Investor presentation

Q3 2017

1 November 2017

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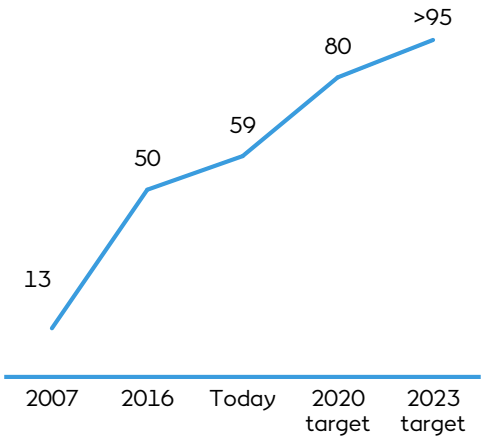
Strategic transformation

Divestment of our upstream Oil & Gas business finalised

- A milestone in our strategic transformation from black to green energy
- Divestment gain of DKK 2.2bn
- Reduction of net debt by DKK 4.6bn
- INEOS takes over decommissioning liabilities of DKK 7bn

Green share of total generated power and heat (%)



New name and brand

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- Let's create a world that runs entirely on green energy

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Construction progress

Project	Race Bank	Walney Extension	Borkum Riffgrund 2	Hornsea 1	Borssele 1&2	Hornsea 2	Skærbæk CHP	Renescience	Smart meter roll-out
Country									
Asset type									
Capacity	573MW	659MW	450MW	1,200MW[1]	752MW	1,386MW	320MW Heat, 95MW Power	120,000 tonnes waste	1m installations
Expected completion	Q1 2018	H2 2018	2019	2020	2020/2021	2022	Q4 2017	Early 2018	2020
Status	On track	On track	Back on track	On track	On track	On track	Inaugurated	Slight delay	On track
Comments	72 out of 91 positions finalised	First power reached. 36 out of 87 positions installed. Export cable damaged	Delay caused by issues with a foundation supplier will be neutralised	Transmission asset under construction	Turbines contracted	World's largest offshore wind farm. Contracting in progress	Conversion from gas to sustainable biomass. In operation for more than three months with a +99% biomass share	Construction completed. Mechanical testing and fine tuning ongoing	Replaced 85,000 meters with very good results

1. The export capacity of Hornsea 1 is 1,200MW determined by the boundary of the facility (offshore substations), while the aggregated installed generator capacity is 1,218MW

Wind Power market development

				
• EIA approvals expected Q4 2017 • Allocation of grid capacity in spring 2018 to support 3.0GW target for 2025 • FID maturation of Formosa One (35% owned) 120MW well in progress • Government announced additional 2.5GW grid capacity on top of 3.0GW target	• Massachusetts auction in December 2017 • Final agreement for construction of Virginia pilot being negotiated with Dominion Energy • Offshore wind gaining momentum along US East Coast	• Holland Coast South 1&2 tender of 700MW in December 2017 • New government targets 10GW offshore wind constructed 2020-2030	• Auction of 1.6GW in April 2018 • Climate targets and strategy being discussed by potential government coalition partners	• UK CfD auction Spring 2019 • Hornsea 3 consent not expected to be in place for H1 2019 • Clean growth strategy commits GBP 557m for new CfD contracts • Strong commitment from UK government

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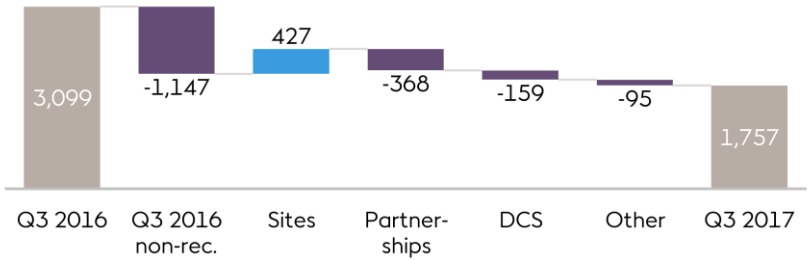
Q3 – Lower due to timing of partnership income

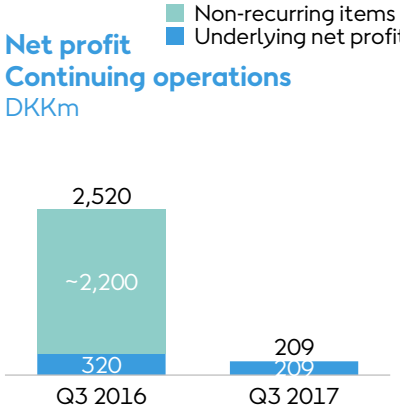
EBITDA
Continuing operations
DKKm



Reported EBITDA DKK 1.8bn

- No non-recurring items in this quarter versus large impact from renegotiation of gas contract in Q3 2016
- Underlying EBITDA declined by 10% to DKK 1,8bn
  - Earnings from operating wind farms up 39%
  - Lower earnings from construction for partners
  - Lower contribution from utility activities, primarily due to portfolio optimisation in Q3 last year

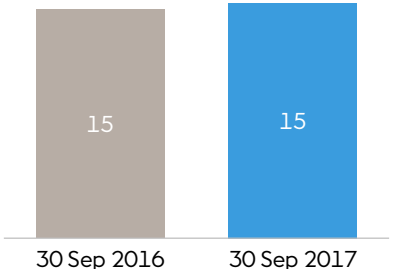
Net profit
Continuing operations
DKKm



Net profit down DKK 2.3bn

- Driven by the lower EBITDA and the DKK 1.3bn gain from the divestment of the gas distribution grid in Q3 2016

