INVESTOR PRESENTATION Q1 2017

27 April 2017

DONG energy

DISCLAIMER. Certain statements in this presentation are based on the beliefs of our management as well as assumptions made by and information currently available to the management. Forward-looking statements (other than statements of historical fact) regarding our future results of operations, financial condition, cash flows, business strategy, plans and future objectives can generally be identified by terminology such as “targets”, “believes”, “expects”, “aims”, “intends”, “plans”, “seeks”, “will”, “may”, ”anticipates”, “continues” or similar expressions.

These statements are not guarantees of future performance and involve certain risks and uncertainties. Therefore, actual future results and trends may differ materially from what is forecast in this financial report due to a variety of factors, including, but not limited to, changes in temperature and precipitation levels; the development in oil, gas, electricity, coal, CO_2, currency and interest rate markets; changes in legislation, regulation or standards; renegotiation of contracts; changes in the competitive environment in DONG Energy’s markets; and security of supply.

We urge you to read our annual report available on our website at www.dongenergy.com for a discussion of some of the factors that could affect our future performance and the industry in which we operate.

Should one or more of these risks or uncertainties materialise or should any underlying assumptions prove to be incorrect, our actual financial condition or results of operations could materially differ from that described herein as anticipated, believed, estimated or expected.

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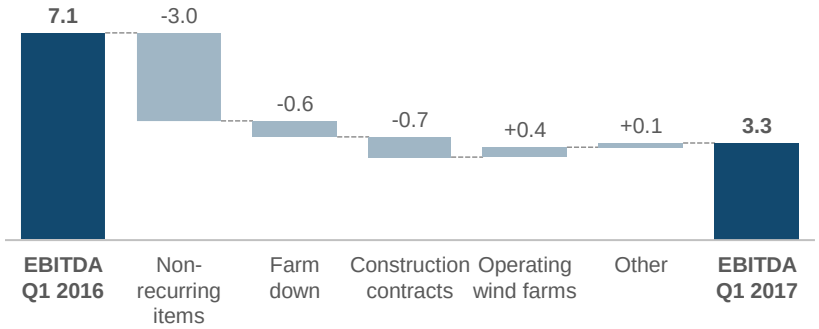
Good start to 2017, supporting the expectations for the year

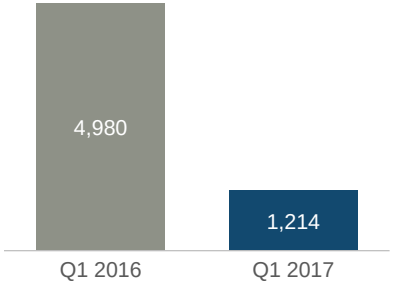
EBITDA - Continuing operations, DKKbn



Reported EBITDA DKK 3.3bn

- Non-recurring items totalled DKK 3.0bn in Q1 2016
  - Renegotiation of long-term gas purchase contracts
  - Divestment of gas distribution activities in Q3 2016
- Underlying EBITDA declined by 19%
  - Farm down of Burbo Bank Ext. in Q1 2016
  - Lower activity relating to construction contracts for partners
  - Partly offset by higher generation from operating wind farms, which increased by 21%

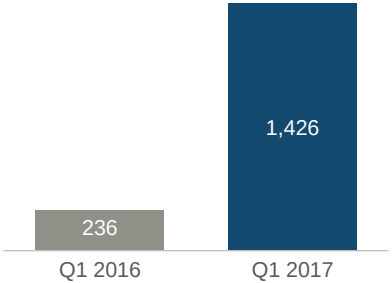
Net profit Continuing operations, DKKm



Net profit down DKK 3.8bn

- Mainly driven by lower EBITDA
- More negative net financial items due to exchange rate adjustments (negative contribution in 2017 vs. positive in 2016)

Net profit Discontinued operations, DKKm

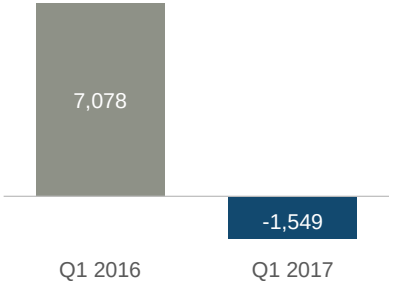


Net profit up DKK 1.2bn

- Full quarter of production from Laggan-Tormore
- One-off items from the recognition of ineffective hedges and settlement of a dispute over costs for the repair of the Siri platform
- Fixed assets are no longer depreciated due to the assets classified as held for sale

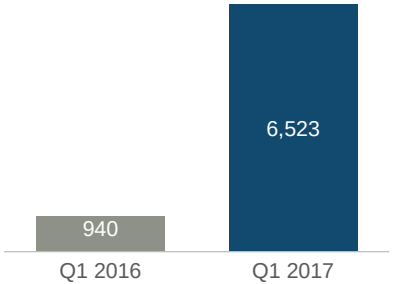
Strong return on capital employed

Free cash flow
Continuing operations, DKKm



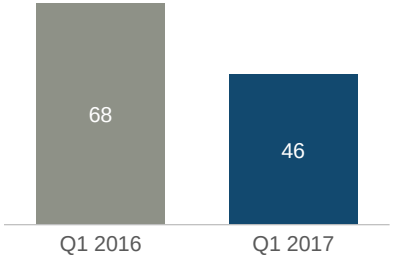
FCF decreased DKK 8.6bn
- Lower EBITDA
- Funds tied up in working capital in Q1 2017, relating to construction of offshore transmission assets
- Release of funds tied up in working capital in Q1 2016
- Divestment of 50% of Burbo Bank Ext. in Q1 2016

Net interest-bearing debt
DKKm



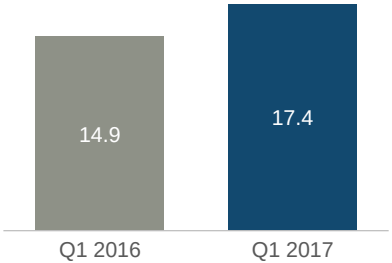
NIBD totalling DKK 6.5bn
- Negative free cash flow
- Distribution of dividends to shareholders of DKK 2.5bn
- Positive free cash flow from discontinued operations of DKK 2.1bn

FFO/Adjusted net debt[1]
%



FFO/Adjusted net debt 46%
- Credit metric significantly above our target of around 30%
- Decrease due to higher adjusted net debt and lower FFO for the last 12 months

Adjusted ROCE[2]
%



Adjusted ROCE of 17%
- Increase due to the higher EBIT over the last 12 months, with significant impact from Race Bank divestment

1. Last 12 months, continuing operations
2. Last 12 months and excl. write-downs, continuing operations

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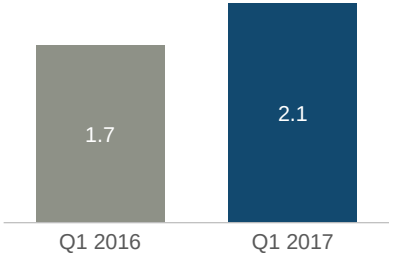
WP – Earnings from operating wind farms up 21%

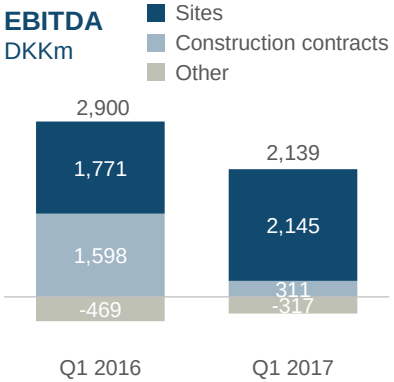
Power generation
TWh



Power generation up 24%

- New production capacity from Gode Wind 1 & 2 and Burbo Bank Extension
- Power generation in Q1 2016 was negatively affected by cable fault at Walney 2
- Partly offset by lower WEC (105% in 2017 vs. 111% in 2016)

