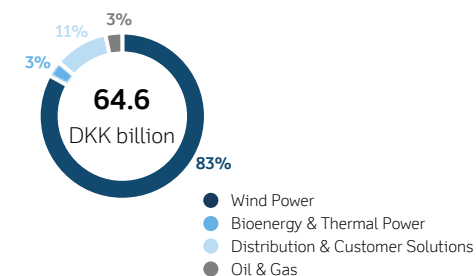
## Equity

Equity was DKK 58.1 billion at the end of March 2017 compared to DKK 57.5 billion at the end of 2016. The increase was driven primarily by the profit for the period less dividends distributed to shareholders.

## Capital employed

Capital employed was DKK 64.6 billion at the end of March 2017 compared to DKK 61.0 billion at the end of 2016 and DKK 57.6 billion at the end of March 2016. Wind Power's share of capital employed was 83% at the end of Q1 2017.

## Capital employed, %



# Results continued

## Key ratios

### Return on capital employed (ROCE)

Return on capital employed (ROCE, last 12 months) was 17% at the end of Q1 2017 against 13% at the end of Q1 2016. The increase was due to higher EBIT over the last 12 months.

### Credit metric (FFO/adjusted net debt)

The funds from operations (FFO) credit metric relative to adjusted net debt was 46% at the end of March 2017 compared to 68% in the same period last year. The decrease was due to higher adjusted net debt and lower FFO for the last 12 months.

## Non-financial results

### CO<sub>2</sub> emissions

In Q1 2017, CO<sub>2</sub> emissions from our power and heat generation were 170g CO<sub>2</sub>e/kWh compared with 232g CO<sub>2</sub>e/kWh in Q1 2016. CO<sub>2</sub> emissions per kWh decreased due to lower coal consumption in thermal power generation following the biomass conversion at the Avedøre and Studstrup Power Stations.

### Safety

In Q1 2017, we recorded seven lost-time injuries, six of which were among our suppliers. Over the last 12 months, lost-time injury frequency (LTIF) has declined from 2.1 in Q1 2016 to 1.6 in Q1 2017.

### Key ratios

(DKK million, %)

	Q1 2017	Q1 2016	%
ROCE <sup>1</sup>	17.4%	12.8%	4.6%p
Adjusted ROCE <sup>1</sup>	17.4%	14.9%	2.5%p
Adjusted net debt	22,737	16,494	38%
FFO/adjusted net debt <sup>1</sup>	46%	68%	(22%p)

<sup>1</sup>See page 27 in the annual report for 2016 for definitions.





# Wind Power

## Operational highlights Q1 2017

- We completed Burbo Bank Extension in April 2017
- Earnings from commissioned wind farms were up 21%
- We were awarded the right to build three offshore wind projects in the German part of the North Sea

## Financial results Q1 2017

Power generation was up 24% compared to Q1 2016, driven by generation from the German Gode Wind 1 and 2 wind farms and the start-up of power generation from Burbo Bank Extension in the UK. We have been commissioning the new 8MW turbines at Burbo Bank Extension on an ongoing basis since November 2016. We completed the wind farm in April. In addition, power generation was negatively affected by a cable fault at Walney 2 in Q1 2016. The higher power generation was partly offset by lower wind energy content, which was below normal (index 120) for the first three months in both years.

Availability was higher than in Q1 2016.

Revenue from wind farms increased by 24%, driven by higher power generation and higher prices, which were partly offset by lower contribution from hedges. In addition, Walney 2 contributed to the higher revenue in Q1 2017, as we were not compensated for the loss of revenue from the cable fault in 2016.

Revenue from construction contracts decreased by DKK 1.7 billion, due to a high level of activity in Q1 2016 when both Gode Wind 1 and 2 were under construction. The decrease was partly offset by higher revenue from the construction of transmission assets at Walney Extension and Hornsea 1 in the UK. Revenue from the construction of Burbo

Bank Extension contributed positively in both quarters.

EBITDA was DKK 2.1 billion compared to DKK 2.9 billion in Q1 2016.

EBITDA from wind farms increased by 21% to DKK 2.1 billion, driven by the factors described above.

EBITDA from construction contracts decreased by DKK 1.3 billion as a result of a gain of DKK 0.6 billion on the divestment of 50% of Burbo Bank Extension in February 2016 and high activity relating to the construction of Gode Wind 1 and 2 for partners in Q1 2016.

EBITDA from Other including A2SEA was DKK -0.3 billion compared with DKK -0.5 billion in Q1 2016. The improvement was driven primarily by costs associated with the restructuring of A2SEA and the scrapping of a vessel for offshore wind turbine installation, contributing negatively in Q1 2016.

Depreciation increased by DKK 0.1 billion due to the commissioning of new offshore wind farms in Germany and the UK.

Cash flow from operating activities totalled DKK 0.5 billion in Q1 2017. The DKK 5.3 billion decrease compared to Q1 2016 was due to lower EBITDA and a significant increase in funds tied up in ongoing construction contracts for offshore wind farms for partners and offshore transmission assets in the UK. In Q1 2016, we released funds tied up in work in progress due to, among other factors, the divestment of the offshore transmission asset at Westernmost Rough and received milestone payments from partners for the construction of Gode Wind 1 and 2. In Q1 2017, funds tied up in work in progress increased, due to, among other factors, the construction of offshore

## Financial results

		Q1 2017	Q1 2016	%
<b>Business drivers</b>				
Decided (FID'ed) capacity, offshore wind	GW	7.4	6.3	17%
Installed capacity, offshore wind	GW	3.6	3.0	20%
Production capacity, offshore wind	GW	2.1	1.7	24%
Wind energy content (WEC)	%	105	111	(6%p)
Load factor	%	50	46	4%p
Availability	%	93	89	4%p
Power generation	TWh	2.1	1.7	24%
- Denmark		0.7	0.6	17%
- United Kingdom		1.1	0.9	22%
- Germany		0.4	0.1	300%
Power price, LEBA UK	GBP/MWh	48.1	35.1	37%
British pound	DKK/GBP	8.6	9.7	(11%)
<b>Financial results</b>				
Revenue	DKKm	4,678	5,761	(19%)
- Sites, O&Ms and PPAs		2,800	2,258	24%
- Construction contracts		1,772	3,431	(48%)
- Other incl. A2SEA		106	72	47%
EBITDA	DKKm	2,139	2,900	(26%)
- Sites, O&Ms and PPAs		2,145	1,771	21%
- Construction contracts and divestment gains		311	1,598	(81%)
- Other incl. A2SEA and project development		(317)	(469)	(32%)
Depreciation (excl. impairment losses)	DKKm	(906)	(806)	12%
EBIT	DKKm	1,233	2,094	(41%)
Adjusted EBIT	DKKm	1,233	2,094	(41%)
Cash flow from operating activities	DKKm	450	5,712	(92%)
Gross investments	DKKm	(1,993)	(2,772)	(28%)
Divestments	DKKm	(38)	1,887	n.a.
Free cash flow	DKKm	(1,581)	4,827	n.a.
Capital employed	DKKm	56,185	43,350	30%
ROCE <sup>1</sup>	%	14.9	7.8	7.1%p
Adjusted ROCE <sup>2</sup>	%	14.9	8.9	6.0%p

1) EBIT (last 12 months)/average capital employed

2) Adjusted EBIT (last 12 months)/average capital employed (with impairment losses after tax added back to ultimo capital employed)



O&M: Operation and maintenance agreements  
PPA: Power purchase agreements

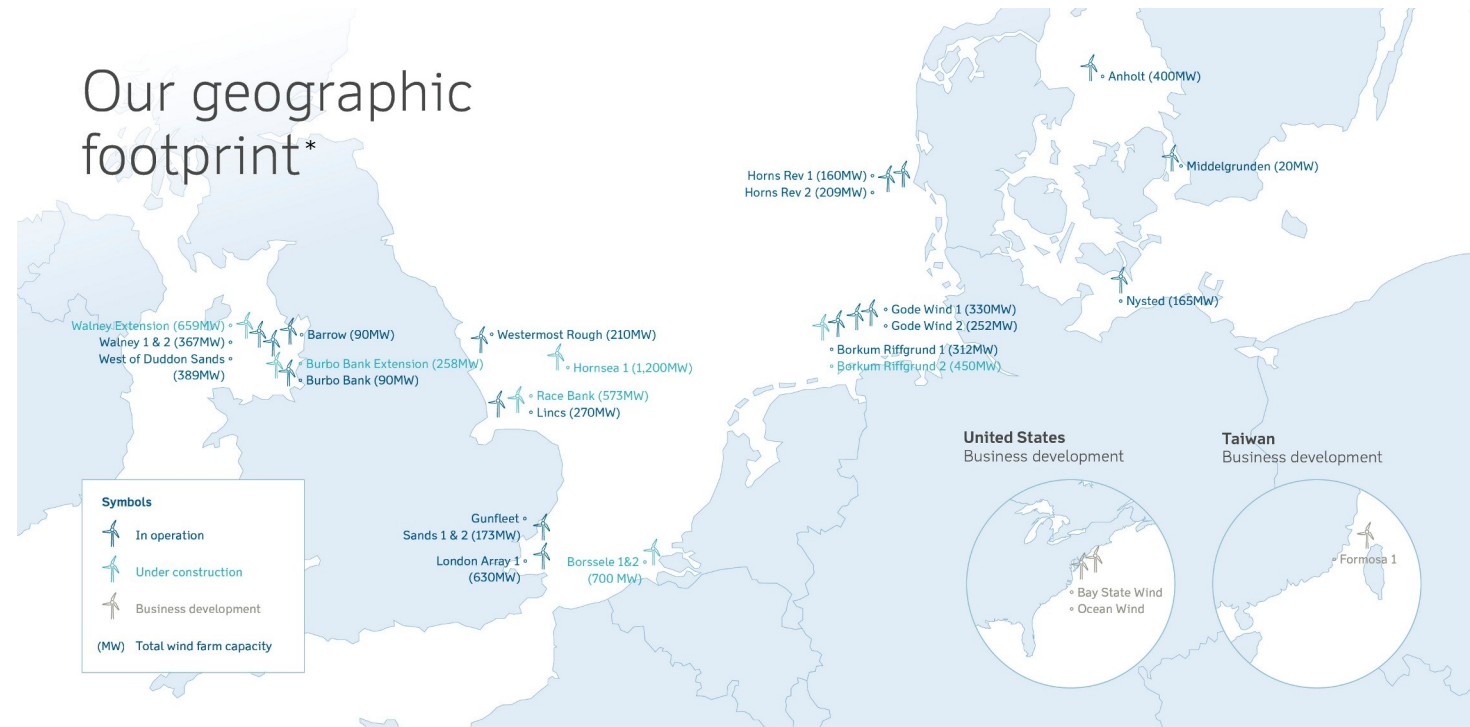
# Wind Power continued

transmission assets at both Walney Extension and Hornsea 1 in the UK.

Gross investments amounted to DKK 2.0 billion in Q1 2017. The largest investments related to the construction of Walney Extension, Race Bank and Hornsea 1 in the UK and Borkum Riffgrund 2 in Germany.

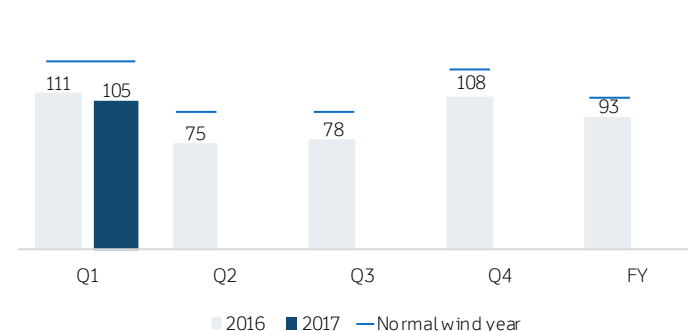
There were no divestments in Q1 2017. Divestments in Q1 2016 related to the divestment of 50% of Burbo Bank Extension and receipt of the deferred proceeds from the divestment of 50% of Gode Wind 1 in 2015.

Adjusted ROCE (last 12 months) increased by 6%-points to 15%, and was significantly impacted by a gain on the divestment of 50% of Race Bank in December 2016.



\* As of 31 March 2017

## Wind energy content (WEC) for DONG Energy's offshore wind parks



Wind energy content ("WEC") explains the relationship between actual wind speeds and normal wind speeds based on historical data for the actual site of an offshore wind farm. The resulting WEC percentage is 100% for the year if there is no deviation between the actual wind speeds and the normal wind speeds. Actual wind speeds can vary significantly from normal wind speeds across years and during a year.