ROCE[1]
%



ROCE of 15%

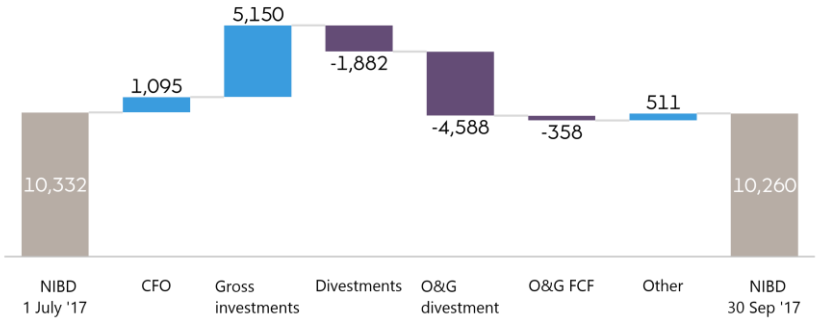
- Unchanged compared to Q3 2016

1. Last 12 months

Net debt unchanged

Net interest-bearing debt development Q3

DKKm

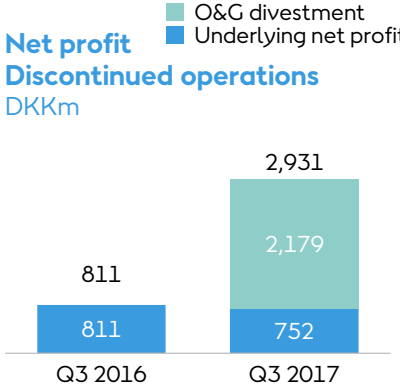


Net interest-bearing debt of DKK 10.3bn

- Cash flow from operations: EBITDA offset by funds tied up in working capital (high activity relating to construction of offshore transmission assets on three UK wind farms)
- Gross investments: Offshore wind farms (DKK 4.6bn), biomass conversions and Renescience waste treatment plant (DKK 0.4bn)
- Divestments: Cash proceeds from Race Bank and A2SEA
- O&G divestment: Reduction of net debt by DKK 4.6bn and free cash flow generation of DKK 0.4bn

Net profit Discontinued operations

DKKm



Total contribution as expected

- Headline gain and net debt reduction slightly below guidance in May
- Offset by higher earnings and free cash flow generation up until closing

FFO / Adj. net debt of 42%

- Our key credit metric decreased to 42% from 55% due to higher adjusted net debt, but still above our target of around 30%
- Credit rating agencies applies more restrictive methodology, e.g. Moody's disregards SPA and CA gains in FFO
- A significant headroom is expected to build over the next 9-15 months, as new windfarms are coming on stream and farm-downs are executed

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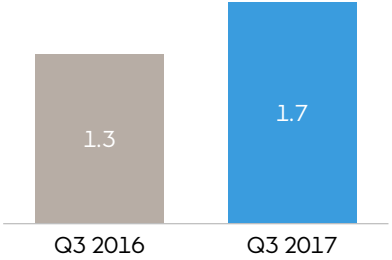
Wind Power – Increased power generation, but no SPA gains booked in the quarter

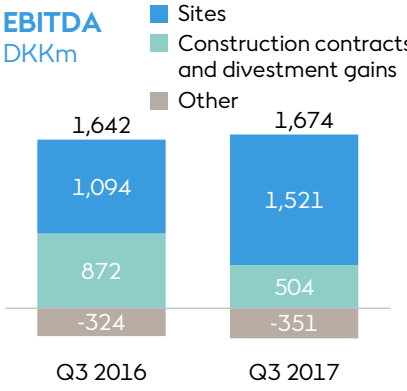
Power generation
TWh



Power generation up 31%

- Ramp up of production from Burbo Bank Extension, Gode Wind 1 & 2 and Race Bank
- Slightly lower WEC (75% in Q3 2017 vs. 78% in Q3 2016), and availability at same level (92% in both Q3 2017 and Q3 2016)

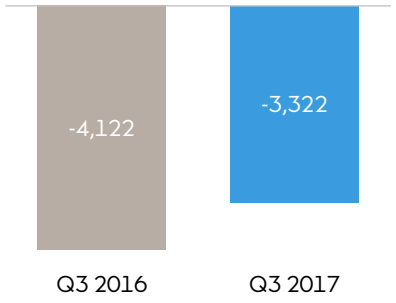
EBITDA
DKKm



EBITDA of DKK 1.7bn

- Earnings from operating wind farms up 39%
- Lower partnership earnings in Q3 2017 (primarily Race Bank) than in Q3 2016 (primarily Burbo Bank Extension)
- SPA gains from Walney Extension and Borkum Riffgrund 2 expected in Q4

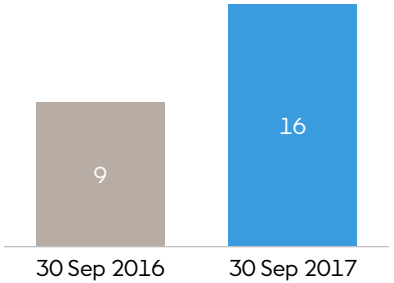
Free cash flow
DKKm



FCF increased by DKK 0.8bn

- Deferred gain from divestment of Race Bank received in Q3 2017
- Divestment of A2SEA in Q3 2017
- Higher gross investments

ROCE[1]
%



ROCE up 6%-point

- Significant impact from gain on the divestment of 50% of Race Bank in December 2016

1. Last 12 months

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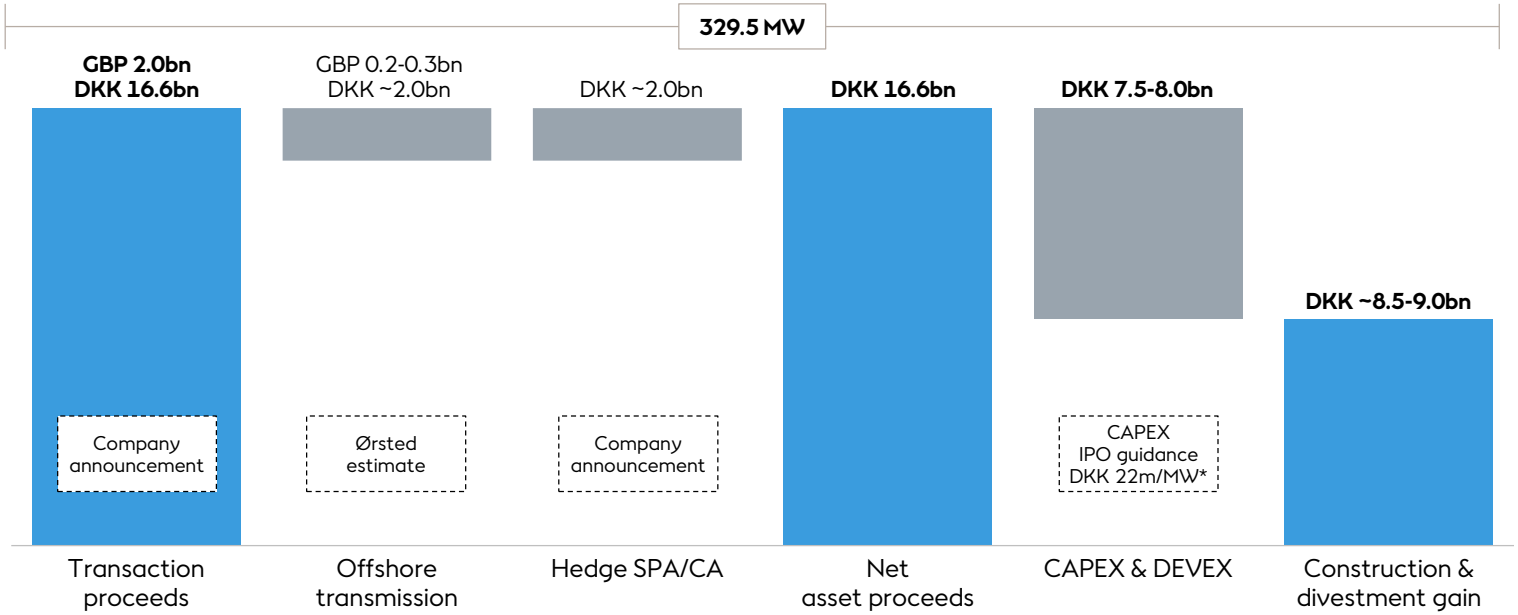
Walney Extension transaction