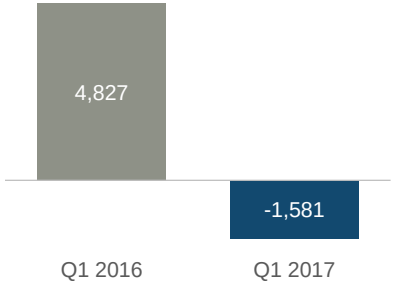
EBITDA
DKKm



EBITDA down DKK 0.8bn

- Earnings from operating wind farms up 21% from higher power generation
- Construction contracts decreased due to farm down of Burbo Bank Ext. and high activity relating to the construction of Gode Wind 1 and 2 for partners in Q1 2016

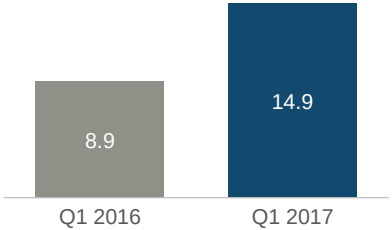
Free cash flow
DKKm



FCF decreased by DKK 6.4bn

- Funds tied up in working capital in Q1 2017, relating to construction of offshore transmission assets
- Release of fund tied up in working capital in Q1 2016
- Divestment of 50% of Burbo Bank Ext. in Q1 2016

Adjusted ROCE[1]
%



Adjusted ROCE up 6%-point

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

1. Last 12 months and excl. write-downs

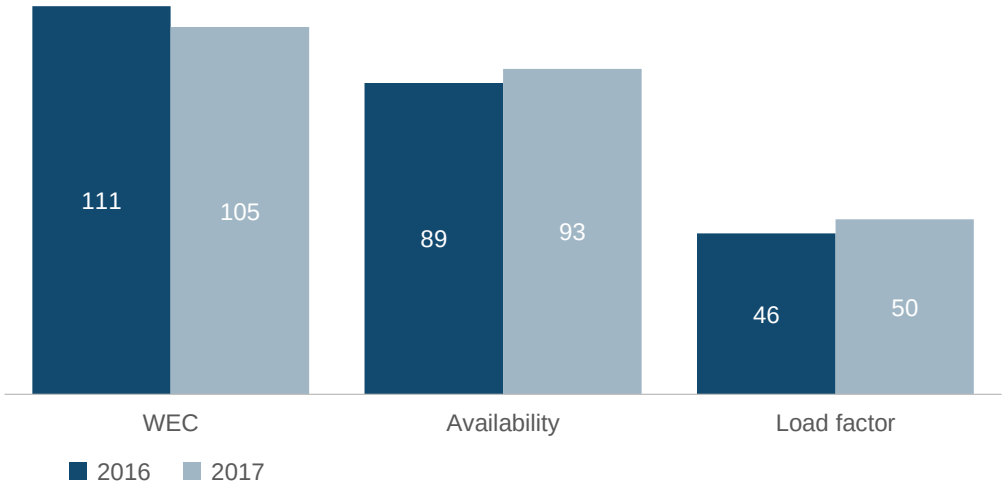
Wind power measures

Key commentary

- Following weak winds in January, both February and March were close to a normal wind year
- Q1 2017 WEC at 105%, 6%-point lower than Q1 2016
- Q1 WEC in a normal wind year is 120%
- Availability 4%-point above last year, due to Walney Ext. cable failure in 2016
- Despite lower WEC, higher availability result in load factor of 50 in Q1 2017, 4%-point higher than Q1 2016

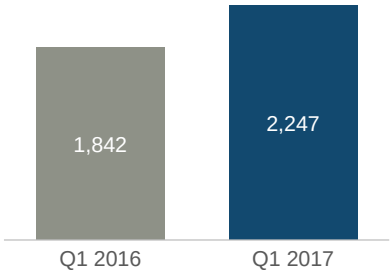
Wind power measures, Q1

%



BTP – More green power and heat following successful biomass conversions

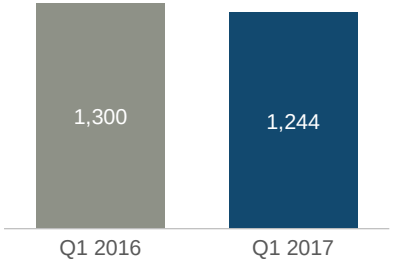
Revenue
DKKm



Revenue up DKK 0.4bn

- Heat revenue increased due to new heat contracts at Avedøre and Studstrup CHP plants, where heat is generated using biomass
- Revenue from power and ancillary services increased, driven by higher power generation and significantly higher power prices

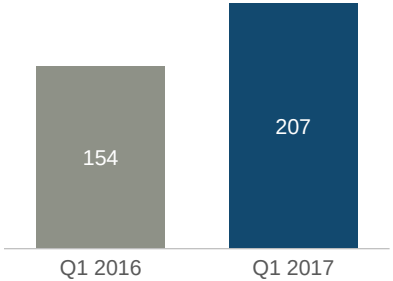
Degree days
DKKm



Warmer weather

- Number of degree days slightly below Q1 2016

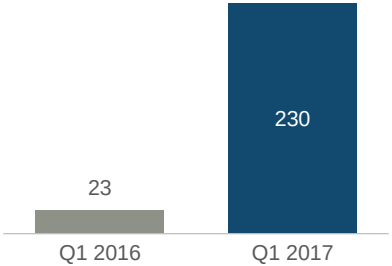
EBITDA
DKKm



EBITDA increased DKK 0.1bn

- Increase driven by heat generation activities due to the new heat contracts (lower duties paid on biomass than on fossil fuels)
- Partly offset by adverse market conditions for power generation (mainly negative spreads)

Free cash flow
DKKm

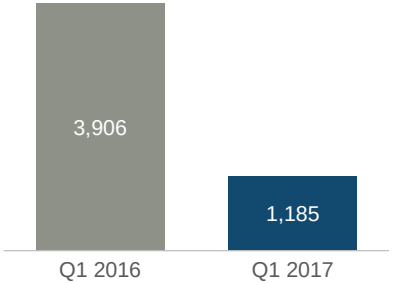


FCF increased by DKK 0.2bn

- Increase in EBITDA and less funds tied up in inventories (wood pellets and coal)

DCS – Underlying EBITDA up DKK 0.3 billion

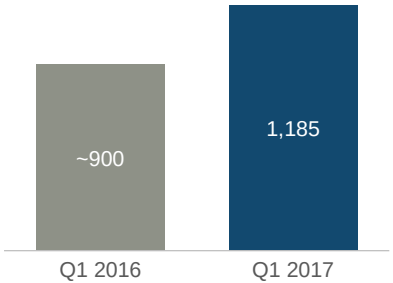
Reported EBITDA
DKKm



Reported EBITDA down DKK 2.7bn

- One-off payments from completed renegotiations of gas purchase contracts totalling DKK 2.8bn in Q1 2016
- Divestment of our gas distribution activities in September 2016

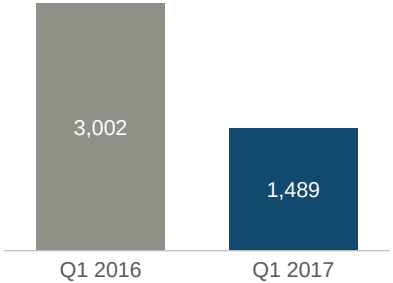
Underlying EBITDA
DKKm



Underlying EBITDA up DKK 0.3bn

- Markets have seen ongoing margin improvement from renegotiated contracts

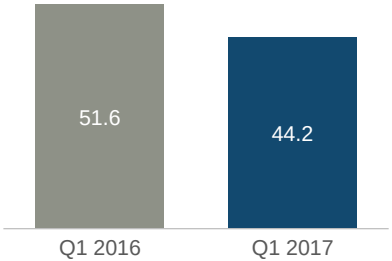
Free cash flow
DKKm



FCF decreased by DKK 1.5bn

- Lower EBITDA
- Partly offset by less funds tied up in gas inventories and lower trade receivables

Adjusted ROCE[1]
%



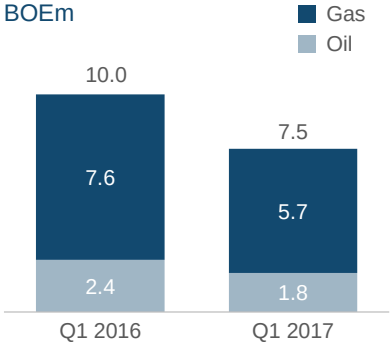
Adjusted ROCE down 7%-point

- Lower EBITDA
- Both 12-month periods significantly impacted by one-off payments received from renegotiations
- ROCE was 25% when excluding the contribution from these one-off payments