# Bioenergy & Thermal Power

## Operational highlights Q1 2017

- More green power and heat at the Avedøre and Studstrup Power Stations following the successful completion of the coal-to-biomass conversion at the end of 2016
- In cooperation with Bigadan, we have decided to build a biogas plant in Kalundborg, where residues from Novo Nordisk and Novozymes' production facilities are to be recycled and converted into biogas

## Financial results Q1 2017

Revenue increased by DKK 0.4 billion to DKK 2.2 billion in Q1 2017.

Revenue from heat sales increased by 17% although heat generation was in line with Q1 2016. The increase was driven by new heat contracts at the Avedøre and Studstrup Power Stations, where heat is generated using biomass. Revenue from power and ancillary services increased by 27% to DKK 1.2 billion, driven by higher power generation and significantly higher power prices.

EBITDA increased by DKK 0.1 billion to DKK 0.2 billion, driven by heat generation activities due to the new heat contracts. This was due to lower duties paid on biomass than on fossil fuels. The increase was partly offset by adverse market conditions for power generation (mainly negative spreads), while EBITDA from ancillary services

was in line with Q1 2016.

Cash flow from operating activities totalled DKK 0.6 billion compared to DKK 0.4 billion in Q1 2016. The increase was driven by higher EBITDA and less funds tied up in inventories (wood pellets and coal).

Gross investments amounted to DKK 0.4 billion in Q1 2017. The largest investments related to the biomass conversion of the Skærbæk Power Station and the construction of the REnescence bio plant in the UK.

## Financial results

		Q1 2017	Q1 2016	%
<b>Business drivers</b>				
Degree days	Number	1,244	1,300	(4%)
Heat generation	TWh	4.2	4.3	(3%)
Power generation	TWh	3.2	3.0	6%
Power price, DK	EUR/MWh	31.0	22.8	36%
Green dark spread, DK	EUR/MWh	(1.6)	2.7	n.a.
Green spark spread, DK	EUR/MWh	(8.8)	(5.6)	57%
<b>Financial results</b>				
Revenue	DKKm	2,247	1,842	22%
- Heat		1,034	885	17%
- Power, including ancillary services		1,213	957	27%
EBITDA	DKKm	207	154	34%
- Heat		243	132	84%
- Ancillary services		78	68	15%
- Power		(114)	(46)	148%
Depreciation (excl. impairment losses)	DKKm	(161)	(179)	(10%)
EBIT	DKKm	46	(25)	n.a.
Adjusted EBIT	DKKm	46	(25)	n.a.
Cash flow from operating activities	DKKm	579	360	61%
Gross investments	DKKm	(374)	(342)	9%
Divestments	DKKm	25	5	400%
Free cash flow	DKKm	230	23	900%
Capital employed	DKKm	2,092	2,180	(4%)
ROCE <sup>1</sup>	%	(27.7)	(52.1)	24.4%p
Adjusted ROCE <sup>2</sup>	%	(27.7)	(29.1)	1.4%p

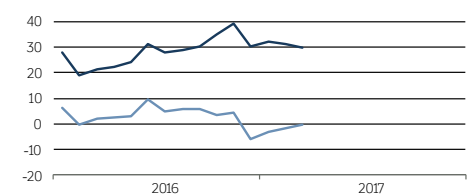
1) EBIT (last 12 months)/average capital employed

2) Adjusted EBIT (last 12 months)/average capital employed (with impairment losses after tax added back to ultimo capital employed)



Increase in the heat business, where new heat contracts contributed to the higher earnings.

## Power price and green dark spread (GDS), EUR/MWh



Power price (Nord Pool, DK) GDS (Nord Pool, DK)

Source: Nord Pool, Argus-McCloskey and ICE

# Distribution & Customer Solutions

## Operational highlights Q1 2017

- The roll-out of intelligent power meters are well underway following the successful completion of the pilot project
- We made progress in implementing Smart Grid technologies with the installation of Denmark's first large battery in Nordhavn, Denmark, in cooperation with ABB

## Financial results Q1 2017

Revenue was up by 10% to DKK 11.6 billion in Q1 2017, driven primarily by an average increase in gas prices of 45% relative to Q1 2016. The increase was offset by lower revenue from power distribution, given that tax and costs are no longer invoiced on behalf of the transmission owner, and from gas distribution following the divestment of activities to Energinet.dk in September 2016.

Reported EBITDA was DKK 1.2 billion compared with DKK 3.9 billion in Q1 2016. Underlying EBITDA increased by DKK 0.3 billion.

EBITDA from the distribution business decreased by DKK 0.2 billion following the divestment of our gas distribution activities in September 2016.

EBITDA from the sales business was in line with Q1 2016.

EBITDA from Markets was down by DKK 2.6 billion, driven primarily by one-off payments from completed renegotiations of gas purchase contracts totalling DKK 2.8 billion, which made a positive contribution in Q1 2016. The decline was partly offset by ongoing margin improvement from renegotiated contracts. Furthermore, earnings from trading and portfolio optimisation contributed positively in both quarters.

EBITDA from LNG was improved by DKK 0.1 billion, driven by lower net expenses related to the

Gate terminal in the Netherlands and better margins.

Cash flow from operating activities totalled DKK 1.6 billion in Q1 2017. The decrease of DKK 1.5 billion was due to lower EBITDA, which was partly offset by less funds tied up in gas inventories and lower trade receivables.

Gross investments totalled DKK 0.1 billion in Q1 2017 and were mainly related to maintenance of the power distribution network.

Adjusted ROCE (last 12 months) decreased by 7%-points to 44%, and was in both 12-month periods significantly impacted by one-off payments received from renegotiations.

## Financial results

		Q1 2017	Q1 2016	%
<b>Business drivers</b>				
Regulatory asset base (power)	DKKm	10,648	10,778	(1%)
Degree days	Number	1,244	1,300	(4%)
Gas sales	TWh	41.5	41.6	(0%)
- Sales		14.0	12.2	15%
- Markets (excl. volumes to Sales)		27.5	29.4	(6%)
Power sales	TWh	10.1	10.7	(6%)
- Sales		2.7	2.2	23%
- Markets (excl. volumes to Sales)		7.4	8.5	(13%)
Gas distribution	TWh	-	3.2	n.a.
Power distribution	TWh	2.3	2.4	(4%)
Gas price, TTF	EUR/MWh	18.5	12.8	45%
Oil price, Brent	USD/boe	53.8	33.9	59%
US dollar	DKK/USD	7.0	6.8	3%
British pound	DKK/GBP	8.6	9.7	(11%)
<b>Financial results</b>				
Revenue	DKKm	11,625	10,582	10%
EBITDA	DKKm	1,185	3,906	(70%)
- Distribution		468	680	(31%)
- Sales		22	34	(35%)
- Markets		631	3,260	(81%)
- LNG		64	(68)	n.a.
Depreciation (excl. impairment losses)	DKKm	(221)	(181)	22%
EBIT	DKKm	964	3,725	(74%)
Adjusted EBIT	DKKm	964	3,725	(74%)
Cash flow from operating activities	DKKm	1,576	3,058	(48%)
Gross investments	DKKm	(135)	(114)	18%
Divestments	DKKm	48	58	(17%)
Free cash flow	DKKm	1,489	3,002	(50%)
Capital employed	DKKm	7,105	8,601	(17%)
ROCE <sup>1</sup>	%	44.2	51.6	(7.4%p)
Adjusted ROCE <sup>2</sup>	%	44.2	51.6	(7.4%p)

1) EBIT (last 12 months)/average capital employed

2) Adjusted EBIT (last 12 months)/average capital employed (with impairment losses after tax added back to ultimo capital employed)



EBITDA was positively affected by one-off payments from completed renegotiations of gas purchase contracts of DKK 2.8 billion in Q1 2016.

Gas Distribution was part of EBITDA until it was divested in September 2016



# Performance highlights

## Income statement

(Business performance) DKK million	Q1 2017	Q1 2016	2016
Revenue	16,497	17,408	61,201
EBITDA	3,288	7,085	19,109
Wind Power	2,139	2,900	11,867
Bioenergy & Thermal Power	207	154	100
Distribution & Customer Solutions	1,185	3,906	7,108
Other activities	(243)	125	34
Depreciation and amortisation	(1,296)	(1,176)	(5,232)
Impairment losses	0	0	0
Operating profit (loss) (EBIT)	1,992	5,909	13,877
Gain (loss) on investment of enterprises	(11)	(3)	1,250
Net financial income and expenses	(334)	288	(767)
Profit (loss) from associates and joint ventures	(43)	(1)	(8)
Profit (loss) before tax	1,604	6,193	14,352
Tax	(390)	(1,213)	(2,191)
Profit (loss) for the period from continuing operations	1,214	4,980	12,161
Profit (loss) for the period from discontinued operations	1,426	236	1,052
Profit (loss) for the period	2,640	5,216	13,213

## Balance sheet

Total assets	132,030	155,915	136,489
Total equity	58,112	56,682	57,500
Shareholders of DONG Energy A/S	39,828	37,614	39,106
Non-controlling interests	5,036	5,820	5,146
Hybrid capital	13,248	13,248	13,248
Interest-bearing net debt	6,523	940	3,461
Capital employed	64,635	57,622	60,961
Additions to property, plant, and equipment	2,615	5,167	17,750

## Cash flow

Cash flow from operating activities	888	8,361	11,272
Gross investments	(2,502)	(3,231)	(14,960)
Divestments	65	1,949	9,055
Free cash flow	(1,549)	7,079	5,367

## Financial and equity ratios

Return on capital employed (ROCE) <sup>1</sup> , %	17.4	12.8	24.4
Adjusted ROCE <sup>2</sup> , %	17.4	14.9	24.4
FFO/adjusted net debt <sup>3,6</sup> , %	45.8	68.0	80.5
Number of outstanding shares, end of period, '000	420,381	417,726	420,381
Share price, end of period, DKK	268.9	-	275.0
Market capitalisation, end of period, DKK billion	113.0	-	115.6
Earnings per share (EPS) (BP), DKK	6.4	12.8	22.4

## Income statement (IFRS)

Revenue	17,426	17,663	57,392
EBITDA	3,843	7,657	16,939
Profit (loss) for the period from continuing operations	1,649	5,426	10,467

## Business drivers

	Q1 2017	Q1 2016	2016
<b>Wind Power</b>			
Decided (FID'ed) capacity <sup>4</sup> , offshore wind, GW	7.4	6.3	7.4
Installed capacity, offshore wind, GW	3.6	3.0	3.6
Production capacity, offshore wind, GW	2.1	1.7	2.0
Wind energy content (WEC) <sup>4</sup> , % of normal wind year	105	111	93
Load factor <sup>4</sup> , %	50	46	41
Availability <sup>4</sup> , %	93	89	92
Power generation, TWh	2.1	1.7	6.0
<b>Bioenergy &amp; Thermal Power</b>			
Degree days <sup>4</sup> , number	1,244	1,300	2,715
Heat generation, TWh	4.2	4.3	9.2
Power generation, TWh	3.2	3.0	8.4
<b>Distribution &amp; Customer Solutions</b>			
Regulatory value of power distribution assets <sup>5</sup>	10,648	10,778	10,648
Power distribution, TWh	2.3	2.4	8.5
Gas distribution, TWh	-	3.2	5.8
Power sales, TWh	10.1	10.7	36.7
Gas sales, TWh	41.5	41.6	150.4

## People and environment

Employees (FTE), end of period number	5,787	6,019	5,775
Lost-time injury frequency (LTIF) per 1 million hours worked <sup>6</sup>	1.6	2.1	1.8
Fatalities, number	0	0	0
CO <sub>2</sub> emissions, g/kWh	170	232	224

## Oil & Gas

Oil and gas production, million boe	7.5	10.0	36.6
EBITDA	2,449	1,004	6,507
Free Cash Flow	2,071	477	1,106
Capital employed	2,204	5,281	2,769

In general, the financial and non-financial data are stated excluding discontinued operations.



### Business performance vs. IFRS

Business performance represents the underlying financial performance of the Group in the reporting period as results are adjusted for temporary fluctuations in the market value of contracts (including hedging transactions) relating to other periods. Apart from this, there is no difference between business performance and IFRS results. Read more in note 3.

1) EBIT (last 12 months)/average capital employed.  
2) Adjusted EBIT (last 12 months) / average capital employed (with impairment losses after tax added back to ultimo capital employed).  
3) Net debt including 50% of hybrid capital, cash and securities not available for use (with the exception of repo transactions), present value of lease obligations, and

decommissioning obligations less deferred tax.  
4) See definition on page 190 and note 9 in the annual report for 2016.  
5) The figures indicate values from the latest regulatory financial statements (updated in June).  
6) Last 12 months.