Estimation of construction and divestment gain based on company guidance and previous IPO guidance

50% divestment

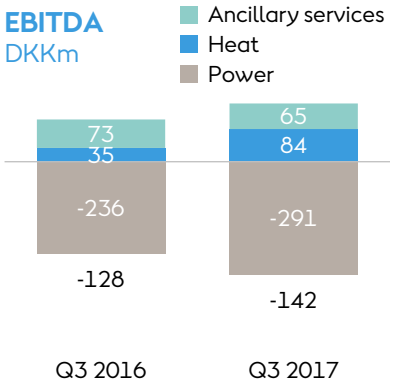
Divestment case, GBP and DKK



* Real 2015 prices

Bioenergy & Thermal Power – Growth from Heat, but adverse market conditions for Power

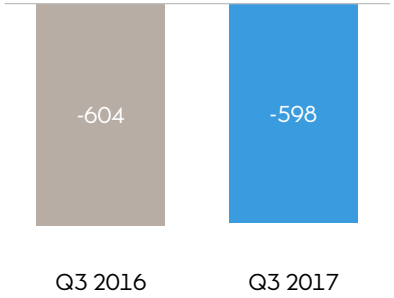
EBITDA
DKKm



EBITDA of DKK -0.1bn

- Negative effect from adverse market conditions for power generation
- Partly offset by higher heat generation and new heat agreements

Free cash flow
DKKm



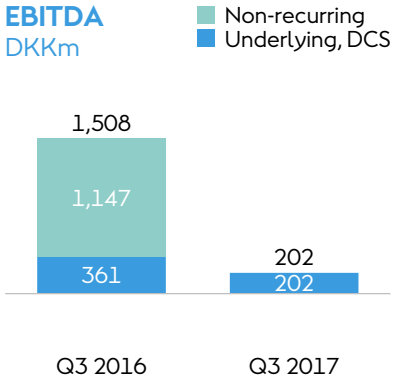
FCF of DKK -0.6bn

- Free cash flow on par with Q3 2016
- Still expect positive free cash flow for full year 2018

Her Royal Highness Crown Princess Mary inaugurated Skærbæk Power Station

Distribution & Customer Solutions

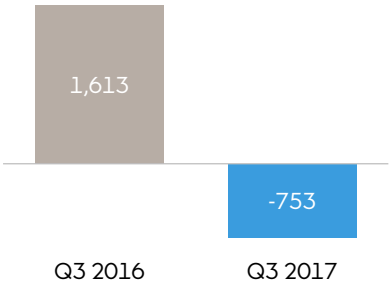
EBITDA
DKKm



EBITDA decreased DKK 1.3bn

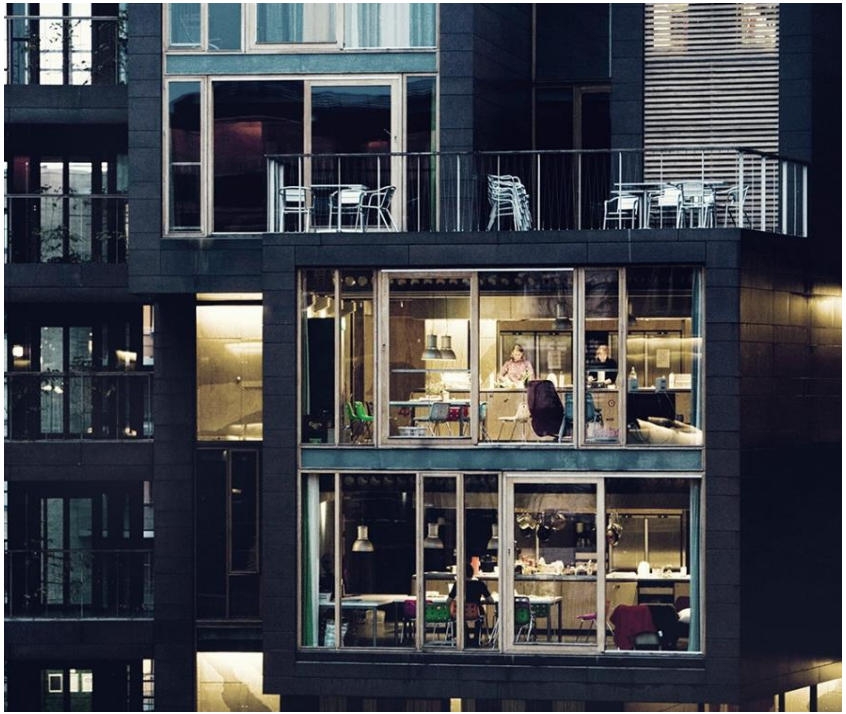
- Lump sum compensation of DKK 1.1bn from renegotiation of gas purchase contract in Q3 2016
- Lower underlying result due gains from portfolio optimisation in Q3 2016

Free cash flow
DKKm



FCF decreased by DKK 2.4bn

- Proceeds from the gas distribution divestment in Q3 2016



Outlook – Guidance upgraded

EBITDA (BUSINESS PERFORMANCE) OUTLOOK 2017

Group	DKK 19-21bn

BUSINESS UNIT EBITDA DIRECTION FY 2017 VS. FY 2016

Wind Power	Significantly higher
Bioenergy & Thermal Power	Higher
Distribution & Customer Solutions	Significantly lower (Underlying: Lower)