1. Last 12 months and excl. write-downs

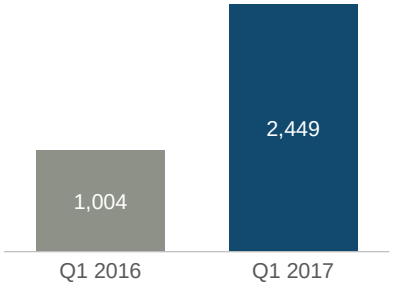
O&G – Discontinued operations
Total costs and investments reduced by 70%

Oil and gas production
BOEm



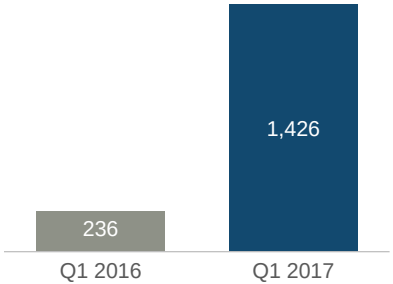
Production down 25%
- Lower production in Norway, due to loss of additional volumes from the Ormen Lange field and the sale of Trym, Ula, Tambar and Oselvar
- Partly offset by a whole quarter with full production from Laggan-Tormore in the UK

EBITDA
DKKm



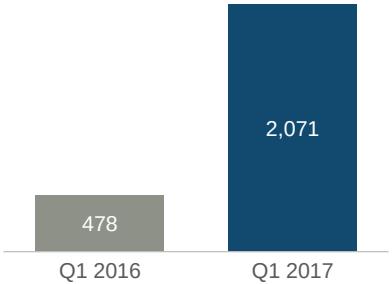
EBITDA up DKK 1.4bn
- One-off items from the recognition of ineffective hedges and settlement of a dispute over costs for the repair of the Siri platform
- A provision of DKK 0.8bn contributed negatively in Q1 2016
- Lower production was offset by higher gas and oil prices

Net profit
DKKm



Net profit up DKK 1.2bn
- Higher EBITDA
- Fixed assets are no longer depreciated due to the assets classified as held for sale
- Impairment losses amounted to an income of DKK 0.8bn in Q1 2016, driven by the partial reversal of onerous contracts in respect of the Hejre platform

Free cash flow
DKKm

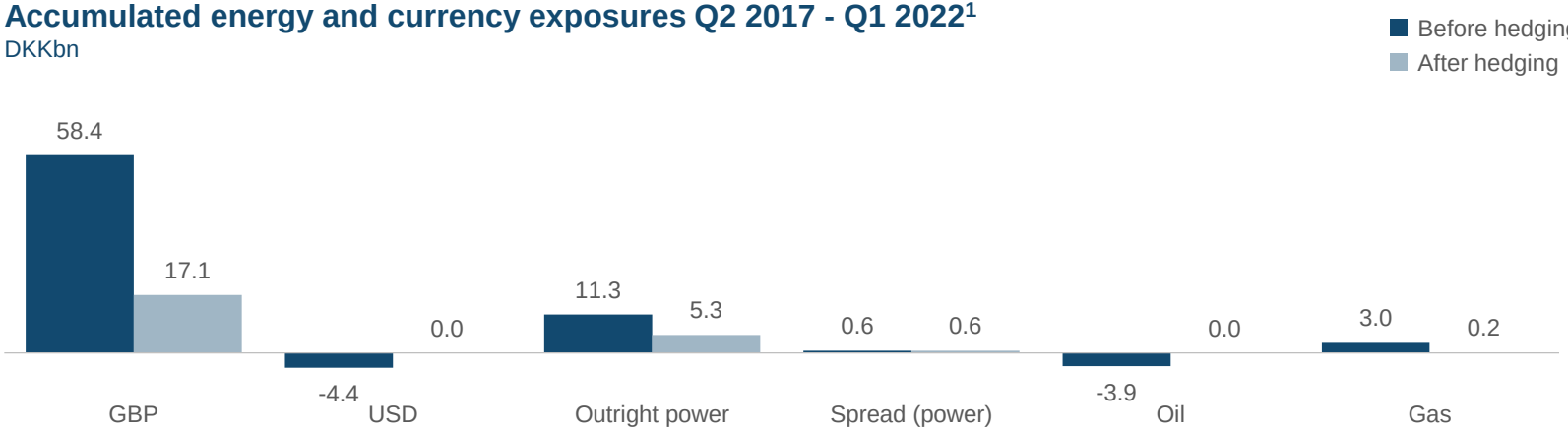


FCF increased by DKK 1.6bn
- Oil & Gas' total costs and investments were reduced by 70% relative to Q1 2016
- Higher EBITDA adjusted for the provision in Q1 2016 as well as the ineffective price hedges (both of which are without any cash flow effect)
- Lower gross investments

Energy and currency exposures (continuing operations)

Accumulated energy and currency exposures Q2 2017 - Q1 2022[1]

DKKbn



- GBP exposure is almost fully hedged for 2017-2018, and significantly hedged for 2019
- Expected proceeds from Walney Ext. farm down is fully hedged
- GBP hedged at 9.4 DKK/GBP for 2017, 9.1 DKK/GBP for 2018 and 8.9 DKK/GBP for 2019

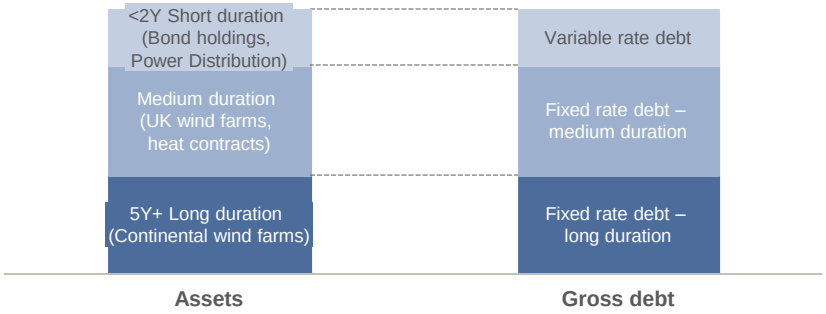
- The power exposure is almost fully hedged in 2017-2019
- The vast majority of the power hedges relates to Wind Power
- Limited power spread exposure from BTP

1. Exposure is calculated as the expected production multiplied by the forward prices per 31 March 2017. Exposures consist of cash flows from production with known sales- and purchase prices, investments, divestments, and the value of hedged energy contracts, all multiplied by the forward prices per 31 March 2017.

Management of interest rate and inflation exposure reduce risk

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

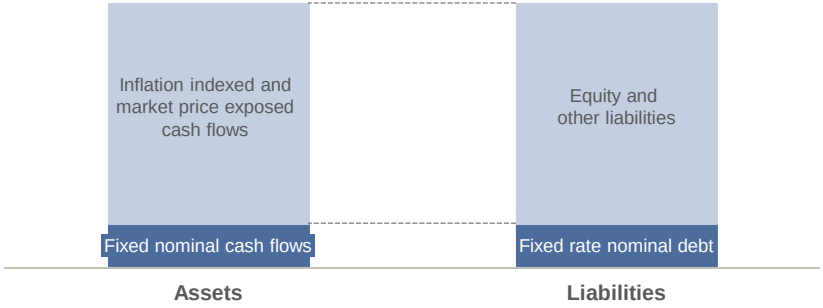
Illustrative



- 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
- The high hedge ratios in the near term, highly certain short/mid-term cash flows are reflected in the high share (89%) of short-/mid-term fixed rate debt
- Around 90% of CAPEX related to Wind Power's current build-out plan is contractually secured
- With a 3%-point upward shift in inflation, NPV of the inflation exposure would change with DKK -0.1bn, implying a balanced risk position

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Financial outlook 2017

Financial outlook reiterated

EBITDA (BUSINESS PERFORMANCE) OUTLOOK 2017

Group	DKK 15-17bn

BUSINESS UNIT EBITDA DIRECTION FY 2017 VS. FY 2016

Wind Power	Higher
Bioenergy & Thermal Power	Higher
Distribution & Customer Solutions	Significantly lower (Significantly lower underlying)