# Quarterly overview

<b>Income statement (Business performance), DKK million</b>									<b>Business drivers</b>							
	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
Revenue	16,497	15,678	13,114	15,001	17,408	14,319	16,004	17,312	<b>Wind Power</b>							
EBITDA	3,288	6,310	3,099	2,615	7,085	1,947	1,552	2,747	Decided (FID'ed) capacity <sup>1</sup> , offshore wind, GW	7.4	7.4	7.4	6.7	6.3	5.1	4.4
Wind Power	2,139	5,054	1,643	2,270	2,900	1,693	1,384	1,177	Installed capacity, offshore wind, GW	3.6	3.6	3.0	3.0	3.0	3.0	2.7
Bioenergy & Thermal Power	207	115	(128)	(41)	154	(118)	(194)	321	Production capacity, offshore wind, GW	2.1	2.0	1.8	1.7	1.7	1.7	1.6
Distribution & Customer Solutions	1,185	1,243	1,507	452	3,906	362	46	1,476	Wind energy content (WEC) <sup>4</sup> , % of normal wind year	105	108	78	75	111	123	79
Other activities	(243)	(102)	77	(66)	125	10	316	(227)	Load factor <sup>4</sup> , %	50	49	35	34	46	50	36
Depreciation and amortisation	(1,296)	(1,602)	(1,239)	(1,215)	(1,176)	(1,444)	(1,489)	(1,376)	Availability <sup>4</sup> , %	93	94	92	94	89	90	93
Impairment losses	0	0	0	0	0	(1,184)	0	0	Power generation, TWh	2.1	1.8	1.3	1.2	1.7	1.5	1.3
Operating profit (loss) (EBIT)	1,992	4,708	1,860	1,400	5,909	(681)	63	1,371	<b>Bioenergy &amp; Thermal Power</b>							
Gain (loss) on divestment of enterprises	(11)	(80)	1,314	19	(3)	(33)	(12)	82	Degree days <sup>4</sup> , number	1,244	962	54	399	1,300	781	109
Net financial income and expenses	(334)	(352)	(114)	(589)	288	(328)	(150)	(273)	Heat generation, TWh	4.2	3.1	0.4	1.4	4.3	2.9	0.6
Profit (loss) from associates and joint ventures	(43)	(3)	(4)	(0)	(1)	0	(3)	(2)	Power generation, TWh	3.2	3.0	1.3	1.1	3.0	2.5	0.4
Profit (loss) before tax	1,604	4,273	3,056	830	6,193	(1,042)	(102)	1,178	<b>Distribution &amp; Customer Solutions</b>							
Tax	(390)	(285)	(536)	(157)	(1,213)	727	40	(222)	Regulatory value of power distribution assets <sup>5</sup>	10,648	10,648	10,648	10,648	10,778	10,778	10,778
Profit (loss) for the period from continuing operations	1,214	3,988	2,520	673	4,980	(315)	(62)	956	Power distribution, TWh	2.3	2.3	1.9	1.9	2.4	2.3	1.9
Profit (loss) for the period from discontinued operations	1,426	(473)	811	478	236	(15,004)	520	77	Gas distribution, TWh	-	-	1.1	1.5	3.2	2.4	1.1
Profit (loss) for the period	2,640	3,515	3,331	1,151	5,216	(15,319)	458	1,033	Power sales, TWh	10.1	9.2	8.3	8.5	10.7	9.9	9.3
									Gas sales, TWh	41.5	36.1	37.1	35.6	41.6	36.2	42.2
									<b>People and environment</b>							
<b>Balance sheet</b>									Employees (FTE) end of period, number	5,787	5,775	5,890	5,881	6,019	5,947	5,956
Total assets	132,030	136,489	141,197	140,700	155,915	147,457	157,663	155,073	Lost time injury frequency (LTIF) per 1 million hours worked <sup>6</sup>	1.6	1.8	2.1	1.9	2.1	2.0	2.1
Total equity	58,112	57,500	57,517	54,694	56,682	51,736	64,973	63,152	Fatalities, number	0	0	0	0	0	0	0
Shareholders of DONG Energy A/S	39,828	39,106	39,029	35,946	37,614	32,090	45,155	43,056	CO <sub>2</sub> emissions, g/kWh	170	183	329	210	232	225	217
Non-controlling interests	5,036	5,146	5,240	5,500	5,820	6,398	6,570	6,848	<b>Oil &amp; Gas</b>							
Hybrid capital	13,248	13,248	13,248	13,248	13,248	13,248	13,248	13,248	Oil and gas production, million boe	7.5	9.0	8.9	8.7	10.0	11.5	11.9
Interest-bearing net debt	6,523	3,461	5,942	3,821	940	9,193	13,424	7,785	EBITDA	2,449	2,140	1,658	1,705	1,004	1,700	2,879
Capital employed	64,635	60,961	63,459	58,515	57,622	60,930	78,398	70,937	Free Cash Flow	2,071	1,020	658	-1,049	478	1,269	(614)
Additions to property, plant, and equipment	2,615	4,378	5,168	3,037	5,167	4,033	4,471	4,897	Capital employed	2,204	2,769	4,976	4,981	5,281	5,444	20,494
<b>Cash flow</b>																
Cash flow from operating activities	888	1,752	(56)	1,215	8,361	4,463	(712)	2,865								
Gross investments	(2,502)	(4,732)	(4,658)	(2,339)	(3,231)	(2,734)	(4,037)	(2,573)								
Divestments	65	5,013	2,139	(46)	1,949	1,624	(13)	349								
Free cash flow	(1,549)	2,033	(2,575)	(1,170)	7,079	3,353	(4,761)	641								
<b>Financial and equity ratios</b>																
Return on capital employed (ROCE) <sup>1</sup> , %	17.4	24.4	14.6	12.6	12.8	3.6	4.3	3.6								
Adjusted ROCE <sup>2</sup> , %	17.4	24.4	16.2	14.7	14.9	5.9	4.3	4.0								
FFO/adjusted net debt <sup>3,6</sup> , %	45.8	80.5	54.9	56.7	68.0	28.7	31.0	35.6								
Number of outstanding shares, end of period, '000	420,381	420,381	420,381	420,381	417,726	417,726	417,726	417,726								
Share price, end of period, DKK	268.9	267.6	275.0	240.3	-	-	-	-								
Market capitalisation, end of period, DKK billion	113.0	112.5	115.6	101.0	-	-	-	-								
Earnings per share (EPS) (BP), DKK	6.4	8.2	7.7	1.9	12.8	(36.7)	0.7	1.2								
<b>Income statement (IFRS)</b>																
Revenue	17,426	13,396	13,199	13,134	17,663	15,571	17,585	16,967								
EBITDA	3,843	4,572	3,223	1,487	7,657	3,111	2,784	2,431								
Profit (loss) for the period from continuing operations	1,649	2,632	2,615	(207)	5,426	578	880	715								



**Business performance vs. IFRS**  
Business performance represents the underlying financial performance of the Group in the reporting period as results are adjusted for temporary fluctuations in the market value of contracts (including hedging transactions) relating to other periods. Apart from this, there is no difference between business performance and IFRS results. Read more in note 3.

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- 2) Adjusted EBIT (last 12 months) / average capital employed (with impairment losses after tax added back to ultimo capital employed).
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- 4) See definition on page 190 and note 9 in the annual report for 2016.
- 5) The figures indicate values from the latest regulatory financial statements (updated in June).
- 6) Last 12 months.

decommissioning obligations less deferred tax.  
4) See definition on page 190 and note 9 in the annual report for 2016.  
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# Income statement

1 January - 31 March

Note	(DKK million)	Q1 2017			Q1 2016		
		Business performance	Adjustments	IFRS	Business performance	Adjustments	IFRS
4	Revenue	16,497	929	17,426	17,408	255	17,663
5	Cost of sales	(11,587)	(374)	(11,961)	(9,138)	317	(8,821)
	Other external expenses	(993)	-	(993)	(1,120)	-	(1,120)
	Employee costs	(767)	-	(767)	(739)	-	(739)
	Share of profit (loss) in associates and joint ventures	10	-	10	24	-	24
6	Other operating income	154	-	154	894	-	894
6	Other operating expenses	(26)	-	(26)	(244)	-	(244)
	<b>Operating profit (loss) before depreciation, amortisation and impairment losses (EBITDA)</b>	<b>3,288</b>	<b>555</b>	<b>3,843</b>	<b>7,085</b>	<b>572</b>	<b>7,657</b>
	Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	(1,296)	-	(1,296)	(1,176)	-	(1,176)
	<b>Operating profit (loss) (EBIT)</b>	<b>1,992</b>	<b>555</b>	<b>2,547</b>	<b>5,909</b>	<b>572</b>	<b>6,481</b>
	Gain on divestment of enterprises	(11)	-	(11)	(3)	-	(3)
	Share of profit (loss) in associates and joint ventures	(43)	-	(43)	(1)	-	(1)
11	Financial income	729	-	729	768	-	768
11	Financial expenses	(1,063)	-	(1,063)	(480)	-	(480)
	<b>Profit (loss) before tax</b>	<b>1,604</b>	<b>555</b>	<b>2,159</b>	<b>6,193</b>	<b>572</b>	<b>6,765</b>
12	Tax on profit (loss) for the period	(390)	(120)	(510)	(1,213)	(126)	(1,339)
	<b>Profit (loss) for the period from continuing operations</b>	<b>1,214</b>	<b>435</b>	<b>1,649</b>	<b>4,980</b>	<b>446</b>	<b>5,426</b>
9	<b>Profit (loss) for the period from discontinued operations</b>	<b>1,426</b>	<b>79</b>	<b>1,505</b>	<b>236</b>	<b>190</b>	<b>426</b>
	<b>Profit (loss) for the period</b>	<b>2,640</b>	<b>514</b>	<b>3,154</b>	<b>5,216</b>	<b>636</b>	<b>5,852</b>
	<b>Profit (loss) for the period is attributable to:</b>						
	Shareholders of DONG Energy A/S	2,676	514	3,190	5,352	636	5,988
	Interest payments and costs after tax, hybrid capital holders of DONG Energy A/S	(35)	-	(35)	(35)	-	(35)
	Non-controlling interests	(1)	-	(1)	(101)	-	(101)
	<b>Profit (loss) per share, DKK:</b>	<b>6.4</b>		<b>7.6</b>	<b>12.8</b>		<b>14.3</b>
	From continuing operations	3.0		4.0	12.2		13.3
	From discontinued operations	3.4		3.6	0.6		1.0
	<b>Diluted profit (loss) per share, DKK:</b>	<b>6.4</b>		<b>7.6</b>	<b>12.8</b>		<b>14.2</b>
	From continuing operations	3.0		4.0	12.2		13.2
	From discontinued operations	3.4		3.6	0.6		1.0



Profit (loss) for the period for our continuing operations  
The Oil & Gas segment is presented as discontinued operations. Comparative figures for Q1 2016 have been restated.  
The Group's business performance EBITDA has consequently been reduced by Oil & Gas' share corresponding to DKK 2,449 million in Q1 2017.

# Statement of comprehensive income

1 January - 31 March

(DKK million)	Q1 2017			Q1 2016		
	Business performance	Adjustments	IFRS	Business performance	Adjustments	IFRS
<b>Profit (loss) for the period</b>	<b>2,640</b>	<b>514</b>	<b>3,154</b>	<b>5,216</b>	<b>636</b>	<b>5,852</b>
<b>Other comprehensive income:</b>						
Hedging instruments:						
Value adjustments for the period	681	(834)	(153)	2,229	(2,125)	104
Value adjustments transferred to revenue	105	(105)	-	207	(249)	(42)
Value adjustments transferred to cost of sales	(25)	25	-	66	(66)	-
Value adjustments transferred to other operating income	-	-	-	(161)	-	(161)
Value adjustments transferred to financial income and expenses	49	-	49	48	-	48
Value adjustments transferred to cost of hedging reserve	(13)	-	(13)	-	-	-
Tax on value adjustments of hedging instruments	(175)	200	25	(536)	537	1
Value adjustments transferred to profit (loss) from discontinued operations	(257)	257	-	(1,624)	1,624	-
Tax transferred to profit (loss) from discontinued operations	57	(57)	-	357	(357)	-
Exchange rate adjustments:						
Exchange rate adjustments relating to net investment in foreign enterprises	303	-	303	(2,692)	-	(2,692)
Value adjustments of hedging thereof	(113)	-	(113)	1,890	-	1,890
Value adjustments transferred to cost of hedging reserve	(9)	-	(9)	-	-	-
Tax on exchange rate adjustments	(17)	-	(17)	(12)	-	(12)
<b>Other comprehensive income</b>	<b>586</b>	<b>(514)</b>	<b>72</b>	<b>(228)</b>	<b>(636)</b>	<b>(864)</b>
<b>Total comprehensive income</b>	<b>3,226</b>	<b>-</b>	<b>3,226</b>	<b>4,988</b>	<b>-</b>	<b>4,988</b>
<b>Comprehensive income from the period is attributable to:</b>						
Shareholders of DONG Energy A/S			3,241			5,506
Interest payments and costs after tax, hybrid capital holders of DONG Energy A/S			(35)			(35)
Non-controlling interests			20			(483)
<b>Total comprehensive income</b>			<b>3,226</b>			<b>4,988</b>



Statement of comprehensive income  
All items in other comprehensive income may be recycled to the income statement.