GROSS INVESTMENT OUTLOOK 2017

Group	DKK 18-20bn

RETURN ON CAPITAL EMPLOYED (ROCE)

Group	12-14%	Avg. 2017-2023
Wind Power	13-15%	Avg. 2017-2023
Distribution & Customer Solutions	9-11%	Avg. 2017-2023

FREE CASH FLOW

Bioenergy & Thermal Power	Positive	2018

FINANCIAL POLICIES

Rating (Moody's/S&P/Fitch)	Min. Baa1/BBB+/BBB+
FFO/Adjusted net debt	Around 30%

DIVIDEND POLICY

- Towards 2020 our target is to increase the dividend annually by a high single digit rate compared to the dividend for the previous year
- Dividend policy is subject to our commitment to maintain a Baa1/BBB+ rating profile

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Q&A

Conference call
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For questions, please press 01

Appendix

Group – Financial highlights Q3 2017

FINANCIAL HIGHLIGHTS		Q3 17	Q3 16	Δ
EBITDA	DKKm	1,757	3,099	(43%)
• Wind Power		1,674	1,643	2%
• Bioenergy & Thermal Power		(142)	(128)	11%
• Distribution & Customer Solutions		202	1,507	(87%)
Net profit – continuing operations		209	2,520	(92%)
Net profit – discontinued operations		2,931	811	261%
Total net profit		3,140	3,331	(6%)
Operating cash flow		(1,095)	(56)	n.a.
Gross investments		(5,150)	(4,658)	11%
Divestments		1,882	2,140	(12%)
Free cash flow – continuing operations		(4,363)	(2,574)	69%
Net interest-bearing debt		10,260	5,942	73%
FFO/Adjusted net debt	%	42	55	(13%p)
ROCE[1]	%	15.0	14.6	0.4%p

1. ROCE: Last 12 months

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WP – Financial highlights Q3 2017

FINANCIAL HIGHLIGHTS		Q3 17	Q3 16	Δ
EBITDA	DKKm	1,674	1,642	2%
• Sites incl. O&Ms and PPAs		1,521	1,094	39%
• Construction contracts and farm down gains		504	872	(42%)
• Other incl. A2SEA and project development		(351)	(324)	8%
ROCE[1]	%	15.8	9.4	6.4%p
KEY BUSINESS DRIVERS				
Power generation	TWh	1.7	1.3	31%
Wind energy content	%	75	78	(3%p)
Availability	%	92	92	0%p
Load factor	%	34	35	(3%p)
Installed capacity	GW	3.8	3.0	27%
Production capacity	GW	2.3	1.8	28%

1. ROCE: Last 12 months

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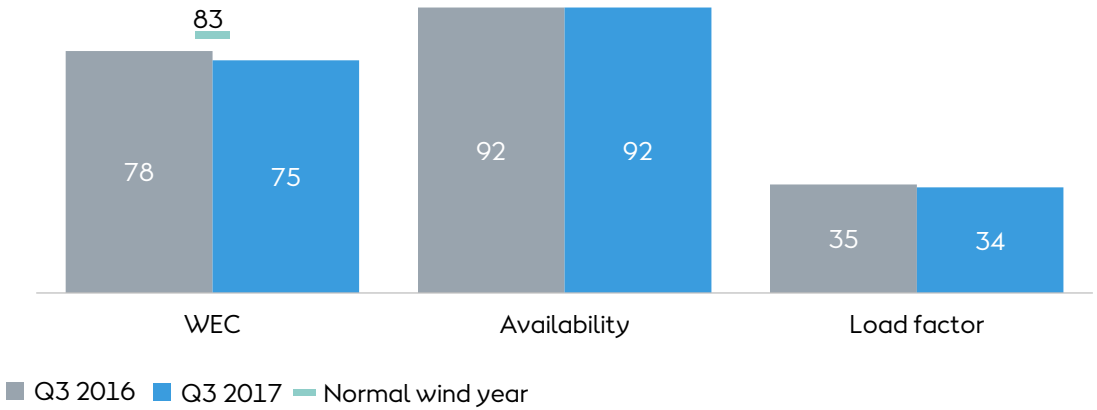
Wind Power measures

Key commentary

- Q3 2017 WEC at 75%, 3%-point lower than Q3 2016
- Q3 WEC in a normal wind year is 83%, i.e. Q3 2017 8%-point below normal wind year
- Availability at same level as last year
- Load factor of 34% in Q3 2017, on par with Q3 2016

Wind power measures

%



BTP – Financial highlights Q3 2017

FINANCIAL HIGHLIGHTS		Q3 17	Q3 16	Δ
EBITDA	DKKm	(142)	(128)	11%
• Heat		84	35	140%
• Ancillary services		65	73	(11%)
• Power		(291)	(236)	23%
Free cash flow		(598)	(604)	(1%)
KEY BUSINESS DRIVERS				
Heat generation	TWh	0.7	0.4	75%
Power generation	TWh	1.2	1.3	(8%)
Degree days	#	115	54	113%
Power price, DK	EUR/MWh	33.8	28.9	17%
Green dark spread, DK	EUR/MWh	1.3	5.4	(76%)

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DCS – Financial highlights Q3 2017

FINANCIAL HIGHLIGHTS		Q3 17	Q3 16	Δ
EBITDA	DKKm	202	1,508	(87%)
• Distribution		295	310	(5%)
• Sales		15	5	200%
• Markets		(95)	1,246	n.a.
• LNG		(12)	(53)	(77%)
ROCE[1]	%	23.0	59.1	(36.1%p)
KEY BUSINESS DRIVERS				
RAB Power	DKKm	10,623	10,648	(0%)
Gas sales	TWh	29.4	37.1	(21%)
Power sales	TWh	8.2	8.3	(1%)
Distribution of power	TWh	1.9	1.9	0%

1. ROCE: Last 12 months

Differences in Business Performance EBITDA and IFRS EBITDA

DKKm	Q3 2017	Q3 2016
EBITDA – BUSINESS PERFORMANCE (BP)	**1,757**	**3,099**
BP adjustment in respect of revenue for the year	(222)	85
BP adjustment in respect of COGS for the year	108	39
EBITDA – IFRS	**1,643**	**3,223**
Total BP adjustments for the year comprise:		
MtM of financial and physical hedging contracts relating to other periods	(254)	1,493
Reversal of deferred gain (loss) relating to hedging contracts from previous periods, where the hedged production or trade is recognised in BP EBITDA for this period	140	(1,369)
TOTAL ADJUSTMENTS	**(114)**	**124**