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

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For questions please press 01

Appendix

Group – Financial highlights Q1 2017

FINANCIAL HIGHLIGHTS		Q1 17	Q1 16	Δ
EBITDA	DKKm	3,288	7,805	(54%)
• Wind Power		2,139	2,900	(26%)
• Bioenergy & Thermal Power		207	154	34%
• Distribution & Customer Solutions		1,185	3,906	(70%)
Net profit – continuing operations		1,214	4,980	(76%)
Net profit – discontinued operations		1,426	236	504%
Total net profit		2,640	5,216	(49%)
Operating cash flow		888	8,361	(89%)
Gross investments		(2,502)	(3,231)	(23%)
Divestments		65	1,949	(97%)
Free cash flow – continuing operations		(1,549)	7,079	n.a.
Net interest-bearing debt		6,523	940	594%
FFO/Adjusted net debt	%	46	68	(22%p)
Adjusted ROCE[1]	%	17.4	14.9	2.5%p

1. ROCE: Last 12 months and excl. write-downs

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WP – Financial highlights Q1 2017

FINANCIAL HIGHLIGHTS		Q1 17	Q1 16	Δ
EBITDA	DKKm	2,139	2,900	(26%)
• Sites incl. O&Ms and PPAs		2,145	1,771	21%
• Construction contracts and farm down gains		311	1,598	(81%)
• Other incl. A2SEA and project development		(317)	(469)	(32%)
Adjusted ROCE[1]	%	14.9	8.9	6.0%p
KEY BUSINESS DRIVERS				
Power generation	TWh	2.1	1.7	24%
Wind energy content	%	105	111	(6%p)
Load factor	%	50	46	4%p
Availability	%	93	89	4%p
Installed capacity	GW	3.6	3.0	20%
Production capacity	GW	2.1	1.7	24%

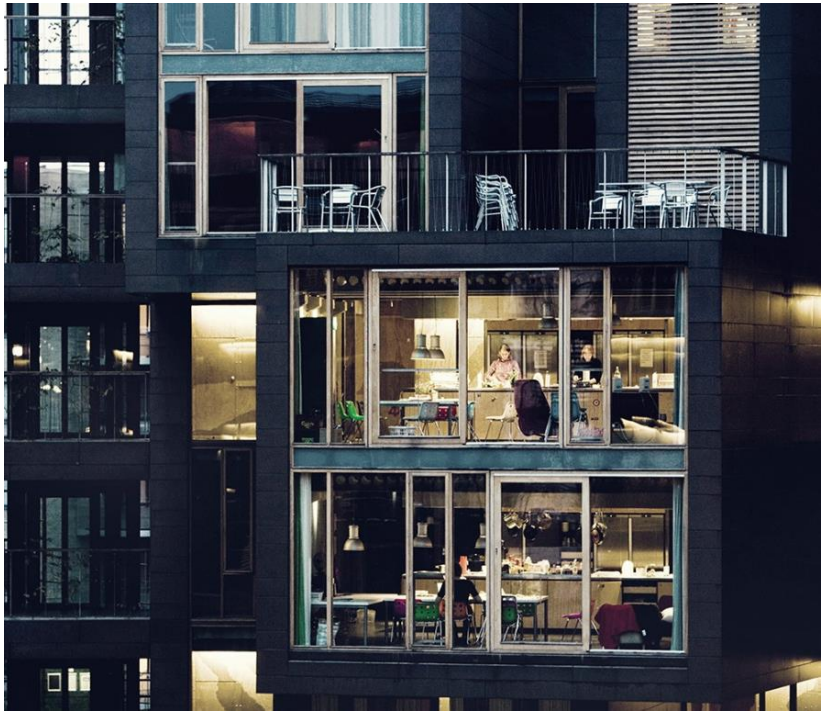
1. ROCE: Last 12 months and excl. write-downs

BTP – Financial highlights Q1 2017

FINANCIAL HIGHLIGHTS		Q1 17	Q1 16	Δ
EBITDA	DKKm	207	154	34%
• Heat		243	132	84%
• Ancillary services		78	68	15%
• Power		(114)	(46)	148%
Free cash flow		230	23	900%
KEY BUSINESS DRIVERS				
Heat generation	TWh	4.2	4.3	(3%)
Power generation	TWh	3.2	3.0	6%
Degree days	#	1,244	1,300	(4%)
Power price, DK	EUR/MWh	31.0	22.8	36%
Green dark spread, DK	EUR/MWh	(1.6)	2.7	n.a.

DCS – Financial highlights Q1 2017

FINANCIAL HIGHLIGHTS		Q1 17	Q1 16	Δ
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.
Adjusted ROCE[1]	%	44.2	51.6	(7.4%p)
KEY BUSINESS DRIVERS				
RAB Power	DKKm	10,648	10,778	(1%)
Gas sales	TWh	41.5	41.6	(0%)
Power sales	TWh	10.1	10.7	(6%)
Distribution of power	TWh	2.3	2.4	(4%)



1. ROCE: Last 12 months and excl. write-downs

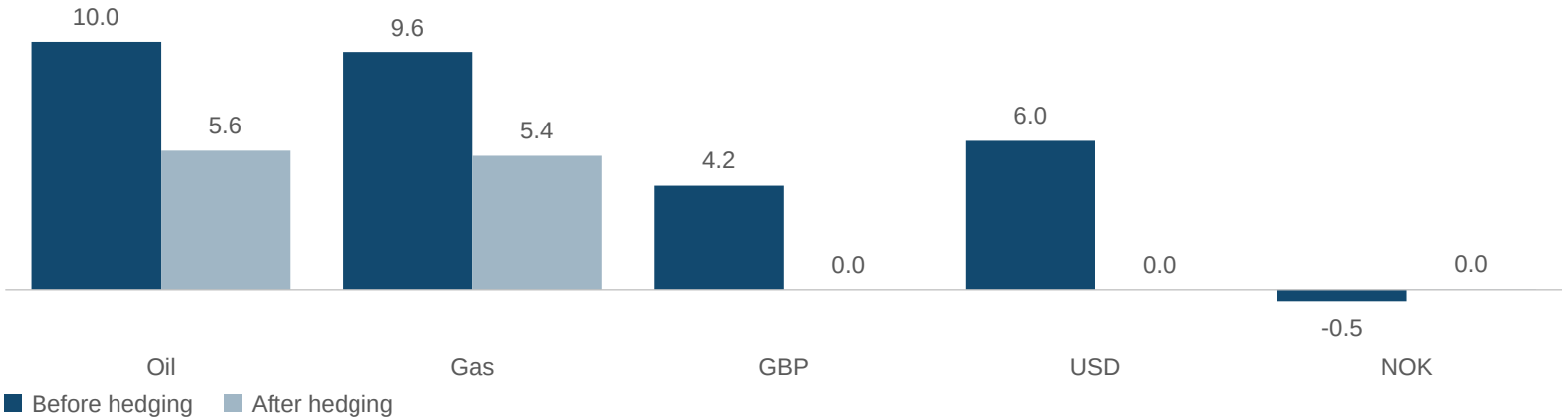
O&G – Financial highlights Q1 2017

FINANCIAL HIGHLIGHTS		Q1 17	Q1 16	Δ
EBITDA	DKKm	2,449	1,004	144%
• Denmark		454	(715)	n.a.
• Norway		976	940	4%
• United Kingdom		262	(13)	n.a.
• Exploration and appraisal		(57)	(77)	(26%)
• Hedges		814	869	(6%)
Free cash flow		2,071	478	333%
KEY BUSINESS DRIVERS				
Oil production	BOEm	1.8	2.4	(25%)
Gas production	BOEm	5.7	7.6	(25%)
Oil price, Brent	USD/boe	53.8	33.9	59%
Gas price, NBP	EUR/MWh	19.3	13.5	43%
Lifting costs	USD/boe	5.3	6.3	(16%)

Energy and currency exposures (discontinued operations)

Accumulated energy and currency exposures Q2 2017 - Q1 2022[1]

(DKKbn)



- Significant long exposure on both gas and oil are labelled discontinued
- Hedging of the price risk continuous until time of divestment to secure the coming sales profit
- All FX exposure related to hedging of energy in O&G has been fully hedged

1. Exposure is calculated as the expected production multiplied by the forward prices per 31 March 2017.
Exposures consist of cash flows from production with known sales- and purchase prices, investments, divestments, and the value of hedged energy contracts, all multiplied by the forward prices per 31 March 2017.