# Balance sheet

## Assets

Note	(DKK million)	31 March 2017	31 December 2016	31 March 2016
	<b>Intangible assets</b>	<b>851</b>	<b>955</b>	<b>1,187</b>
	Land and buildings	1,533	1,505	1,598
	Production assets	56,603	53,708	63,494
	Exploration assets	-	-	13
	Fixtures and fittings, tools and equipment	429	438	443
	Property, plant and equipment under construction	14,784	14,531	14,476
	<b>Property, plant and equipment</b>	<b>73,349</b>	<b>70,182</b>	<b>80,024</b>
	Investments in associates and joint ventures	282	1,060	1,326
	Receivables from associates and joint ventures	-	626	771
	Other securities and equity investments	153	158	185
	Deferred tax	529	88	322
	Other receivables	531	515	730
	<b>Other non-current assets</b>	<b>1,495</b>	<b>2,447</b>	<b>3,334</b>
	<b>Non-current assets</b>	<b>75,695</b>	<b>73,584</b>	<b>84,545</b>
	Inventories	3,120	3,451	3,887
14	Derivative financial instruments	5,842	8,689	17,570
	Construction contracts	7,578	6,453	3,599
	Trade receivables	6,358	7,286	7,578
	Other receivables	1,276	1,710	2,137
	Receivables from associates and joint ventures	-	49	30
	Income tax	372	430	312
14	Securities	15,099	16,533	25,004
	Cash	1,911	2,931	8,608
	<b>Current assets</b>	<b>41,556</b>	<b>47,532</b>	<b>68,725</b>
8	<b>Assets classified as held for sale</b>	<b>14,779</b>	<b>15,373</b>	<b>2,645</b>
	<b>Assets</b>	<b>132,030</b>	<b>136,489</b>	<b>155,915</b>



### Assets classified as held for sale

The Oil & Gas segment is presented as assets classified as held for sale as at 31 December 2016. Comparative figures for Q1 2016 have not been restated - for more information see note 9 Discontinued operations.

# Balance sheet

## Equity and liabilities

Note	(DKK million)	31 March 2017	31 December 2016	31 March 2016
	Share capital	4,204	4,204	4,177
	Reserves	20,269	20,218	20,373
	Retained earnings	15,355	14,684	13,064
	<b>Equity attributable to shareholders of DONG Energy A/S</b>	<b>39,828</b>	<b>39,106</b>	<b>37,614</b>
	Hybrid capital	13,248	13,248	13,248
	Non-controlling interests	5,036	5,146	5,820
	<b>Equity</b>	<b>58,112</b>	<b>57,500</b>	<b>56,682</b>
	Deferred tax	2,632	2,185	1,488
	Provisions	8,429	8,337	17,520
	Bank loans and issued bonds	22,225	22,164	30,851
	Other payables	6,714	6,622	6,246
	<b>Non-current liabilities</b>	<b>40,000</b>	<b>39,308</b>	<b>56,105</b>
	Provisions	673	702	1,576
	Bank loans and issued bonds	2,000	2,019	4,633
14	Derivative financial instruments	3,001	6,930	8,600
	Construction contracts	499	171	1,444
	Trade payables	9,231	10,024	12,224
	Other payables	4,872	6,277	9,298
	Income tax	522	54	4,280
	<b>Current liabilities</b>	<b>20,798</b>	<b>26,177</b>	<b>42,055</b>
	<b>Liabilities</b>	<b>60,798</b>	<b>65,485</b>	<b>98,160</b>
8	<b>Liabilities relating to assets classified as held for sale</b>	<b>13,120</b>	<b>13,504</b>	<b>1,073</b>
	<b>Equity and liabilities</b>	<b>132,030</b>	<b>136,489</b>	<b>155,915</b>



### Liabilities relating to assets classified as held for sale

The Oil & Gas segment is presented as liabilities relating to assets classified as held for sale as at 31 December 2016. Comparative figures for Q1 2016 have not been restated - for more information see note 9 Discontinued operations.

# Statement of change in equity

1 January - 31 March 2017

1 January - 31 March 2017 (DKK million)	Share capital	Hedging reserves	Foreign currency translation reserve	Cost of hedging reserve	Share premium reserve	Retained earnings	Proposed dividend	Equity attributable to shareholders of DONG Energy A/S	Hybrid capital	Non-controlling interests	Total
Equity at 1 January 2017	4,204	440	(1,558)	57	21,279	12,162	2,522	39,106	13,248	5,146	57,500
<b>Comprehensive income for the period:</b>											
Profit (loss) for the year	-	-	-	-	-	3,190	-	3,190	(35)	(1)	3,154
<b>Other comprehensive income:</b>											
Hedging instruments	-	(104)	-	(13)	-	-	-	(117)	-	-	(117)
Exchange rate adjustments	-	-	169	(9)	-	-	-	160	-	21	181
Tax on other comprehensive income	-	22	(19)	5	-	-	-	8	-	-	8
<b>Total comprehensive income</b>	-	<b>(82)</b>	<b>150</b>	<b>(17)</b>	-	<b>3,190</b>	-	<b>3,241</b>	<b>(35)</b>	<b>20</b>	<b>3,226</b>
<b>Transactions with owners:</b>											
Tax on coupon payments, hybrid capital	-	-	-	-	-	-	-	-	35	-	35
Dividends paid	-	-	-	-	-	1	(2,522)	(2,521)	-	(130)	(2,651)
Share-based payment	-	-	-	-	-	2	-	2	-	-	2
<b>Changes in equity for the period</b>	-	<b>(82)</b>	<b>150</b>	<b>(17)</b>	-	<b>3,193</b>	<b>(2,522)</b>	<b>722</b>	-	<b>(110)</b>	<b>612</b>
<b>Equity at 31 March 2017</b>	<b>4,204</b>	<b>358</b>	<b>(1,408)</b>	<b>40</b>	<b>21,279</b>	<b>15,355</b>	-	<b>39,828</b>	<b>13,248</b>	<b>5,036</b>	<b>58,112</b>



## Statement of change in equity

Retained earnings is the Group's IFRS profit (loss) for the period, discontinued operations included.



## Accounting policies

Presentation of equity is changed because of implementation of IFRS 9.



# Statement of changes in equity

1 January - 31 March 2016

1 January - 31 March 2016 (DKK million)	Share capital	Hedging reserves	Foreign currency translation reserve	Share premium reserve	Retained earnings	Proposed dividend	Equity attributable to shareholders of DONG Energy A/S	Hybrid capital	Non-controlling interests	Total
Equity at 1 January 2016	4,177	(337)	(87)	21,279	7,058	-	32,090	13,248	6,398	51,736
<b>Comprehensive income for the period:</b>										
Profit (loss) for the year	-	-	-	-	5,988	-	5,988	(35)	(101)	5,852
<b>Other comprehensive income:</b>										
Hedging instruments	-	(10)	(41)	-	-	-	(51)	-	-	(51)
Exchange rate adjustments	-	-	(414)	-	-	-	(414)	-	(388)	(802)
Tax on other comprehensive income	-	1	(18)	-	-	-	(17)	-	6	(11)
<b>Total comprehensive income</b>	<b>-</b>	<b>(9)</b>	<b>(473)</b>	<b>-</b>	<b>5,988</b>	<b>-</b>	<b>5,506</b>	<b>(35)</b>	<b>(483)</b>	<b>4,988</b>
<b>Transactions with owners:</b>										
Tax on coupon payments, hybrid capital	-	-	-	-	-	-	-	35	-	35
Dividends paid	-	-	-	-	-	-	-	-	(95)	(95)
Share-based payment	-	-	-	-	18	-	18	-	-	18
<b>Changes in equity for the period</b>	<b>-</b>	<b>(9)</b>	<b>(473)</b>	<b>-</b>	<b>6,006</b>	<b>-</b>	<b>5,524</b>	<b>-</b>	<b>(578)</b>	<b>4,946</b>
<b>Equity at 31 March 2016</b>	<b>4,177</b>	<b>(346)</b>	<b>(560)</b>	<b>21,279</b>	<b>13,064</b>	<b>-</b>	<b>37,614</b>	<b>13,248</b>	<b>5,820</b>	<b>56,682</b>



## Statement of changes in equity

Retained earnings is the Group's IFRS profit (loss) for the period, discontinued operations included.

# Statement of cash flows

1 January - 31 March

Note	(DKK million)	Q1 2017	Q1 2016	Note	(DKK million)	Q1 2017	Q1 2016
	Operating profit (loss) before depreciation, amortisation and impairment losses (EBITDA), IFRS	3,843	7,657		Purchase of intangible assets and property, plant and equipment	(2,504)	(3,242)
3	Change in derivative financial instruments and loans, business performance adjustments	(555)	(572)		Sale of intangible assets and property, plant and equipment	9	1,985
	Change in derivative financial instruments and loans, other adjustments	(121)	(567)		Divestment of enterprises	67	(6)
	Change in provisions	(102)	32		Disposal of other equity investments	5	5
	Reversal of gain on divestment of assets	(38)	(345)		Purchase of securities	(512)	(6,352)
	Other items	100	(26)		Sale/maturation of securities	1,913	2,672
10	Change in net working capital	(2,001)	2,712		Change in other non-current assets	(3)	6
	Interest received and similar items	813	1,257		Transactions with associates and joint ventures	(1)	86
	Interest paid and similar items	(1,063)	(1,902)		<b>Cash flows from investing activities</b>	<b>(1,026)</b>	<b>(4,846)</b>
	Income tax paid	12	115		Proceeds from raising of loans	-	-
	<b>Cash flows from operating activities</b>	<b>888</b>	<b>8,361</b>		Instalments on loans	(84)	(207)
					Paid dividends to shareholders of DONG Energy A/S	(2,522)	-
					Transactions with non-controlling interests	(160)	(143)
					Change in other non-current liabilities	-	3
					<b>Cash flows from financing activities</b>	<b>(2,766)</b>	<b>(347)</b>
					Cash flows from continuing operations	(2,904)	3,168
					Cash flows from discontinued operations	1,810	478
					<b>Total net change in cash and cash equivalents for the period</b>	<b>(1,094)</b>	<b>3,646</b>
					Cash and cash equivalents at the beginning of the period	2,628	3,677
					Total net change in cash and cash equivalents for the period	(1,094)	3,646
					Cash flows for the year from assets classified as held for sale	(64)	(179)
					Other change in cash and cash equivalents	113	-
					Exchange rate adjustments of cash and cash equivalents	(1)	(35)
					<b>Cash and cash equivalents at 31 March</b>	<b>1,582</b>	<b>7,109</b>



## Statement of cash flows

Our supplementary statement of gross and net investments appear from note 7 Gross and net investments, and free cash flows (FCF) from note 2 Segment Information.

## Purchase of intangible assets and property, plant and equipment

Investments in intangible assets and property, plant and equipment for the period amount to DKK 2,504 million (Q1 2016: DKK 3,242 million). The investments can primarily be attributed to the expansion of offshore wind power activities.



## Accounting policies

Other items primarily comprise reversal of share of profit (loss) of and dividends in associates and joint ventures, and changes in bad debt provisions. Proceeds from raising of short-term repo loans are presented net.

9

# 1 Basis of reporting

DONG Energy A/S is a public limited company domiciled in Denmark. This interim report includes DONG Energy and its subsidiaries (the group).

The interim report has been presented in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU and additional requirements in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

The interim report does not contain all the information required in the annual report and should therefore be read together with the annual report for 2016.

No interim report has been prepared for the parent company.

Apart from the early adoption of IFRS 9, the accounting policies remain unchanged from the annual report for 2016 to which reference is made.

Definitions of performance highlights can be found on page 77 of the annual report for 2016.

## Implementation of new accounting standards and interpretations

At 1 January 2017, we early adopted a new accounting standard, IFRS 9, 'Financial Instruments', with the purpose of being able to use the new hedge accounting rules.

The most important changes resulting from IFRS 9, compared to IAS 39, can be summarised as follows:

- The possibility of using hedge accounting will be simplified; among other things, it will become easier to perform hedge accounting by proxy hedging, which is often required when hedging risks on the energy markets.
- The number of categories of financial assets is

reduced to three: amortised cost, fair value or fair value through other comprehensive income. Previously, there were four categories.