SPECIFICATION OF BP ADJUSTMENTS, DKKm	MTM OF HEDGING CONTRACTS RELATING TO OTHER PERIODS		REVERSAL OF DEFERRED GAIN (LOSS)	
	Q3 2017	Q3 2016	Q3 2017	Q3 2016
Oil hedge	276	288	13	510
Coal hedge	3	12	(3)	32
Currency hedge	46	1,437	(71)	(1,644)
Gas hedge (commercial and hedge)	(148)	26	145	(204)
Power hedge (commercial and hedge)	(431)	(270)	56	(63)
TOTAL	**(254)**	**1,493**	**140**	**(1,369)**

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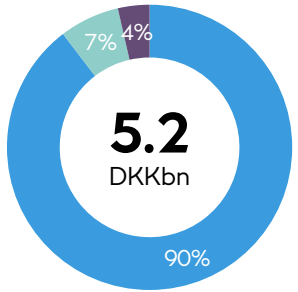
Investments

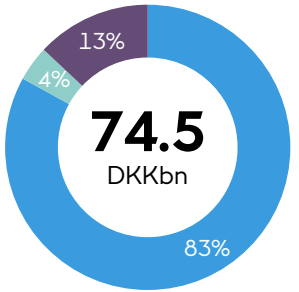
GROSS AND NET INVESTMENTS (DKKm)	Q3 2017	Q3 2016
Cash flow from investing activities	(276)	(296)
Dividends received and capital reduction, reversed	-	-
Purchase and sale of securities, reversed	(2,988)	(2,177)
Loans to associates and JVs, reversed	(6)	(48)
Sale of assets and companies reversed	(1,880)	(2,137)
GROSS INVESTMENTS	**(5,150)**	**(4,658)**
Transactions with non-controlling interests in connection with divestments	2	3
Sale of non-current assets	1,880	2,137
TOTAL CASH FLOWS FROM DIVESTMENTS	**1,882**	**2,140**
NET INVESTMENTS[1]	**(3,268)**	**(2,518)**

Gross investments per business unit
Q3 2017



- Wind Power
- Bioenergy & Thermal Power
- Distribution & Customer Solutions

Capital employed per business unit
30 Sep 2017



- Wind Power
- Bioenergy & Thermal Power
- Distribution & Customer Solutions

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

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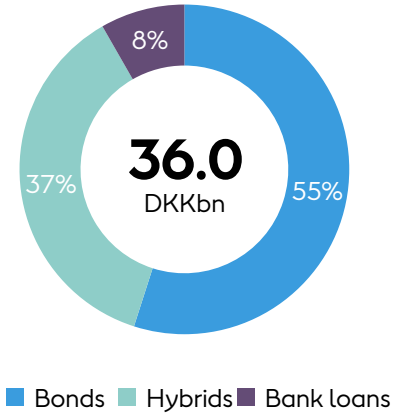
FFO/Adjusted net debt calculation

FUNDS FROM OPERATIONS / ADJUSTED NET DEBT (DKKm)	30 Sep 2017[1]	Full year 2016[1]	30 Sep 2016[1]
EBITDA – Business Performance	**15,796**	**19,109**	**14,747**
Interest expenses, net	(543)	(402)	(317)
Reversal of interest expenses transferred to assets	(659)	(574)	(739)
Interest element of decommission obligations	(173)	(172)	(179)
50% of coupon payments on hybrid capital	(320)	(320)	(287)
Operating lease obligations, interest element	(273)	(194)	(258)
Adjusted net interest expenses	**(1,968)**	**(1,662)**	**(1,780)**
Reversal of recognised lease payment	887	746	862
Current tax	(3,667)	(3,665)	(2,459)
FUNDS FROM OPERATION (FFO)	**11,048**	**14,528**	**11,370**
Total interest-bearing net debt	**10,260**	**3,461**	**5,942**
50% of hybrid capital	6,624	6,624	6,624
Cash and securities, not available for distribution	784	953	885
Present value of operating lease payments	5,429	3,986	4,288
Decommission obligations	3,965	3,649	3,632
Deferred tax on decommissioning obligations	(650)	(627)	(671)
ADJUSTED INTEREST-BEARING NET DEBT	**26,412**	**18,046**	**20,700**
FFO / ADJUSTED INTEREST-BEARING NET DEBT	**41.8%**	**80.5%**	**54.9%**

1. Last 12-months

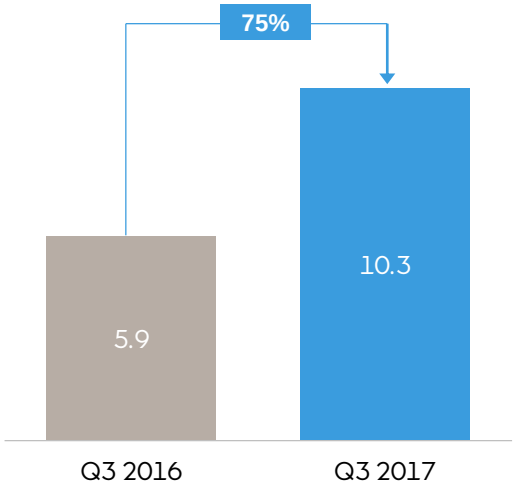
Debt overview

Gross debt and hybrids Q3 2017

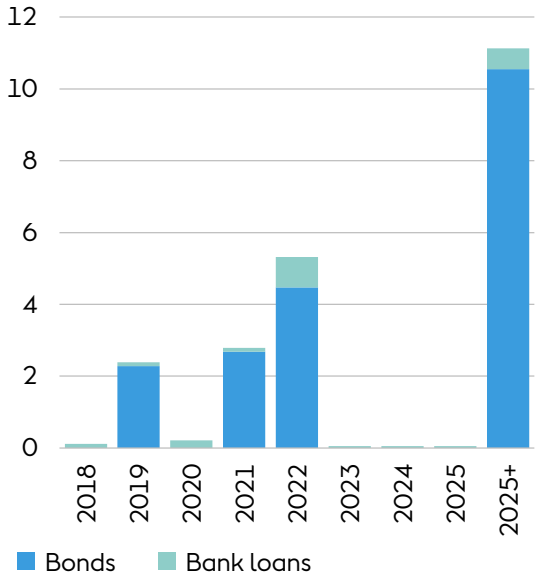


Net debt

DKKbn



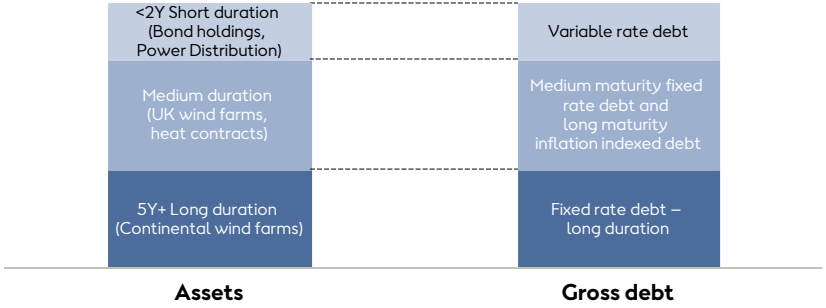
Long term gross debt maturity schedule Q3 2017, DKKbn