Differences in Business Performance EBITDA and IFRS EBITDA

DKKm	Q1 2017	Q1 2016
EBITDA – BUSINESS PERFORMANCE (BP)	**3,288**	**7,085**
BP adjustment in respect of revenue for the year	929	255
BP adjustment in respect of COGS for the year	(374)	317
EBITDA – IFRS	**3,843**	**7,657**
Total BP adjustments for the year comprise:		
MtM of financial and physical hedging contracts relating to other periods	478	502
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	77	70
TOTAL ADJUSTMENTS	**555**	**572**

SPECIFICATION OF BP ADJUSTMENTS, DKKm	MTM OF HEDGING CONTRACTS RELATING TO OTHER PERIODS		REVERSAL OF DEFERRED GAIN (LOSS)	
	Q1 2017	Q1 2016	Q1 2017	Q1 2016
Oil hedge	(267)	(187)	2	665
Coal hedge	8	10	(22)	54
Currency hedge	(269)	106	156	224
Gas hedge (commercial and hedge)	544	454	(210)	(629)
Power hedge(commercial and hedge)	462	119	151	(244)
TOTAL	**478**	**502**	**77**	**70**

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Investments

GROSS AND NET INVESTMENTS (DKKm)	Q1 2017	Q1 2016
Cash flow from investing activities	(1,026)	(4,846)
Dividends received and capital reduction, reversed	0	0
Purchase and sale of securities, reversed	(1,401)	3,680
Loans to associates and JVs, reversed	1	(86)
Sale of assets and companies reversed	(75)	(1,979)
GROSS INVESTMENTS	**(2,502)**	**(3,231)**
Transactions with non-controlling interests in connection with divestments	(11)	(30)
Sale of non-current assets	75	1,979
TOTAL CASH FLOWS FROM DIVESTMENTS	**64**	**1,949**
NET INVESTMENTS[1]	**(2,438)**	**(1,282)**

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

FFO/Adjusted net debt calculation

FUNDS FROM OPERATIONS / ADJUSTED NET DEBT (DKKm)	Q1 2017[1]	FY 2016[1]	Q1 2016[1]
EBITDA – Business Performance	**15,311**	**19,109**	**13,331**
Interest expenses, net	(418)	(402)	(252)
Reversal of interest expenses transferred to assets	(640)	(574)	(420)
Interest element of decommission obligations	(174)	(172)	(172)
50% of coupon payments on hybrid capital	(320)	(320)	(411)
Operating lease obligations, interest element	(307)	(194)	(291)
Adjusted net interest expenses	**(1,859)**	**(1,662)**	**(1,546)**
Reversal of recognised lease payment	815	746	760
Current tax	(3,858)	(3,665)	(1,326)
FUNDS FROM OPERATION (FFO)	**10,409**	**14,528**	**11,219**
Total interest-bearing net debt	**6,523**	**3,461**	**940**
50% of hybrid capital	6,624	6,624	6,624
Cash and securities, not available for distribution	1,066	953	1,568
Present value of operating lease payments	5,391	3,986	4,497
Decommission obligations	3,783	3,649	3,522
Deferred tax on decommissioning obligations	(650)	(627)	(657)
ADJUSTED INTEREST-BEARING NET DEBT	**22,737**	**18,046**	**16,494**
FFO / ADJUSTED INTEREST-BEARING NET DEBT	**45.8%**	**80.5%**	**68.0%**

1) Last 12-months

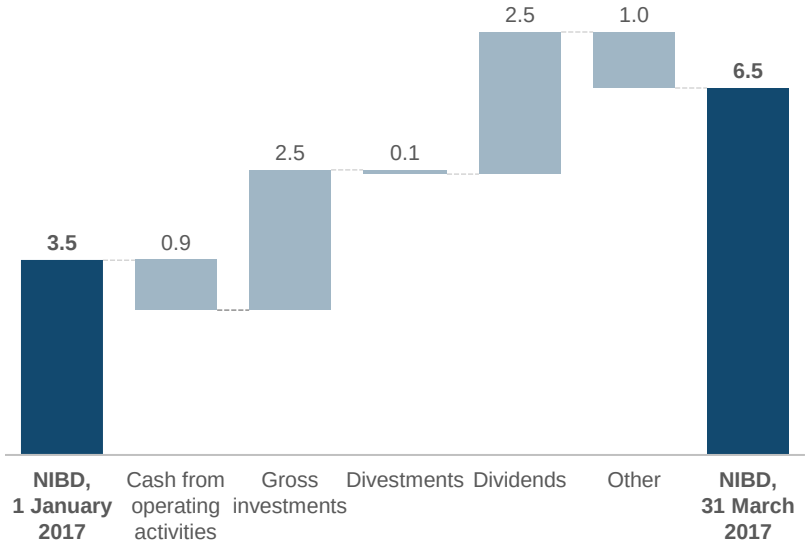
Note:
Following the initiated sales process of the O&G business and the fact that O&G is presented as asset held for sale and discontinued operations, FFO/Adjusted net debt figures are now calculated excluding O&G in the numerator. The denominator is based on the Group's total NIBD

DONG energy

Net interest-bearing debt totalling DKK 6.5bn

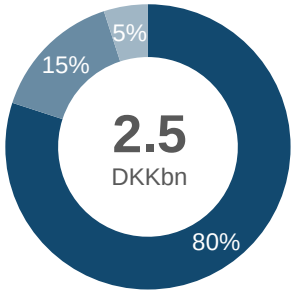
Net interest-bearing debt (NIBD) development

DKKbn



Gross investments per business unit - Q1 2017

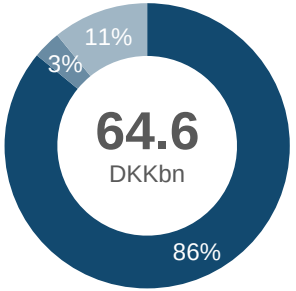
(continuing operations)



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

Capital employed per business unit - Q1 2017

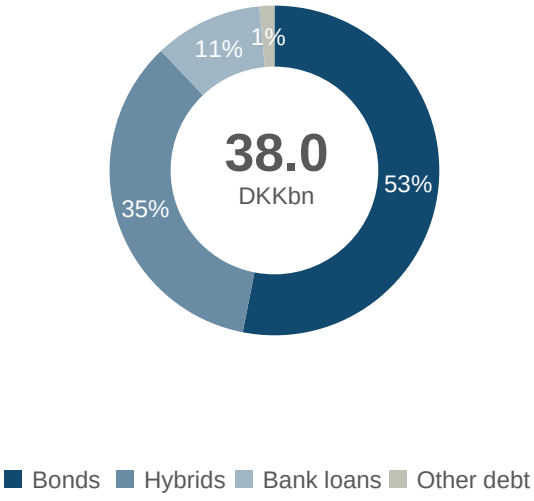
(continuing operations)