- Write-down of receivables is made on the basis of anticipated losses at an earlier point in time. The adoption of IFRS 9 has not had any impact on recognition and measurement of financial instruments in our interim report.

We have implemented no other new accounting standards (IAS and IFRS) or interpretations (IFRIC) in 2017.

## Implementation of amendments to accounting standards

Effective from 1 January 2017, we have implemented the following amendments to accounting standards (IAS and IFRS) and interpretations:

- Amendment to IAS 7 'Statement of Cash Flows': The amendment entails additional disclosure

requirements in respect of financing activities.

- Amendment to IAS 12 'Income Taxes': The amendment is a clarification of the accounting treatment of tax assets related to unrealised losses on debt instruments measured at fair value.

- Annual Improvements to IFRS' cycle 2014-2016 concerning IFRS 12 'Disclosure of Interests in Other Entities'. The amendment is a clarification of the disclosure requirements.

The adoption of the amended standards has not affected our interim report and is not expected to impact the consolidated financial statements for 2017.

# 2 Segment information



## Wind Power (DKK million)

Revenue	4,678
EBITDA	2,139
Gross investments	1,993
Number of employees	2,371

### Primary activity:

Development, construction, ownership and operation of offshore wind farms in Denmark, the UK, Germany, the Netherlands, the USA and Taiwan.



## Bioenergy & Thermal Power (DKK million)

Revenue	2,247
EBITDA	207
Gross investments	374
Number of employees	789

### Primary activity:

Generation of power and heat from CHP plants in Denmark and a gas-fired power station in the Netherlands, as well as development and construction of a REncscience plant in the UK.



## Distribution & Customer Solutions (DKK million)

Revenue	11,625
EBITDA	1,185
Gross investments	135
Number of employees	1,309

### Primary activity:

Distribution of power and sales of power and gas in the wholesale and retail markets in Denmark, Sweden, Germany and the UK as well as optimisation and hedging of the Group's total energy portfolio.



## 2 Segment information

Q1 2017	Wind Power	Bioenergy & Thermal Power	Distribution & Customer Solutions	Reporting segments	Other activities/eliminations	Business performance	Adjustments	IFRS
<b>Income statement (DKK million)</b>								
External revenue	3,358	2,178	11,196	16,732	(235)	16,497	929	17,426
Intra-group revenue	1,320	69	429	1,818	(1,818) <sup>1</sup>	-	-	-
<b>Revenue</b>	<b>4,678</b>	<b>2,247</b>	<b>11,625</b>	<b>18,550</b>	<b>(2,053)</b>	<b>16,497</b>	<b>929</b>	<b>17,426</b>
Cost of sales	(1,651)	(1,701)	(10,031)	(13,383)	1,796	(11,587)	(374)	(11,961)
Employee costs and other external expenses	(1,010)	(340)	(424)	(1,774)	14	(1,760)	-	(1,760)
Other operating income and expenses	74	-	16	90	-	90	-	90
Gain (loss) on disposal of non-current assets	38	1	(1)	38	-	38	-	38
Share of profit (loss) in associates and joint ventures	10	-	-	10	-	10	-	10
<b>EBITDA</b>	<b>2,139</b>	<b>207</b>	<b>1,185</b>	<b>3,531</b>	<b>(243)</b>	<b>3,288</b>	<b>555</b>	<b>3,843</b>
Depreciation and amortisation	(906)	(161)	(221)	(1,288)	(8)	(1,296)	-	(1,296)
Impairment losses	-	-	-	-	-	-	-	-
<b>Operating profit (loss) (EBIT), continuing operations</b>	<b>1,233</b>	<b>46</b>	<b>964</b>	<b>2,243</b>	<b>(251)</b>	<b>1,992</b>	<b>555</b>	<b>2,547</b>
<b>Reversal of impairment losses for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Adjusted operating profit (loss), continuing operations</b>	<b>1,233</b>	<b>46</b>	<b>964</b>	<b>2,243</b>	<b>(251)</b>	<b>1,992</b>	<b>555</b>	<b>2,547</b>
<b>Key figures</b>								
Property, plant and equipment and intangible assets	55,293	7,023	11,566	73,882	318	74,200	-	74,200
Investments in associates and joint ventures as well as other equity investments	131	8	320	459	-	459	-	459
Net working capital, operations	5,546	(3,429)	(3,432)	(1,315)	1,498	183	-	183
Net working capital, installations	(2,587)	(155)	-	(2,742)	-	(2,742)	-	(2,742)
Derivative financial instruments, net	1,749	(134)	(167)	1,448	1,394	2,842	-	2,842
Assets classified as held for sale, net	-	-	1,990	1,990	(478)	1,512	-	1,512
Decommissioning obligations	(2,894)	(692)	(197)	(3,783)	-	(3,783)	-	(3,783)
Other provisions	(1,850)	(868)	(2,557)	(5,275)	(43)	(5,318)	-	(5,318)
Tax, net	721	337	(500)	558	(2,811)	(2,253)	-	(2,253)
Other receivables and other payables, net	76	2	82	160	(625)	(465)	-	(465)
<b>Capital employed at 31 March</b>	<b>56,185</b>	<b>2,092</b>	<b>7,105</b>	<b>65,382</b>	<b>(747)</b>	<b>64,635</b>	<b>-</b>	<b>64,635</b>
Of which capital employed for discontinued operations						2,204	-	2,204
Of which capital employed for continuing operations						62,431	-	62,431
<b>Return on capital employed (ROCE) %</b>	<b>14.9</b>	<b>(27.7)</b>	<b>44.2</b>	<b>-</b>	<b>-</b>	<b>17.4</b>	<b>-</b>	<b>-</b>
<b>Adjusted ROCE %</b>	<b>14.9</b>	<b>(27.7)</b>	<b>44.2</b>	<b>-</b>	<b>-</b>	<b>17.4</b>	<b>-</b>	<b>-</b>
Cash flow from operating activities	450	579	1,576	2,605	(1,717)	888	-	888
Gross investments	(1,993)	(374)	(135)	(2,502)	-	(2,502)	-	(2,502)
Divestments	(38)	25	48	35	30	65	-	65
<b>Free cash flow (CFC)</b>	<b>(1,581)</b>	<b>230</b>	<b>1,489</b>	<b>138</b>	<b>(1,687)</b>	<b>(1,549)</b>	<b>-</b>	<b>(1,549)</b>



Profit (loss) and cash flows are shown only for continuing operations. The balance sheet items for the discontinued operations in the former Oil & Gas segment are included in assets classified as held for sale and in discontinued operations.

The column 'Other activities/eliminations' covers primarily the elimination of inter-segment transactions. Also included are income and costs, assets and liabilities, investment activity, taxes, etc., handled at group level.

<sup>1</sup>Of which elimination of intra-group revenue accounts for an outflow of DKK 2,318 million.

## 2 Segment information

Q1 2016 Income statement (DKK million)	Wind Power	Bioenergy & Thermal Power	Distribution & Customer Solutions	Reporting segments	Other activities/ eliminations	Business performance	Adjustments	IFRS
External revenue	5,121	1,686	10,430	17,237	171	17,408	255	17,663
Intra-group revenue	640	156	152	948	(948) <sup>1</sup>	-	-	-
<b>Revenue</b>	<b>5,761</b>	<b>1,842</b>	<b>10,582</b>	<b>18,185</b>	<b>(777)</b>	<b>17,408</b>	<b>255</b>	<b>17,663</b>
Cost of sales	(2,474)	(1,314)	(6,203)	(9,991)	853	(9,138)	317	(8,821)
Employee costs and other external expenses	(1,046)	(379)	(488)	(1,913)	54	(1,859)	-	(1,859)
Other operating income and expenses	283	4	21	308	(5)	303	-	303
Gain (loss) on disposal of non-current assets	353	-	(6)	347	-	347	-	347
Share of profit (loss) in associates and joint ventures	23	1	-	24	-	24	-	24
<b>EBITDA</b>	<b>2,900</b>	<b>154</b>	<b>3,906</b>	<b>6,960</b>	<b>125</b>	<b>7,085</b>	<b>572</b>	<b>7,657</b>
Depreciation and amortisation	(806)	(179)	(181)	(1,166)	(10)	(1,176)	-	(1,176)
Impairment losses	-	-	-	-	-	-	-	-
<b>Operating profit (loss) (EBIT), continuing operations</b>	<b>2,094</b>	<b>(25)</b>	<b>3,725</b>	<b>5,794</b>	<b>115</b>	<b>5,909</b>	<b>572</b>	<b>6,481</b>
Reversal of impairment losses for the period	-	-	-	-	-	-	-	-
<b>Adjusted operating profit (loss), continuing operations</b>	<b>2,094</b>	<b>(25)</b>	<b>3,725</b>	<b>5,794</b>	<b>115</b>	<b>5,909</b>	<b>572</b>	<b>6,481</b>
<b>Key figures</b>								
Property, plant and equipment and intangible assets	50,550	5,949	12,021	68,520	12,691	81,211	-	81,211
Investments in associates and joint ventures as well as other equity investments	1,126	10	396	1,532	1	1,533	-	1,533
Net working capital, operations	(336)	(2,475)	(4,036)	(6,847)	635	(6,212)	-	(6,212)
Net working capital, installations	(3,604)	(122)	-	(3,726)	(993)	(4,719)	-	(4,719)
Derivative financial instruments, net	1,849	59	1,580	3,488	5,482	8,970	-	8,970
Assets classified as held for sale, net	-	-	2,572	2,572	(1,000)	1,572	-	1,572
Decommissioning obligations	(2,536)	(799)	(187)	(3,522)	(8,123)	(11,645)	-	(11,645)
Other provisions	(1,749)	(905)	(2,892)	(5,546)	(1,905)	(7,451)	-	(7,451)
Tax, net	(1,986)	463	(866)	(2,389)	(2,747)	(5,136)	-	(5,136)
Other receivables and other payables, net	36	-	13	49	(550)	(501)	-	(501)
<b>Capital employed at 31 March</b>	<b>43,350</b>	<b>2,180</b>	<b>8,601</b>	<b>54,131</b>	<b>3,491</b>	<b>57,622</b>	<b>-</b>	<b>57,622</b>
Of which capital employed for discontinued operations						5,281	-	5,281
Of which capital employed for continuing operations						52,341	-	52,341
<b>Return on capital employed (ROCE) %</b>	<b>7.8</b>	<b>(52.1)</b>	<b>51.6</b>	<b>-</b>	<b>-</b>	<b>12.8</b>	<b>-</b>	<b>-</b>
<b>Adjusted ROCE %</b>	<b>8.9</b>	<b>(29.1)</b>	<b>51.6</b>	<b>-</b>	<b>-</b>	<b>14.9</b>	<b>-</b>	<b>-</b>
Cash flow from operating activities	5,712	360	3,058	9,130	(769)	8,361	-	8,361
Gross investments	(2,772)	(342)	(114)	(3,228)	(3)	(3,231)	-	(3,231)
Divestments	1,887	5	58	1,950	(1)	1,949	-	1,949
<b>Free cash flow (CFC)</b>	<b>4,827</b>	<b>23</b>	<b>3,002</b>	<b>7,852</b>	<b>(773)</b>	<b>7,079</b>	<b>-</b>	<b>7,079</b>



<sup>1</sup>Of which elimination of intra-group revenue accounts for an outflow of DKK 1,477 million.

# 3 Business performance

## Specification of the difference between EBITDA according to business performance and according to IFRS (DKK million)

	Q1 2017	Q1 2016
EBITDA - business performance	3,288	7,085
Periodens business performance adjustments in respect of revenue for the period	929	255
Business performance adjustments in respect of cost of sales for the period	(374)	317
<b>EBITDA - IFRS</b>	<b>3,843</b>	<b>7,657</b>
<b>Total business performance adjustments for the period comprise:</b>		
Value adjustments for the period of hedging contracts that relate to future periods	478	502
Reversal of gains (losses) relating to hedges deferred from prior periods, where the hedged production or trading is recognised in business performance EBITDA for the period	77	70
<b>Total adjustments</b>	<b>555</b>	<b>572</b>



The table shows the difference between the income statement according to business performance and according to IFRS, which is shown in the adjustments column in the income statement.

### Financial impact of hedging

DONG Energy's hedging of market risks is based on a number of different accounting principles depending on the type of risk being hedged.

Under the business performance principle, the value of the hedging transaction is deferred and recognised for the period in which the hedged risk materialises.

In addition, DONG Energy has entered into cash flow hedging in accordance with IFRS principles, which is transferred to both IFRS and Business Performance EBITDA for the period in which the hedged exposure materialises.