Management of interest rate and inflation exposure reduces risk

Portfolio asset & liability duration-matching approach for interest rate risk management

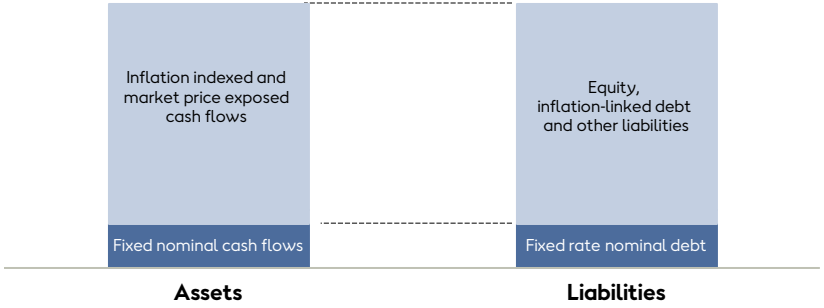
Illustrative



- We assess the interest rate sensitivity (duration) of each of the major income streams, and match it with an amount of debt with similar duration (allocation order starts from the highest interest sensitive assets until all debt is allocated)
- A change in market value of the assets caused by changing interest rates will be (partly due to capital structure) mitigated by an opposite change in the market value of our debt
- Currently, not all categories of assets have gross debt allocated to them because the debt capacity is not fully used

Nominal cash flow matching for inflation risk management

Illustrative



- Inflation considered a medium to long term risk. Long term fixed rate nominal debt matches the medium to long term fixed nominal operating cash flows from continental wind farms
- A high share (94%) of short- and mid-term debt is fixed rate, to reflect the high certainty of short- and mid-term cash flows
- With a 1%-point downward parallel shift in inflation from the base case of 2%, the NPV of the inflation exposure would fall with approximately DKK 0.3bn

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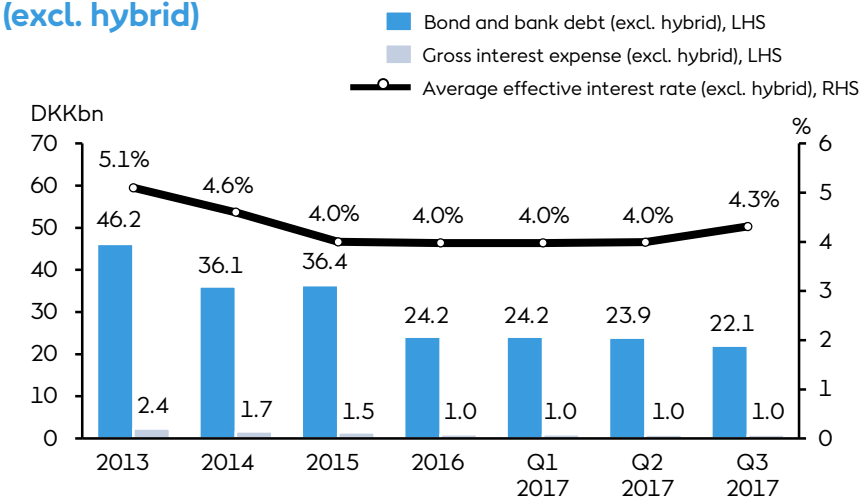
Interest rate risk and funding costs

Effective funding costs – gross debt (excl. hybrid)



- Funding costs reflect existing bonds issued during period from 2009 to 2012
- Marginal funding cost is much lower
- Liability management activities during recent years focused on short end of maturity profile
- Average effective interest rate higher than Q2 2017 due to repayment of floating rate bank loan in Q3 2017

Key risk figures Q3 2017 (excl. hybrid)

	Cost of debt (%)	*Modified duration (%)*	*Avg. time to maturity (years)*
Bond loans	4.7	8.4	11.1
Bank loans	0.2	0.2	7.2
Total	**4.3**	**7.7**	**10.8**

Hybrid capital in short

Hybrid capital can broadly be defined as funding instruments that combine features of debt and equity in a cost efficient manner

- Hybrid capital encompasses the credit supportive features of equity and improves rating ratios:
- Perpetual or long-dated final maturity (1,000 years for DONG Energy)
- Absolute discretion to defer coupon payments and such deferrals do not constitute default nor trigger cross-default
- Deeply subordinated and only senior to common equity
- Without being dilutive to equity holders (no ownership and voting rights, no right to dividend)

Due to hybrid's equity like features, rating agencies assign equity content to the hybrids when calculating central rating ratios (e.g. FFO/NIBD)

The hybrid capital has increased DONG Energy's investment capacity and supports the growth strategy and rating target

DONG Energy has made use of hybrid capital to maintain our ratings at target level in connection with the merger with Danish power distribution and production companies back in 2006 and in recent years to support our growth in the offshore wind sector

Currently, DONG Energy has fully utilised it's capacity to issue hybrids (S&P has the strictest limit of 15% of total capitalisation)

HYBRIDS ISSUED BY DONG ENERGY A/S[1]	PRINCIPAL AMOUNT	TYPE	FIRST PAR CALL	COUPON	ACCOUNTING TREATMENT[2]	TAX TREATMENT	RATING TREATMENT
4.875% hybrid due 3013	EUR 500m	Hybrid capital (subordinated)	July 2018	Fixed during the first 5 years, first 25bp step-up in July 2023	100% equity	Debt – tax deductible coupon payments	50% equity, 50% debt
6.25% hybrid due 3013	EUR 700m	Hybrid capital (subordinated)	June 2023	Fixed for the first 10 years, first 25bp step-up in June 2023	100% equity	Debt – tax deductible coupon payments	50% equity, 50% debt
3.0% hybrid due 3015	EUR 600m	Hybrid capital (subordinated)	Nov. 2020	Fixed during the first 5.5 years, first 25bp step-up in Nov. 2025	100% equity	Debt – tax deductible coupon payments	50% equity, 50% debt