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

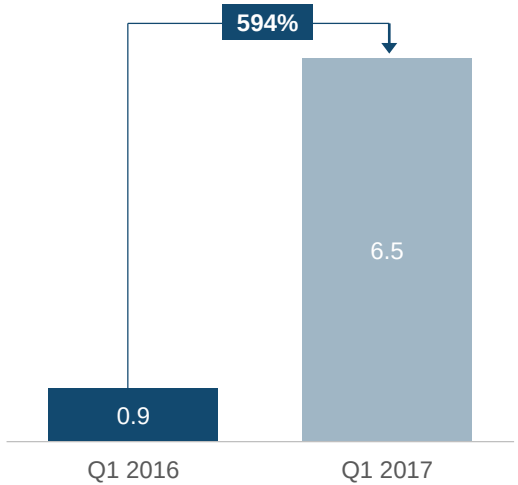
Debt overview

Gross debt and hybrids Q1 2017

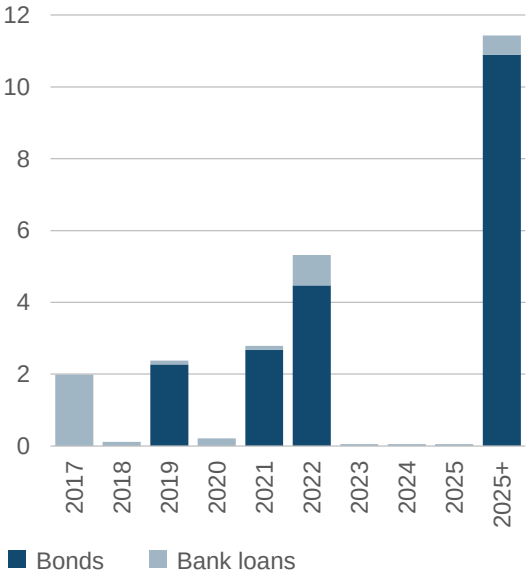


Net debt

DKKbn

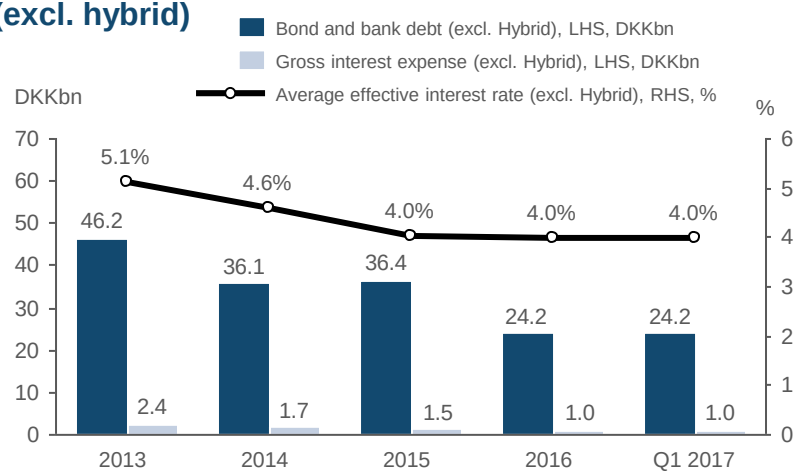


Long term debt maturity schedule Q1 2017



Interest rate risk and funding costs

Effective funding costs - gross debt (excl. hybrid)



- Funding costs reflects existing bonds issued during period from 2009 to 2012
- Marginal funding cost much lower
- Liability management activities during recent years focused on short end of maturity profile

Key risk figures Q1 2017 (excl. hybrid)

	Cost of debt (%)	*Modified duration (%)*	*Avg. time to maturity (years)*
Bond loans	4.8	8.8	11.8
Bank loans	0.1	0.3	4.5
Total	**4.0**	**7.7**	**10.6**

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 interest 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 (eg. 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 off-shore 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*	PRINCIPAL AMOUNT	TYPE	FIRST PAR CALL	COUPON	ACCOUNTING TREATMENT**	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

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

DONG energy

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

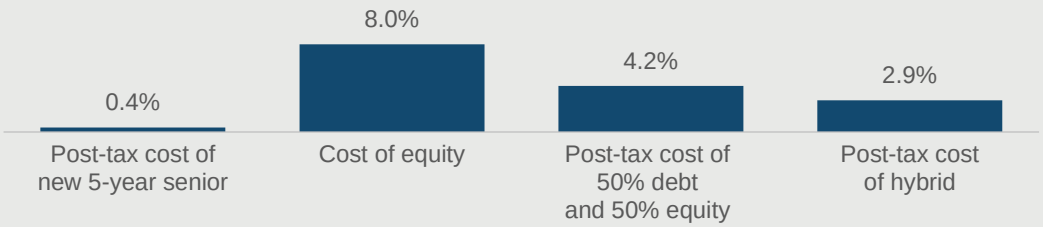
The issuance of hybrid capital is significantly cheaper than issuing proportional amounts of debt and equity

Illustrative example – current example

ASSUMPTIONS

Pricing for a Hybrid with first call in year 5:	3.5% (pre-tax)
Post-tax cost of hybrid = 3.5% * (1-22%)	2.87%
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 it's 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 Group level

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

DONG energy

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)

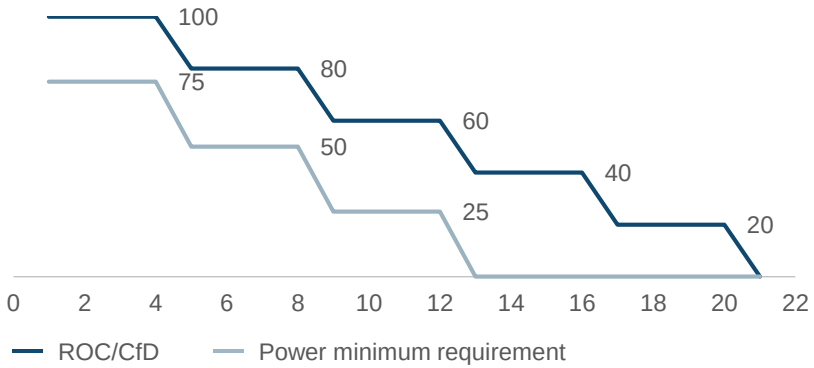
Signing farm down

- 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

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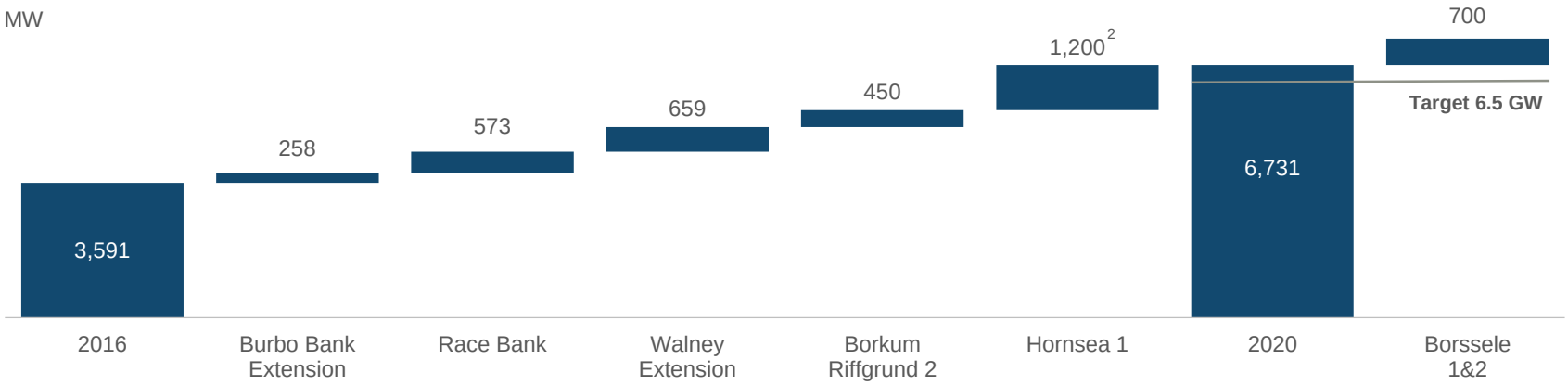
Robust & highly visible offshore wind build-out plan towards 2020



Country	UK	UK	UK	Germany	UK		Netherlands
Expected completion	2017 [1]	2018	2018	2019	2020		2020/21
On time/budget	● / ●	● / ●	● / ●	● / ●	● / ●		● / ●
Turbine	MVOW 8.0 MW	Siemens 6.3 MW	Siemens 7.0 MW MVOW 8.25 MW	MVOW 8.3 MW	Siemens 7.0 MW		Not decided