The table shows value adjustments by product. The value adjustments are recognised in IFRS EBITDA, but not in business performance EBITDA, as the value relates to future periods.



The table shows value adjustments by product. These gains (losses) are recognised in business performance EBITDA. The value adjustment was recognised in IFRS EBITDA in a previous period.

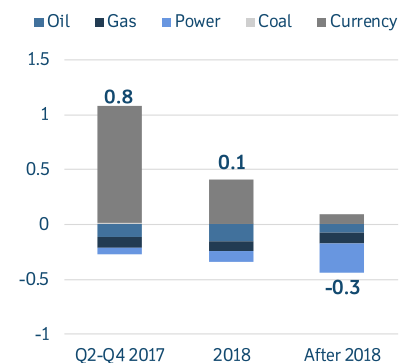
### Value adjustments for the period of financial and physical hedging (DKK million)

	Q1 2017	Q1 2016
Oil	(267)	(187)
Coal	8	10
Currency	(269)	106
Gas (commercial and hedge)	544	454
Power (commercial and hedge)	462	119
<b>Total value adjustments</b>	<b>478</b>	<b>502</b>

### Reversal of deferred gains (losses) on hedges from previous periods (DKK million)

	Q1 2017	Q1 2016
Oil	2	665
Coal	(22)	54
Currency	156	224
Gas (commercial and hedge)	(210)	(629)
Power (commercial and hedge)	151	(244)
<b>Total deferred gains (losses) from previous periods</b>	<b>77</b>	<b>70</b>





### Expected value for recognition in business performance EBITDA, DKK billion







The figure shows the time of the transfer of the market value of hedging contracts in business performance EBITDA for both business performance and IFRS hedges.



## 4 Revenue

	 Wind Power	 Bioenergy & Thermal Power	 Distribution & Customer Solutions	 Other activities/eliminations	Total
<b>Q1 2017</b> (DKK million)					
Distribution and transmission	-	-	662	(8)	654
Sales of heat and steam	-	1,034	-	-	1,034
Sales of gas	-	-	5,893	(615)	5,278
Sales of power	2,411	1,147	4,643	(1,425)	6,776
Revenue from construction of offshore wind farms	1,772	-	-	-	1,772
Other revenue	495	66	427	(5)	983
<b>Total, business performance</b>	<b>4,678</b>	<b>2,247</b>	<b>11,625</b>	<b>(2,053)</b>	<b>16,497</b>
Adjustments	208	96	509	116	929
<b>Total, IFRS</b>	<b>4,886</b>	<b>2,343</b>	<b>12,134</b>	<b>(1,937)</b>	<b>17,426</b>

	 Wind Power	 Bioenergy & Thermal Power	 Distribution & Customer Solutions	 Other activities/eliminations	Total
<b>Q1 2016</b> (DKK million)					
Distribution and transmission	-	-	1,723	(5)	1,718
Sales of heat and steam	-	885	-	-	885
Sales of gas	-	-	5,165	(384)	4,781
Sales of power	1,845	820	3,582	(466)	5,781
Revenue from construction contracts	3,431	-	-	-	3,431
Other revenue	485	137	112	78	812
<b>Total, business performance</b>	<b>5,761</b>	<b>1,842</b>	<b>10,582</b>	<b>(777)</b>	<b>17,408</b>
Adjustments	1,116	(80)	(471)	(310)	255
<b>Total, IFRS</b>	<b>6,877</b>	<b>1,762</b>	<b>10,111</b>	<b>(1,087)</b>	<b>17,663</b>



The table shows revenue by type and business unit.

### Revenue




Revenue decreased from DKK 17,408 million in Q1 2016 to DKK 16,497 million in Q1 2017, corresponding to 5%. The decrease was mainly due to lower revenue from the construction of offshore wind farms as a result of lower activity levels as well as lower revenue from distribution of power, as costs are no longer invoiced on behalf of the transmission owner in Radius.




In addition, revenue decreased from distribution of gas due to the divestment of the gas distribution activities in September 2016.

The decrease in revenue was partly offset by higher revenue from power generation as a result of new offshore wind farms in operation in Germany and the UK as well as higher revenue from sales of gas due to significantly higher gas prices.

Revenue for the period under IFRS decreased from DKK 17,663 million in Q1 2016 to DKK 17,426 million in Q1 2017.

## 5 Cost of sales

	 Wind Power	 Bioenergy & Thermal Power	 Distribution & Customer Solutions	Other activities/ eliminations	Total
<b>Q1 2017 (DKK million)</b>					
Gas	-	413	5,119	(1,802)	3,730
Power	35	26	4,499	(1,326)	3,234
Biomass	-	873	-	-	873
Coal	-	372	-	-	372
Distribution and transmission costs	164	25	298	(35)	452
Costs associated construction of offshore wind farms	1,438	-	-	-	1,438
Other cost of sales	14	(8)	115	1,367	1,488
<b>Total, business performance</b>	<b>1,651</b>	<b>1,701</b>	<b>10,031</b>	<b>(1,796)</b>	<b>11,587</b>
Adjustments	-	43	465	(134)	374
<b>Total, IFRS</b>	<b>1,651</b>	<b>1,744</b>	<b>10,496</b>	<b>(1,930)</b>	<b>11,961</b>

	 Wind Power	 Bioenergy & Thermal Power	 Distribution & Customer Solutions	Other activities/ eliminations	Total
<b>Q1 2016 (DKK million)</b>					
Gas	-	260	1,611	(1,574)	297
Power	-	13	3,205	(418)	2,800
Biomass	-	512	-	-	512
Coal	-	325	-	-	325
Distribution and transmission costs	175	28	1,277	(28)	1,452
Costs associated construction of offshore wind farms	2,281	-	12	(12)	2,281
Other cost of sales	18	176	98	1,179	1,471
<b>Total, business performance</b>	<b>2,474</b>	<b>1,314</b>	<b>6,203</b>	<b>(853)</b>	<b>9,138</b>
Adjustments	-	(43)	(202)	(72)	(317)
<b>Total, IFRS</b>	<b>2,474</b>	<b>1,271</b>	<b>6,001</b>	<b>(925)</b>	<b>8,821</b>



The tables show cost of sales by type and business unit.

Cost of sales relates partly to trading in gas and power, and partly to fuel used at CHP plants in connection with power and heat generation.

### Cost of sales

Cost of sales increased from DKK 9,138 million in Q1 2016 to DKK 11,587 million in Q1 2017, corresponding to 27%. The increase was primarily driven by one-off payments totalling DKK 2.8 billion from completed renegotiations of gas purchase contracts, reducing the cost of sales relating to gas in Q1 2016. The increase was partly offset by lower cost of sales relating to distribution of power, as costs are no longer invoiced on behalf of the transmission owner in Radius. Moreover, costs relating to construction contracts decreased due to less activity in Q1 2017 than in Q1 2016.

Cost of sales under IFRS increased from DKK 8,821 million in Q1 2016 to DKK 11,961 million in Q1 2017.

## 6 Other operating income and expenses

<b>Other operating income</b> (DKK million)	<b>Q1 2017</b>	<b>Q1 2016</b>
Gain on divestment of assets	51	591
Other compensation	71	245
Miscellaneous operating income	32	58
<b>Other operating income</b>	<b>154</b>	<b>894</b>

 Specification of other operating income.

<b>Other operating expenses</b> (DKK million)	<b>Q1 2017</b>	<b>Q1 2016</b>
Loss on divestment of assets	13	244
Miscellaneous operating expenses	13	-
<b>Other operating expenses</b>	<b>26</b>	<b>244</b>

 Specification of other operating expenses.

### Other operating income

The gain on divestment of assets in the first three months of 2017 consisted primarily of an adjustment of the purchase price on the divestment of ownership interest in the UK offshore wind farm London Array. The gain on divestment of assets in Q1 2016 consisted primarily of the divestment of 50% of our ownership interest in the UK offshore wind farm Burbo Bank Extension.

Compensation consisted of amounts received from transmission system operators and other suppliers in Q1 2017 and 2016.

### Other operating expenses

Loss on divestment of assets in 2016 consisted, among others, of losses from the scrapping of a vessel for offshore wind turbine installation.

## 7 Gross and net investments

<b>Gross and net investments</b> (DKK million)	<b>Q1 2017</b>	<b>Q1 2016</b>
Cash flow from investing activities	(1,026)	(4,846)
Purchase and sale of securities, reversed	(1,401)	3,680
Loans to associates and joint ventures, reversed	1	(86)
Sale of non-current assets, reversed	(76)	(1,979)
<b>Gross investments</b>	<b>(2,502)</b>	<b>(3,231)</b>
Transactions with non-controlling interests in connection with divestments	(11)	(30)
Sale of non-current assets	76	1,979
<b>Total cash flows from divestments</b>	<b>65</b>	<b>1,949</b>
<b>Net investments</b>	<b>(2,437)</b>	<b>(1,282)</b>

 The table shows gross and net investments based on cash flows from investing activities.

## 8 Assets classified as held for sale

<b>Assets classified as held for sale (DKK million)</b>	<b>31 March 2017</b>	<b>31 December 2016</b>	<b>31 March 2016</b>
Intangible assets	6	5	1
Property, plant and equipment	12,759	12,719	2,325
Inventories	-	7	-
Trade receivables	149	192	228
Other receivables	1,085	1,139	86
Income tax	364	586	5
Cash	416	725	-
<b>Assets classified as held for sale</b>	<b>14,779</b>	<b>15,373</b>	<b>2,645</b>
Deferred tax	1,134	1,057	194
Provisions	8,329	8,356	370
Trade payables	598	825	129
Other payables	1,067	1,479	265
Income tax	1,992	1,787	115
<b>Liabilities relating to assets classified as held for sale</b>	<b>13,120</b>	<b>13,504</b>	<b>1,073</b>
<b>Net assets classified as held for sale</b>	<b>1,659</b>	<b>1,869</b>	<b>1,572</b>



The table shows assets and liabilities which have been put up for sale, and which are therefore not expected to contribute to our earnings in future.

### **Assets classified as held for sale**

Assets classified as held for sale comprise primarily our Oil & Gas segment, where we have launched a process with the ultimate aim to divest the activities. Also included is the oil pipeline in the North Sea which is being divested to the Danish transmission system operator Energinet.dk (Distribution & Customer Solutions).

Assets classified as held for sale in Q1 2016 related to our gas distribution activities and oil pipeline in the North Sea. The gas distribution business was divested at 30 September 2016.



# 9 Discontinued operations

Key figures		Q1 2017	Q1 2016	%
<b>Business drivers</b>				
Oil and gas production	mio. boe	7.5	10.0	(25%)
Denmark		1.2	1.4	(14%)
Norway		4.9	8.2	(40%)
UK		1.4	0.4	250%
Gas share of production	%	76.0	75.9	0%
Lifting costs per boe (USD)	USD/boe	5.3	6.3	(16%)
Lifting costs per boe (DKK)	DKK/boe	37.1	42.5	(13%)
Oil price, Brent	USD/boe	53.8	33.9	59%
Gas price, NBP	EUR/MWh	19.3	13.5	43%
<b>Financial performance</b>				
Revenue	DKK million	2,845	2,661	7%
Oil (inclusive condensate)		626	532	18%
Gas		1,364	1,203	13%
Price hedges		814	869	(6%)
Other		41	57	(28%)
EBITDA	DKK million	2,449	1,004	144%
Denmark		454	(715)	n.a.
Norway		976	940	4%
UK		262	(13)	n.a.
Exploration		(57)	(77)	(26%)
Price hedges		814	869	(6%)
Depreciation and amortisation (excluding Impairment losses)	DKK million	-	(589)	n.a.
EBIT	DKK million	2,449	1,165	110%
Current hydrocarbon tax	DKK million	(423)	(255)	66%
Impairment losses and reversals	DKK million	-	(750)	n.a.
Adjusted EBIT	DKK million	2,027	159	1175%
Cash flows from operating activities	DKK million	2,326	1,422	64%
Gross investments	DKK million	(252)	(945)	(73%)
Divestments	DKK million	(3)	1	n.a.
Free cash flow	DKK million	2,071	478	333%
Capital employed	DKK million	2,204	5,281	(58%)
ROCE <sup>1</sup>	%	122.6	(110.7)	233.3%p
Justeret ROCE <sup>2</sup>	%	122.6	16.0	106.6%p

<sup>1</sup> EBIT (last 12 months) less carbon hydro tax and impairment losses (last 12 months)/average capital employed

<sup>2</sup> Adjusted EBIT (last 12 months)/average capital employed (with impairment losses after tax added back to ultimo capital employed)

## Discontinued operations Oil & Gas

Revenue was DKK 2.8 billion compared with DKK 2.7 billion in Q1 2016. The increase was partly due to higher oil and gas prices, and partly to the recognition of inefficient price hedges, totalling DKK 0.5 billion for the years 2018-2021. Price hedges have become ineffective as they relate to the period after the expected date of divestment of the oil and gas activities. This was partly offset by lower oil and gas production.