1. All listed on Luxembourg Stock Exchange and rated Baa3 (Moody's), BB+ (S&P) and BBB- (Fitch)
2. Due to the 1,000-year structure

Benefits of hybrid capital

Hybrid capital is an attractive form of financing for corporates:

- Provides strength to the balance sheet at relatively attractive terms (tax deductible)
- Supportive to credit ratings
- WACC efficient instrument to enhance financial flexibility
- Non-dilutive source of quasi equity capital

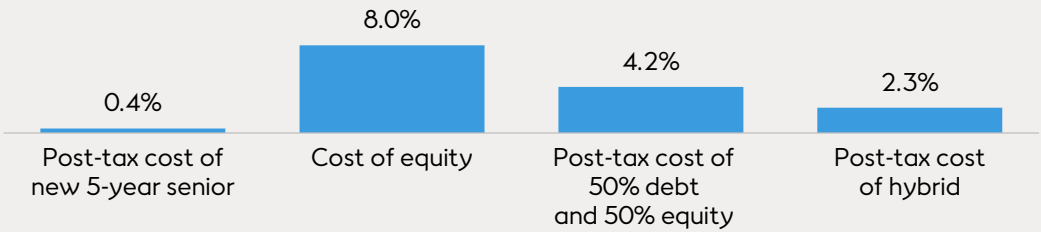
The issuance of hybrid capital is significantly cheaper than issuing proportional amounts of debt and equity

Illustrative example – current example

ASSUMPTIONS

Pricing for a hybrid with first call in year 5:	3.0% (pre-tax)
Post-tax cost of hybrid = 3.5% * (1-22%)	2.34%
Pricing for a 5-year senior bond of 0.5% (pre-tax)	
Post-tax cost of senior = 0.5%* (1-22%)	0.41%
Cost of Equity:	8%

RELATIVE COST ANALYSIS



Financing strategy

We have a centralised financing strategy as customary for vertically and horizontally integrated European energy utilities

The centralised financing strategy was adopted in 2003 to benefit from our heritage as state owned energy monopoly offering:

- A capital structure supportive of our BBB+ rating ambition
- Concentration of and scale in financing activities
- Cost efficient financing based on a strong parent rating
- Optimal terms and conditions and uniform documentation
- Transparent debt structure and simplicity
- Avoidance of structural subordination

All cash flow generated by our subsidiaries supports the creditworthiness and rating of and thus the debt taken up by the Group parent

The financing strategy optimizes the effect of a fully integrated group cash pool where cash at practically all of the Group's more than 150 subsidiaries are made available for the group's financing and liquidity purposes

Financing of activities at subsidiary level is provided by the Group parent in a standardised and cost efficient set-up involving very few resources at Business Unit and Corporate Treasury

Widespread use of project financing is not considered cost-efficient and dilutes the creditworthiness of the Group parent

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Currency hedging principles

- The purpose of our currency risk management is to reduce the Group's currency risks over a 5-year horizon
- The main principle is to hedge FX exposure once it is deemed relatively certain that the underlying cash flows in foreign currency will materialise
- Thus, FX risk is hedged concurrently with the hedging of energy price risk
- FX risk related to divestments and investments are hedged once the amount is relatively certain
- Hedging of ROC and CfD income deviates from main principle and follows a staircase model (see next page). GBP therefore constitutes a strategic risk
- Management of currency risks is centralised at DONG Energy to obtain netting advantages

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Hedging of FX and power risk in Wind Power

Construction and Farm downs – Hedging of FX

Decision gates

Pre-FID

- Early hedging of potential large DEVEX items on a 100% basis

Final Investment Decision

- Hedging of transmission asset divestment and CAPEX in GBP (100% share)
- Hedging of expected operational net cash flow subject to staircase (100% share)

Farm down mandate

- Net increase in hedging from expected proceeds from divestment, construction gains and reduced share of operational cash flow (50% share)

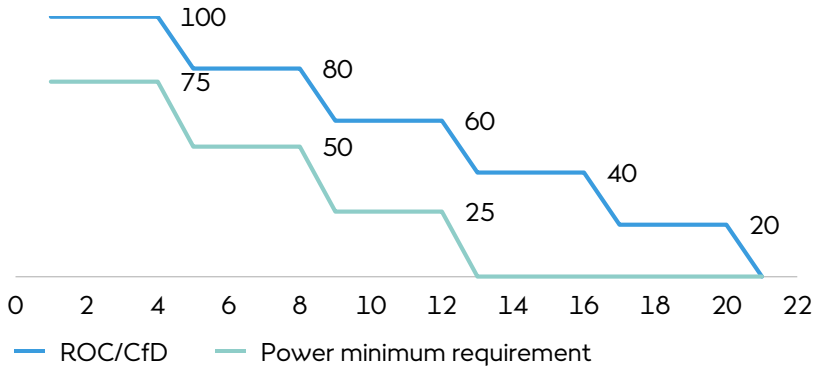
Signing farm down

- Hedges fully established for sale of project shares and construction gains

Commercial Operations

- Ongoing hedging of operational net cash flow reflecting permanent share of production (50% share)

Commercial Operations – Hedging of FX and power



Rolling operational hedging process on monthly/quarterly basis:

- ROC/CfD hedges are target hedge ratio
- The power hedge ratio is a minimum requirement, and power related FX exposures are included in FX exposures and hedged when the underlying power price is hedged