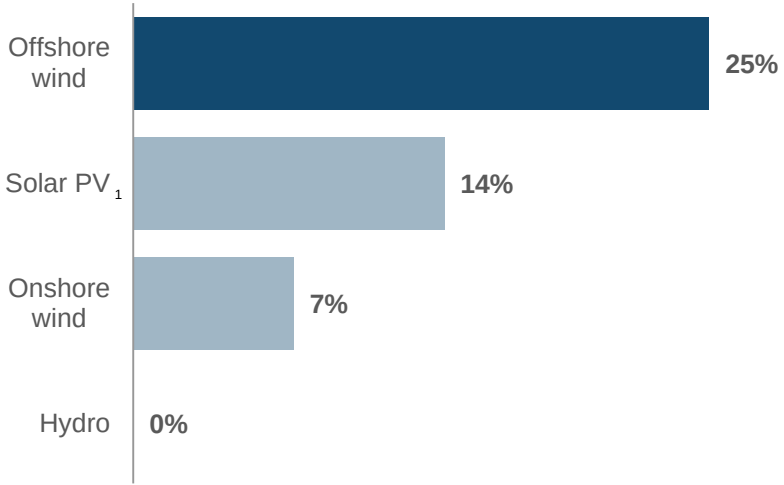
1: As of 31 March 2017, 31 of 32 turbines was commissioned on Burbo Bank Extension
2: The export capacity of Hornsea 1 is 1,200 MW determined by the boundary of the facility (offshore substations), while the aggregated installed generator capacity is 1,218 MW

Note: April 2017, DONG Energy was awarded three German offshore wind projects with a total capacity of 590 MW (not included in above overview). The three projects are planned to be commissioned in 2024, subject to Final Investment Decision (FID) in 2021

Offshore wind is a large scale renewable technology with growth rates exceeding other renewables

Fastest growing renewable technology in OECD

Installed capacity CAGR, 2014-2020
%



Offshore wind offers multiple advantages

Utility size power generation
659 MW Walney Extension will power more than 460,000 UK homes

Offers +45% load factors[2]
Significantly higher than onshore wind and solar PV

Rapidly declining cost
Industry maturity, volume and technological development reduce LCoE[3]

Limited visual impact on landscape
Wind farms are built far from shore

Source: Bloomberg New Energy Finance (BNEF)
1. Sum of utility-scale PV and small-scale PV
2. Load factor is a performance indicator measuring to what degree a wind farm has produced according to the farms capacity (actual production / (capacity x hours in period))
3. According to BNEF, long-term offtake price required to achieve a required equity hurdle rate for the project

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DONG Energy Wind Power has built a strong integrated end-to-end business model

DONG Energy Wind Power core competencies

~2000 : Full-time employees[2]

- Ability to **design and optimise** projects with a **'total life-cycle cost of wind farm**' mindset
- Experience and expertise along the entire value chain allow for **better understanding and management of risks**
- End-to-end model reduces LCoE through **fast** feedback and learning across the entire organisation

1. Front-end engineering design
2. Excluding CT Offshore and A2SEA as of January 2017

Proven construction track-record and leading operating capabilities

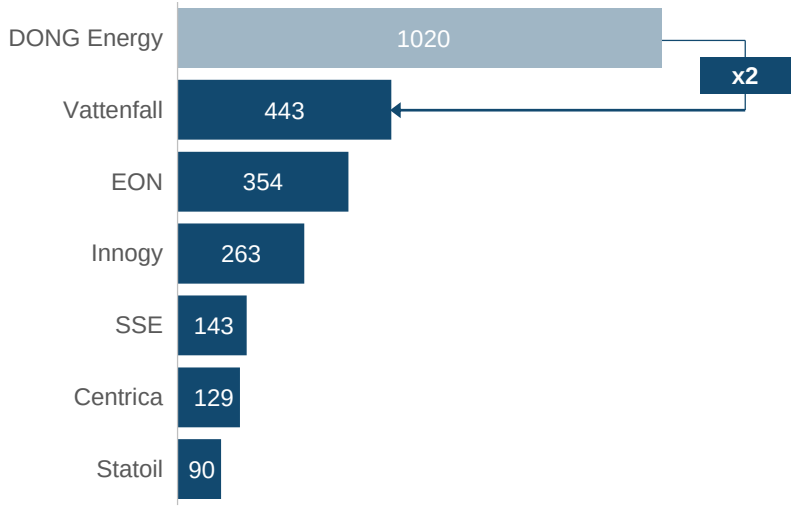
Strong construction track-record due to full EPC[1] control

COUNTRY	ASSET	FID	GROSS CAPACITY(MW)	FID BUDGET
UK	Westermost Rough	2013	210	15-20%, below
Germany	Borkum Riffgrund 1	2011	312	5-10%, below
UK	West of Duddon Sands	2011	389	5-10%, below
Denmark	Anholt	2010	400	10-15%, below
UK	London Array	2009	630	10-15%, above
UK	Walney 1&2	2009	367	5-10%, above
Denmark	Horns Rev 2	2007	209	5-10%, above

1. Engineering, procurement and construction

Leader in operating offshore wind farms

of operated turbines January 2017

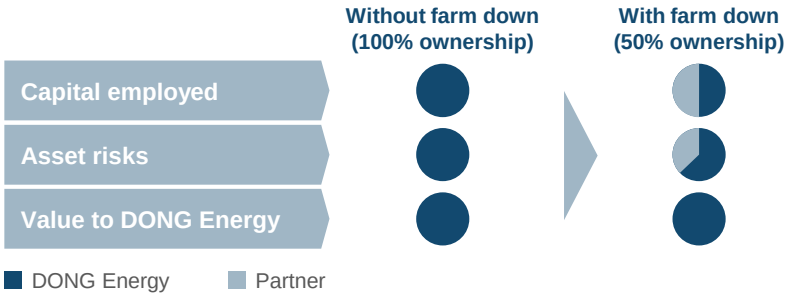


Source: Bloomberg New Energy Finance January 2017

Partnership model allows for significant portfolio value with less capital and reduced risk

Significant up-front value realisation from partnership model

Illustrative

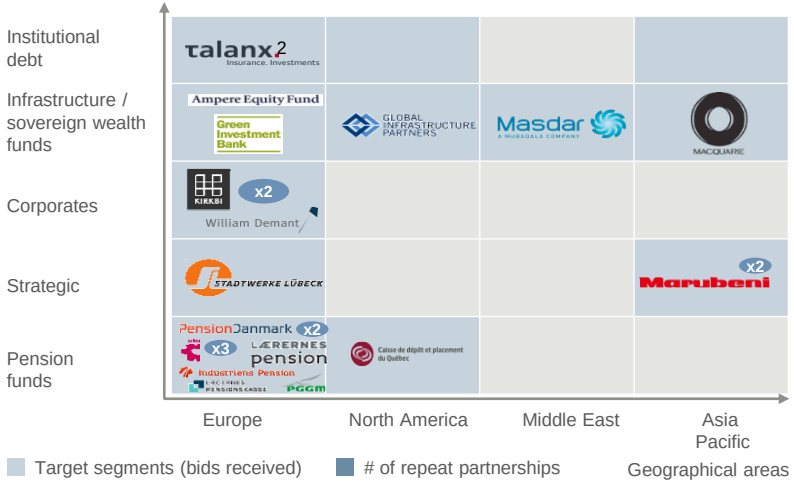


DONG Energy brings in partners at a price around DONG Energy's cost of capital, thereby allowing for up-front value realisation to invest in new value creating projects

Multiple portfolio benefits from partnership model

- Recycle capital
- Portfolio value creation
- Risk diversification
- Scale and standardisation from large portfolio

Wind farm partners by type, geography and # of partnerships[1]



- More partnerships than any other competitor in the industry
- DONG Energy has been able to consistently divest 50% of assets during construction phase

1. Excludes utilities and other strategic partners such as Siemens, Vattenfall, SSE, Scottish Power, Centrica, and E.ON
2. Cornerstone bond investor in Global Infrastructure Partners' acquisition of 50% of Gode Wind 1

Connecting the dots:
Shaping a double-digit IRR case in 18 months

Race Bank – a show case of value creation from the integrated business model
Example

- **Strong buying power**
- **Innovative technology**
- **Superior standardised design**
- **Synergies from O&M cluster**
- **1st mover on 6.3 MW turbine[1]**
- **Fast re-consenting**

December 2013
Project under development acquired

June 2015
FID with double-digit IRR for DONG Energy

1. Siemens 6.0 MW platform with performance enhancing features delivering 6.3 MW effect

Overview of key financial accounting and tax recognition effects for Wind Power partnerships