Oil and gas production decreased by 25%, totalling 7.5 million boe. The decrease was mainly due to lower production in Norway, where the loss of additional volumes from the Ormen Lange field from mid-February 2016 as well as the divestment of Trym, Ula, Tambar and Oselvar contributed negatively. The decrease was partly offset by a whole quarter with full production from Laggan-Tormore in the UK, which started production in February 2016.

EBITDA amounted to DKK 2.4 billion in Q1 2017. The increase of DKK 1.4 billion on Q1 2016 was primarily driven by the recognition of inefficient price hedges totalling DKK 0.5 billion in Q1 2017 as well as a provision of DKK 0.8 billion (without impact at EBIT level), which contributed negatively in Q1 2016.

EBITDA in Denmark was DKK 0.5 billion. The increase relative to Q1 2016 was driven by, among others, the recognition of a settled dispute over costs for repair of the Siri platform. In addition, Q1 2016 was negatively impacted by the above-mentioned provision in respect of the Hejre platform.

EBITDA in Norway was on level with Q1 2016, as the impact of higher gas prices was offset by

lower production and earnings from the Norwegian fields which were sold in 2016.

EBITDA from the UK totalled DKK 0.3 billion, primarily as a result of a whole quarter with production from the Laggan-Tormore field.

Depreciation totalled DKK 0.0 billion compared with DKK 0.6 billion in Q1 2016, as depreciation is no longer provided on Oil & Gas assets due to the presentation as assets classified as held for sale from the end of 2016.

Impairment losses (including provisions for onerous contracts relating to plants) amounted to an income of DKK 0.8 billion in Q1 2016, and were driven by the partial reversal of onerous contracts in respect of the Hejre platform, for which provisions were made in December 2015.

Cash flows from operating activities increased by DKK 0.9 billion and totalled DKK 2.3 billion. The increase reflected higher EBITDA adjusted for the provision in Q1 2016 as well as the ineffective price hedges recognised in Q1 2017, both of which are without any cash flow effect.

Gross investments amounted to DKK 0.3 billion in Q1 2017. The investments primarily concerned the UK fields Glenlivet-Edradour.

Oil & Gas' total costs and investments were reduced by 70% relative to Q1 2016, and contributed to reaching a free cash flow of DKK 2.1 billion in Q1 2017.

## 9 Discontinued operations

	Q1 2017			Q1 2016		
	Business performance	Adjustments	IFRS	Business performance	Adjustments	IFRS
<b>Income statement (DKK million)</b>						
External revenue	1,460	102	1,562	1,426	243	1,669
Intra-group revenue	1,385	-	1,385	1,235	-	1,235
<b>Revenue</b>	<b>2,845</b>	<b>102</b>	<b>2,947</b>	<b>2,661</b>	<b>243</b>	<b>2,904</b>
Cost of sales	(212)	-	(212)	(263)	-	(263)
Employee costs and other external expenses	(184)	-	(184)	(644)	-	(644)
Other operating income and expenses	-	-	-	(750)	-	(750)
<b>Operating profit (loss) before depreciation, amortisation and impairment losses (EBITDA)</b>	<b>2,449</b>	<b>102</b>	<b>2,551</b>	<b>1,004</b>	<b>243</b>	<b>1,247</b>
Depreciation and amortisation	-	-	-	(589)	-	(589)
Impairment losses and reversals	-	-	-	750	-	750
<b>Operating profit (loss) (EBIT)</b>	<b>2,449</b>	<b>102</b>	<b>2,551</b>	<b>1,165</b>	<b>243</b>	<b>1,408</b>
Gain on divestment of enterprises	(3)	-	(3)	-	-	-
Financial income and expenses, net	(122)	-	(122)	(276)	-	(276)
<b>Profit (loss) before tax</b>	<b>2,324</b>	<b>102</b>	<b>2,426</b>	<b>889</b>	<b>243</b>	<b>1,132</b>
Tax on profit (loss) for the period	(898)	(23)	(921)	(653)	(53)	(706)
<b>Net profit (loss) from discontinued operations</b>	<b>1,426</b>	<b>79</b>	<b>1,505</b>	<b>236</b>	<b>190</b>	<b>426</b>



Discontinued operations consists of our Oil & Gas segment.

	31 March 2017	31 March 2016
<b>Capital employed (DKK million)</b>		
Property, plant and equipment and intangible assets	11,958	12,374
Net working capital, operations and installations	406	(640)
Derivative financial instruments, net	1,939	5,885
Decommissioning obligations	(6,959)	(8,123)
Other provisions	(2,397)	(2,869)
Tax, net	(2,743)	(1,346)
<b>Capital employed, discontinued operations</b>	<b>2,204</b>	<b>5,281</b>



Assets and liabilities classified as held for sale under discontinued operations concerns only our oil and gas business. Note 8 Assets classified as held for sale shows the Group's total assets and liabilities classified as held for sale.

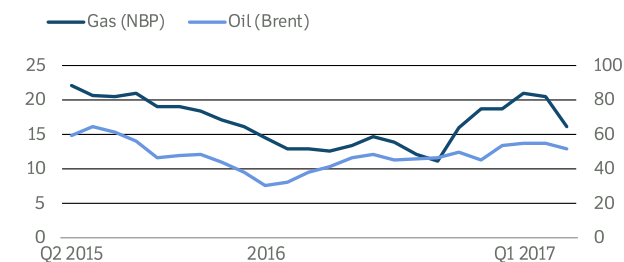
	31 March 2017	31 March 2016
<b>Cash flows (DKK million)</b>		
Cash flows from operating activities	2,326	1,422
Cash flows from investing activities	(255)	(945)
Cash flows from financing activities	(261)	1
<b>Cash flows from discontinued operations</b>	<b>1,810</b>	<b>478</b>



The figure shows the development in the gas- and oil price in the period 1 April 2015 - 31 March 2017.

Gas price, EUR/MWh

Oil price, USD/boe



Source: ICIS Heren Platts

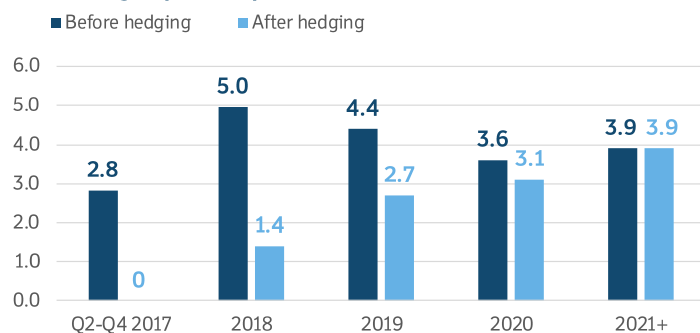
## 9 Discontinued operations

Tax for the period (DKK million)	Q1 2017			Q1 2016		
	Profit (loss) before tax	Tax	Tax Rate	Profit (loss) before tax	Tax	Tax Rate
Oil and gas activities in Norway (hydrocarbon income)	923	(719)	78%	384	(356)	93%
Oil and gas exploration activities in the UK and the Faroe Islands	237	-	0%	(118)	-	0%
Impairment losses	-	-	n.a.	750	(325)	43%
Unrecognised tax assets and capitalisation of tax assets not previously capitalised	-	77	n.a.	-	-	n.a.
Other activities in the Oil & Gas segment	1.164	(256)	22%	(127)	28	22%
<b>Effective tax for the period</b>	<b>2.324</b>	<b>(898)</b>	<b>39%</b>	<b>889</b>	<b>(653)</b>	<b>73%</b>
<b>Tax on profit (loss) for the period, IFRS</b>	<b>2.426</b>	<b>(921)</b>	<b>38%</b>	<b>1.132</b>	<b>(706)</b>	<b>62%</b>



Impairment losses in the Oil & Gas segment in 2016 consisted of reversal of impairment losses from previous years as well as impairment of the remaining tax assets to zero.

### Oil and gas price exposure, DKK billion



The figure shows the oil and gas exposure before and after hedging for the period 1 April 2017 - 31 March 2022.

### Tax

Of total taxes for the period, current tax totalled DKK 898 million in Q1 2017 against DKK 653 million in Q1 2016.

### Market risks

The price exposure of the Oil & Gas segment concerns the production of oil and gas.

The hedging of the gas and oil exposures is carried out after tax, including the special hydrocarbon tax, to achieve the desired stabilisation of cash flows after tax.

For the period 1 April 2017 - 31 March 2022, the oil and gas exposures amount to DKK 5.6 billion and DKK 5.4 billion, respectively, or DKK 11.0 billion in total after hedging. The market value of hedging contracts in the Oil & Gas segment at 31 March 2017 totalled DKK 1.9 billion, of which DKK 1.1 billion is expected to be recognised in business performance EBITDA for discontinued operations in the period 1 April - 31 December 2017.

## 10 Change in net working capital

<b>Change in net working capital</b> (DKK million)	<b>31 March 2017</b>	<b>31 March 2016</b>
Change in inventories	334	(376)
Change in construction contracts	(783)	984
Change in trade receivables	(177)	(387)
Change in other receivables	474	83
Change in trade payables	(900)	691
Change in other payables	(949)	1,717
<b>Change in net working capital</b>	<b>(2,001)</b>	<b>2,712</b>
Of which changes relating to construction contracts and related trade payables	(967)	1,851
Of with changes relating to other working capital	(1,034)	861



Specification of changes in net working capital.

## 11 Financial income and expenses

<b>Net financial income and expenses</b> (DKK million)	<b>Q1 2017</b>	<b>Q1 2016</b>
Interest expenses, net	(110)	(93)
Interest element of provisions, etc.	(104)	(96)
Value adjustments of derivative financial instruments, net	(48)	(59)
Exchange rate adjustments, net	(19)	545
Value adjustments of securities, net	(29)	(11)
Other financial income and expenses, net	(24)	2
<b>Net financial income and expenses</b>	<b>(334)</b>	<b>288</b>



The table shows gross financial income and expenses.

### **Financial income and expenses**

Net financial income and expenses amounted to DKK -334 million for Q1 2017 against DKK 288 million in Q1 2016. The reason for the development is that Q1 2016 was affected by positive exchange rate adjustments of loans and deposits resulting from a 7.2% decrease in GBP in the first three month of 2016.



## 12 Tax on profit (loss) for the period

	Q1 2017		Q1 2016	
	Business performance	IFRS	Business performance	IFRS
<b>Income tax (DKK million)</b>				
Tax on profit (loss) for the period	(390)	(510)	(1,213)	(1,339)
Tax on other comprehensive income	(118)	3	(137)	(11)
Tax on hybrid capital	35	35	35	35
<b>Total tax for the period</b>	<b>(473)</b>	<b>(472)</b>	<b>(1,315)</b>	<b>(1,315)</b>
Tax on profit (loss) for the period can be broken down as follows:				
Current tax	(470)	(470)	(267)	(267)
Deferred tax	101	(19)	(892)	(1,018)
Tax on assets classified as held for sale	1	1	(58)	(58)
Adjustment of tax concerning previous years	(22)	(22)	4	4
<b>Tax on profit (loss) for the period</b>	<b>(390)</b>	<b>(510)</b>	<b>(1,213)</b>	<b>(1,339)</b>
Tax on other comprehensive income can be broken down as follows:				
Current tax	4	4	(5)	(5)
Deferred tax	(122)	(1)	(132)	(6)
<b>Tax on other comprehensive income</b>	<b>(118)</b>	<b>3</b>	<b>(137)</b>	<b>(11)</b>



The effective tax for the period is calculated on the basis of the profit (loss) before tax from continuing operations.

### Tax and tax rate

The effective tax rate for the period after business performance was 24% for Q1 2017 against 20% in Q1 2016. The effective tax rate in 2016 was particularly affected by a tax-exempt gain on the divestment of 50% of the offshore wind farm Burbo Bank Extension.

	Q1 2017			Q1 2016		
	Profit (loss) before tax	Tax	Tax Rate	Profit (loss) before tax	Tax	Tax Rate
<b>Tax for the period (DKK million)</b>						
Gain (loss) from divestment	17	(6)	35%	554	(27)	5%
Rest of the group	1,587	(384)	24%	5,639	(1,186)	21%
<b>Effective tax for the period, business performance</b>	<b>1,604</b>	<b>(390)</b>	<b>24%</b>	<b>6,193</b>	<b>(1,213)</b>	<b>20%</b>
<b>Tax on profit (loss) for the period, IFRS</b>	<b>2,159</b>	<b>(510)</b>	<b>24%</b>	<b>6,765</b>	<b>(1,339)</b>	<b>20%</b>



The effective tax for the period is calculated on the basis of the profit (loss) before tax from continuing operations.