Significant pipeline of post 2020 offshore wind opportunities

Status

- 8.9GW capacity built or under construction
- >10GW capacity pipeline options

Ambition

- 11-12GW capacity by end of 2025
- Profitable and disciplined growth

Upcoming auctions and tenders

- >8 GW of opportunities

Upcoming auctions and tenders in strategic markets

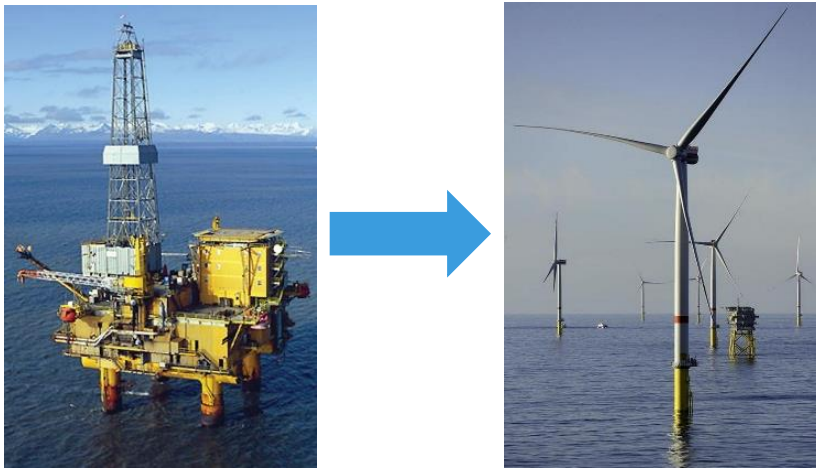
- Taiwan EIA[1] deadline
- Holland Coast South 1 & 2 tender
- US Massachusetts auction
- 2nd German auction
- Holland Coast South 3 & 4 tender
- UK CfD auction - Spring 2019
- Holland Coast North 1 & 2

1. Environmental Impact Assessment

Innovation case: New design methodology

Motivation

- Foundation design based on Oil & Gas approach from 1970's
- Conservative approach applied – not taking offshore wind characteristics into account
- Potential to improve design methods and reduce foundation cost –> improve CoE



Innovation case

- Innovation case established in 2013 and completed in 2016
- The project is based on theoretical studies, numerical analysis and field testing
- Oxford University, leading within offshore geotechnics, partnering with Imperial College London who has provided academic consulting

UNIVERSITY OF OXFORD

Imperial College London

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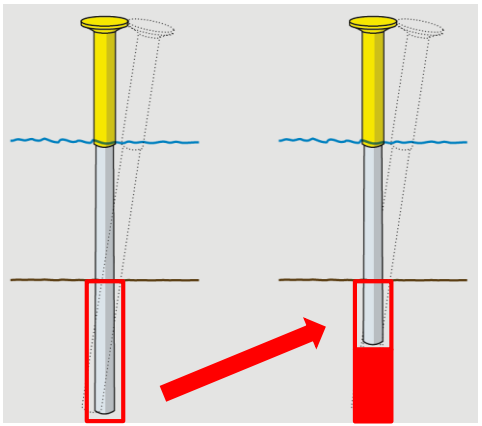
New design methodology developed and tested

1. Field test

- 28 piles tested – different diameter, length and wall thickness
- 2 different sites – clay and sand
- New industry standard database established

2. New design methodology

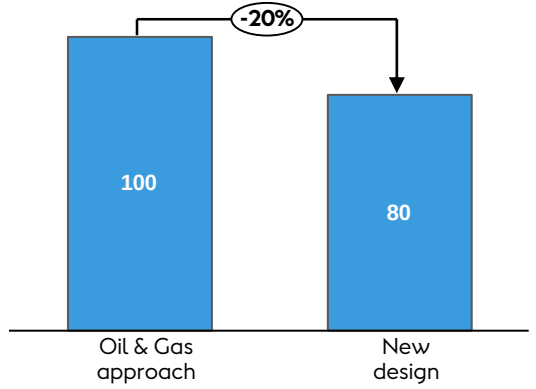
- Development of improved design method tailored to the offshore wind sector
- Reduction in design conservatism and better economics for wind farm development



3. Outcome

- Significant reduction in design conservatism leading to:
  - Reduction in pile length
  - Reduction in pile tonnage
- Improved CoE through lower CAPEX

Reduction in pile length and pile tonnage (index)



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SPA/CA split and timing of CA gains on farm downs

Wind farm	MW capacity	Commissioning	SPA/CA split	2015	2016	H1 17	H2 17e	2018e
Gode Wind 1	330	Q4 16	SPA	All				
			CA: 75-100%	0-10%	65-75%	20-30%		
Gode Wind 2	252	Q4 16	SPA					
			CA: 75-100%	55-65%	30-40%	0-10%		
Burbo Bank Ext.	258	Q1 17	SPA		DKK 0.6bn			
			CA: 75-100%		80-90%	10-20%		
Race Bank	573	Q1 2018	SPA		DKK 2.5bn	DKK 1.4bn		
			CMA: 25-50%			50-60%	35-45%	0-10%
Walney Ext.	659	H2 18	SPA				All	
			CA: <25%				~25%	~75%
Borkum Riffgrund 2	450	H1 19	SPA				All	
			CA: 25-50%				0-10%	90-100%

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

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Radius welcomes the new regulation

Current regulation is outdated

Historical regulatory accounts settled and confirm the expected historical revenues – thus unchanged expectations to 2017 results

The current regulation is outdated:

- Ex-post regulation with years of uncertainty of final revenue
- Two different mechanisms of control with income cap and return cap do not result in healthy incentives to efficiency improvements
- Different effect in regulation from capex and opex gives incentive to spend capex rather than opex
- Benchmarking model is outdated with wrong incentives

New regulation effective from 1 January 2018 – meets previous expectations

5-year income cap with ex-ante approach and following elements

Cost Cap	Operational expenses and depreciations Starting point is average of costs in 2012-14
Return Cap	New investments based on market based WACC[1] Existing RAB continues with LBR+1 return
Adjustments	Efficiency requirements, change in activity level, change in tasks, price indexation
Net loss	Starting point is average of costs in 2014-16
Quality of supply	Penalty for low quality of supply

Recalibration of income cap between regulation periods

1. WACC currently estimated at approx. 3.5%

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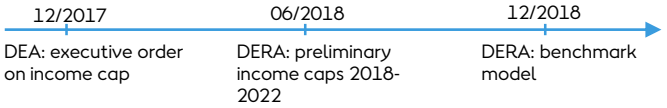
Implementation of new regulation

Benefits and opportunities in new regulation

- Within the 5-year regulation period, additional regulatory return is secured by performing better on costs and investments than implied in the income cap
    - efficiency improvements
    - asset management optimisation
- Recalibration of income cap between regulation periods. Income cap in future regulation period adjusted to average of realised costs in current regulation period
- Income cap is robust to changes in interest rate and inflation
- Benefits from electrification and green transformation and develop products and prices that take advantage from the flexibility in consumption and production among Radius' customers

Pending issues in detailed implementation of new legislation



Important pending issues	Description
New benchmarking model and implementation	A new benchmarking model of economic efficiency of the network companies is under development by DERA. The model is expected to be in place by 2018 and will subsequently be used to establish individual efficiency demands for 2019.
WACC model	The WACC model effective for the period from 2023 may be reconsidered in 2021-2022.