# 13 Market risks

## Energy and currency exposures

At the end of Q1 2017, our energy and currency exposures from production, sales, investments and divestments in respect of continuing operations had been reduced from DKK 65.1 billion to DKK 23.1 billion via hedging.

## Energy price risks

The management of market risks is to ensure stable and robust financial ratios that support our growth strategy.

We hedge prices for up to five years to reduce cash flow fluctuations. Prices are not hedged in the medium to long term, and our long-term market risks are therefore determined by our strategic decisions on investments in new assets, the conclusion of long-term contracts as well as any divestment of assets.

The Board of Directors determines the minimum hedging levels in the five-year period based on

the following principles. In the first two years, a high degree of hedging is wanted to ensure stable cash flows after tax, while the degree of hedging is lower in subsequent years.

This is due to:

- reduced certainty about long-term production volumes, and
- rising hedging costs in the medium to long term

## Currency risks

Our largest currency risk relates to GBP due to the investments in offshore wind farms in the UK.

The exchange rate related to proceeds in foreign currency from divestments is hedged when we have a high degree of certainty about the price and structure of the transaction. The expected cash flows from divestments reflect the cash flows we would otherwise had obtained from the operation of the offshore wind farms had we kept the

share divested. As the payments are concentrated on a few years, they represent a relatively large share of our GBP exposure the next two years. Any subsequent divestments are not included, as certainty about the price and structure of the transaction is still low.

Investments in GBP are set off against the expected proceeds from divestments before hedging.

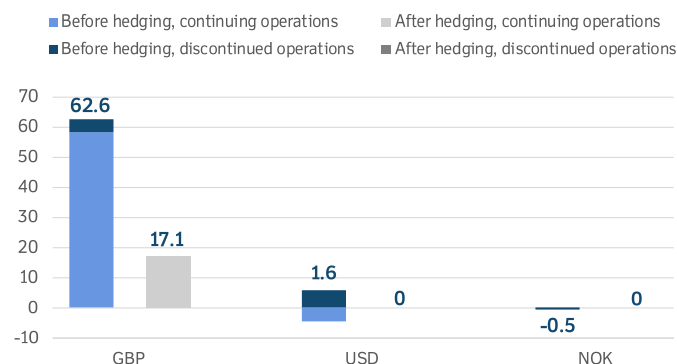
The exchange rate related to energy prices in foreign currency is not hedged until the energy price is hedged. This means that the GBP exchange rate associated with power generation in the UK is not hedged until the GBP power price is hedged.

Cash flows that relate to fixed tariffs and guaranteed minimum prices from offshore wind farms in the UK derogates from the main principle. Hedging of these, less operating expenses, is based on a declining level of hedging over the five-year risk

management horizon. The target is to hedge 100% of the risk in year 1, declining by 20 percentage points each year, to 20% hedging in year 5.

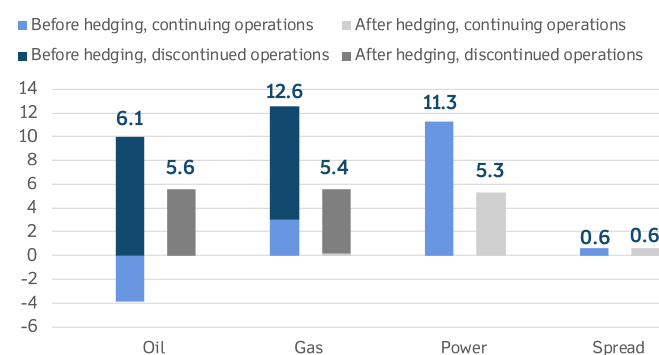
Our risk relating to continuing operations in terms of GBP exposures amounted to DKK 17.1 billion (sales position) after hedging for the period 1 April 2017 - 31 March 2022. This position can mainly be attributed to green certificates. The GBP exchange rate for cash flows in the remaining nine months of 2017 is almost fully hedged at an average exchange rate of 9.4 DKK/GBP. A significant share of GBP cash flows for 2018 is hedged at an average exchange rate of 9.1 DKK/GBP.

Currency exposure 2017-2021, DKK billion



Our currency exposure totalled DKK 63.7 billion before hedging and DKK 17.1 billion after hedging at the end of March 2017.

Energy exposure 2017-2021, DKK billion



Our energy exposures totalled DKK 30.6 billion before hedging and DKK 17.1 billion after hedging at the end of March 2017.

# 14 Assets and liabilities measured at fair value

The table below shows all assets and liabilities that are recognised at fair value, distributed on the basis for the calculated fair values. Fair values are included in 'quoted prices (level 1)' if the fair value can be derived directly from an active market, for example for listed securities. Fair

values are included in 'observable inputs (level 2)' if the fair value has been calculated using inputs which can be derived from active markets etc. Fair values are included in 'non-observable inputs (level 3)' if the fair value has been calculated using inputs which cannot be derived from

active markets etc. often because trading in the active market is within a short time horizon. The valuation of this group is therefore subject to some uncertainty.

Fair value hierarchy of financial instruments (DKK million)	Quoted prices (level 1)	Observable inputs (level 2)	Non-observable inputs (level 3)	Q1 2017	Quoted prices (level 1)	Observable inputs (level 2)	Non-observable inputs (level 3)	Q1 2016
Securities	12,311	2,788	-	15,099	21,408	3,596	-	25,004
<b>Total securities</b>	<b>12,311</b>	<b>2,788</b>	<b>-</b>	<b>15,099</b>	<b>21,408</b>	<b>3,596</b>	<b>-</b>	<b>25,004</b>
Commodities	1,344	2,165	342	3,851	5,118	9,072	1,101	15,291
Currency	-	1,991	-	1,991	-	2,182	-	2,182
Interests	-	-	-	-	-	97	-	97
<b>Total derivative financial instruments</b>	<b>1,344</b>	<b>4,156</b>	<b>342</b>	<b>5,842</b>	<b>5,118</b>	<b>11,351</b>	<b>1,101</b>	<b>17,570</b>
<b>Total assets</b>	<b>13,655</b>	<b>6,944</b>	<b>342</b>	<b>20,941</b>	<b>26,526</b>	<b>14,947</b>	<b>1,101</b>	<b>42,574</b>
Commodities	407	1,681	287	2,375	2,330	2,687	1,385	6,402
Currency	-	586	-	586	-	2,135	-	2,135
Interests	-	40	-	40	-	63	-	63
<b>Total derivative financial instruments</b>	<b>407</b>	<b>2,307</b>	<b>287</b>	<b>3,001</b>	<b>2,330</b>	<b>4,885</b>	<b>1,385</b>	<b>8,600</b>
<b>Total equity and liabilities</b>	<b>407</b>	<b>2,307</b>	<b>287</b>	<b>3,001</b>	<b>2,330</b>	<b>4,885</b>	<b>1,385</b>	<b>8,600</b>



The table shows our assets and liabilities which are measured at fair value distributed by types of price input. Fair values at level 3 where significant inputs cannot be observed in a market constitute a small part of the total fair values.

## Valuation principles and material assumptions

In order to keep modifications of parameters, calculation models or the use of subjective estimates to a minimum, it is our policy to determine fair values on the basis of external information that most accurately reflects the fair values. Fair values are determined continuously by our Risk Management function, which reports to the CFO.

The most important parameter resulting in contracts being classified as level 3 is the power price. Normally, the price can be observed for a

maximum of five years in the power market, after which an active market no longer exists. After five years, the energy price is thus projected on the basis of material non-observable inputs, as it is carried forward based on the observable forward price for years 1 to 5. As the forward price of power develops stably during the five-year period, the projection over a small number of years is not deemed to be associated with any material risk.

# 15 Interest-bearing debt and FFO

Interest-bearing debt and interest-bearing assets (DKK million)	31 March 2017	31 December 2016	31 March 2016
Interest-bearing debt comprises:			
Bank debt	4,038	4,064	7,184
Bond debt	20,187	20,119	28,300
<b>Bond and bank debt</b>	<b>24,225</b>	<b>24,183</b>	<b>35,484</b>
Liabilities classified as held for sale	543	803	-
Other interest-bearing debt	13	150	751
<b>Total interest-bearing debt</b>	<b>24,781</b>	<b>25,136</b>	<b>36,235</b>
Interest-bearing assets comprise:			
Securities	15,099	16,533	25,004
Cash	1,911	2,931	8,605
Receivables from associates and joint ventures	-	674	797
Other receivables	558	544	889
Assets classified as held for sale	690	993	-
<b>Total interest-bearing assets</b>	<b>18,258</b>	<b>21,675</b>	<b>35,295</b>
<b>Total interest-bearing net debt</b>	<b>6,523</b>	<b>3,461</b>	<b>940</b>



Net interest-bearing debt amounted to DKK 6,523 million as of 31 March 2017, which is an increase of DKK 3,062 million relative to 31 December 2016. The increase was driven by decrease in interest-bearing assets totalling DKK 3,417 million of which DKK 2,454 million was related to securities and cash. The decrease in interest-bearing assets was partly offset by a decrease in interest-bearing debt totalling DKK 355 million.

Funds from operations (FFO) (DKK million)	31 March 2017	31 December 2016	31 March 2016
<b>EBITDA - business performance</b>	<b>15,311</b>	<b>19,109</b>	<b>13,331</b>
Interest expenses, net	(418)	(402)	(252)
Reversal of interest expenses transferred to assets	(640)	(574)	(420)
Interest element of decommissioning obligations	(174)	(172)	(172)
50% of coupon payments on hybrid capital	(320)	(320)	(411)
Calculated interest paid on operating lease obligations	(307)	(194)	(291)
<b>Adjusted interest expenses, net</b>	<b>(1,859)</b>	<b>(1,662)</b>	<b>(1,546)</b>
Reversal of recognised operating lease payment in profit (loss) for the year	815	746	760
Total current tax	(3,858)	(3,665)	(1,326)
<b>Funds from operations (FFO)<sup>1</sup></b>	<b>10,409</b>	<b>14,528</b>	<b>11,219</b>

<sup>1</sup> Last 12 months

## Adjusted interest-bearing net debt (DKK million)

	31 March 2017	31 December 2016	31 March 2016
<b>Total interest-bearing net debt</b>	<b>6,523</b>	<b>3,461</b>	<b>940</b>
50% of hybrid capital	6,624	6,624	6,624
Cash and securities not available for distribution, excluding repo loans	1,066	953	1,568
Present value of operating lease payments	5,391	3,986	4,497
Decommissioning obligations	3,783	3,649	3,522
Deferred tax on decommissioning obligations	(650)	(627)	(657)
<b>Adjusted interest-bearing net debt</b>	<b>22,737</b>	<b>18,046</b>	<b>16,494</b>

## Funds from operations (FFO)/justeret rentebærende nettogæld

	31 March 2017	31 December 2016	31 March 2016
<b>Funds from operations (FFO)/adjusted interest-bearing net debt</b>	<b>45.8%</b>	<b>80.5%</b>	<b>68.0%</b>



The table shows which items are included in FFO, funds from operations.



The table shows which items are included in the adjusted interest-bearing debt as well as FFO relative to adjusted interest-bearing debt.



# Statement by the Executive Board and the Board of Directors

The Board of Directors and the Executive Board have today considered and approved the interim report of DONG Energy A/S for the period 1 January - 31 March 2017.

The interim report, which has not been audited or reviewed by the company's independent auditors, has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the

EU and further requirements in the Danish Financial Statements Act. Apart from the early adoption of IFRS 9, the accounting policies remain unchanged from the annual report for 2016.

In our opinion, the interim financial report gives a true and fair view of the Group's assets, liabilities and financial position at 31 March 2017 and of the results of the Group's operations and cash flows

for the period 1 January - 31 March 2017.

Furthermore, in our opinion, the management's review gives a fair presentation of the development in the Group's operations and financial circumstances, of the results for the period and of the overall financial position of the Group as well as a description of the most significant risks and elements of uncertainty facing the Group.

Over and above the disclosures in the interim financial report, no changes in the Group's most significant risks and uncertainties have occurred relative to the disclosures in the annual report for 2016.

Skærbæk, 27 April 2017

## Executive Board:

Henrik Poulsen  
President and CEO

Marianne Wiinholt  
CFO

## Board of Directors:

Thomas Thune Andersen  
Chairman

Lene Skole  
Deputy chairman

Lynda Armstrong

Pia Gjellerup

Peter Korsholm

Benny D. Loft

Hanne Steen Andersen\*

Poul Dreyer\*

Benny Gøbel\*

Jens Nybo Sørensen\*

\*Employee representative