	Deal elements	Accounting	Development → Construction → Operation	Examples: Westermost Rough (shared risk)	Examples: Burbo Bank Extension (EPC wrap)
			12-24 months; FID; Farm down		
SPA	Gain on shares	Other operating income[1]	SPA gain; No paid tax locally	●	●
CA	Construction agreement[2]	Revenue/COGS/ OPEX	During construction; At COD		●
CMA	Construction management agreement[2]	Revenue/COGS/ OPEX	During construction	●	
OMA	O&M agreement	Revenue/OPEX	During operations on accrual basis; During construction	●	●
PPA	Power purchase agreement	Revenue/COGS	During operations on accrual basis; During construction	●	●
	Consolidation principle		100% → Pro-rata	●	●

● Recognition in income statement ● Paid tax

1. Gain on shares is not part of cash flows from operating activities, but part of cash flows from investing activities
2. Internal construction agreement gains and construction management agreement gains eliminated for accounting purposes are still subject to taxation in the entity acting as constructor or construction manager

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Wind Power fact sheet

OFFSHORE WIND FARMS[1]

Asset Book updated as of 31 March 2017

Denmark GWh	Partners	Park capacity, MW	Installed capacity, MW	DE ownership share, %	Owned capacity, MW	Financial consolidation	Commercial operational date	Subsidy regime	Subsidy expiry	Fixed feed-in tariff, DKK/MWh
Anholt	Pension Danmark, PKA	400	400	50%	200	Pro rata	2013	Fixed feed-in tariff	20 TWh (6.7 TWh produced)[2]	1.051
Horns Rev 2	-	209	209	100%	209	Full	2010	Fixed feed-in tariff	10 TWh (6.6 Tw h produced)[2]	518
Nysted	Pension Danmark, Stadtwerke Lübeck	166	166	42,75%	71	Pro rata	2003	Fixed feed-in tariff	2016 [8]	453
Horns Rev 1	Vattenfall	160	160	40%	64	Pro rata	2003	Market price + 100DKK/MWh[3]	Expiry after 20 years	-
Middelgrunden[4]		20	40	100%	20	Full	2001	Market price + 100DKK/MWh[3]	Expiry after 20 years	-
Avedøre Holme[4]		7	11	100%	7	Full	2009 and 2011	Fixed feed-in tariff	22,000 full-load hours[3]	Market price + 250
Vindeby	-	5	5	100%	0	Full	1991 (decomissioned 2017)	Market price	N/A	-
Sub total		**967**	**990**		**571**					

United Kingdom GWh	Partners	Park capacity, MW	Installed capacity, MW	DE ownership share, %	Owned capacity, MW	Financial consolidation	Commercial operational date	Subsidy regime	Subsidy expiry	CfD, GBP/MWh (Real 2012)
London Array 1	E.ON, Masdar & CDPQ	630	315	25%	158	Pro rata	2013	ROC	2033	-
West of Duddon Sands	Scottish Power Renewables (Iberdrola)	389	389	50%	194	Pro rata	2014	ROC	2034	-
Walney 1&2	PGGM & Ampere, SSE	367	367	50,1%	184	Full	2011 and 2012	ROC	2032	-
Lincs	Centrica, Siemens PV	270	-	25%	68	Pro rata	2013	ROC	2033	-
Westermost Rough	Marubeni & Green Investment Bank	210	210	50%	105	Pro rata	2015	ROC	2035	-
Gunfleet Sands 1&2	Marubeni & Development Bank of Japan	173	173	50,1%	87	Full	2010	ROC	2030	-
Barrow	-	90	45	100%	90	Full	2006	ROC	2025	-
Burbo Bank	-	90	90	100%	90	Full	2007	ROC	2027	-
Gunfleet Sands Demo	-	12	12	100%	12	Full	2013	ROC	2033	-
Sub total, excl parks under construction		**2.231**	**1.601**		**987**					
Hornsea	-	1.200	1.200	100%	1.200	Full	2020 [7]	CFD	2036	140
Walney Extension	-	659	659	100%	659	Full	2018 [7]	CFD	2033	150
Race Bank	Macquarie European Infrastructure Fund 5 & Macquarie Capital & Sumitomo	573	573	50%	287	Full	2018 [7]	ROC	2037	-
Burbo Bank Extension	Kirkbi, PKA	258	258	50%	129	Pro rata	2017 [7]	CFD	2032	150
Sub total, incl. parks under construction		**4.921**	**4.291**		**3.262**					

Germany GWh	Partners	Park capacity, MW	Installed capacity, MW	DE ownership share, %	Owned capacity, MW	Financial consolidation	Commercial operational date	Subsidy regime	Subsidy expiry period 1	Subsidy expiry period 2
Borkum Riffgrund 1	Kirkbi, William Demant	312	312	50,0%	156	Pro rata	2015	Fixed feed-in tariff	2023	2025 [9]
Gode Wind 1	Global Infrastructure Partners	330	330	50,0%	165	Pro rata	2016 [7]	Fixed feed-in tariff	2024	2026 [9]
Gode Wind 2	PKA, Industriens Pension, Lærerenes- & Lægernes Pensionskasse	252	252	50,0%	126	Pro rata	2016 [7]	Fixed feed-in tariff	2023	2026 [9]
Sub total, excl. parks under construction		**894**	**894**		**447**					
Borkum Riffgrund 2	-	450	450	100,0%	450	Full	2019	Fixed feed-in tariff	2027	2029 [9]
Sub total, incl. parks under construction		**1.344**	**1.344**		**897**					

Holland GWh	Partners	Park capacity, MW	Installed capacity, MW	DE ownership share, %	Owned capacity, MW	Financial consolidation	Commercial operational date	Subsidy regime	Subsidy expiry	Fixed feed-in tariff, EUR/MWh
Borssele 1 & 2	-	700	700	100,0%	700	Full	2020/21[10]	Fixed feed-in tariff	2035/2036[10]	72,7
Sub total, incl. parks under construction		**700**	**700**		**700**					

Taiwan GWh	Partners	Park capacity, MW	Installed capacity, MW	DE ownership share, %	Owned capacity, MW	Financial consolidation	Commercial operational date	Subsidy regime	Subsidy expiry period 1	Subsidy expiry period 2
Formosa 1, Phase 1	Macquarie Capital & Swancor Renewable	8	0	35,0%	3	One-line	2017	Fixed feed-in tariff	2027	2037
Sub total, excl. parks under construction		**8**	**0**		**3**					
Divested offshore wind farms, but constructed by DONG Energy[5]		106	106							

Totals	Park capacity, MW	Installed capacity, MW	Owned capacity, MW
Total capacity for operational parks	4.100	3.485	2.008
Total capacity operational parks incl. installed but divested farms	4.206	3.591	2.008
Total installed capacity incl. parks under construction + divested farms	8.054	7.431	5.436

1. Assets in operation and assets where Final Investment Decision has been taken. April 2017, DONG Energy was awarded three German offshore wind projects with a total capacity of 590 MW (not included in above overview). The three projects are planned to be commissioned in 2024, subject to Final Investment Decision (FID) in 2021.
2. By December 31, 2016
3. The supplement depends on the development of market price and is increased pro rata – a market price below 260 DKK/MWh equals 100 DKK/MWh and over 360 DKK/MWh 0 DKK/MWh
4. DONG Energy has installed Middelgrunden (40 MW) and Avedøre Holme (10,8 MW), however DONG Energy has subsequently divested 50% of the turbines in Middelgrunden and one of the three turbines on Avedøre Holme. No partnerships on either of the parks
5. The first turbine reached approximately 18,261, whereas the second turbine is out of subsidy, by December 31, 2016
6. Kentish Flats (90MW), Frederikshavn (11MW) and Tunø Knob (5MW)
7. Expected year of commissioning
8. After expiry of fixed feed-in-tariff period in 2016, Nysted will receive market price + supplement dependent on the development of market price which is increased pro rate – a market price below 260 DKK/MWh equals 100 DKK/MWh and over 360 DKK/MWh 0 DKK/MWH
9. Floor price of 39 EUR/MWh for up to 20 years
10. DONG Energy will, in accordance with the Dutch tender regulation, build Borssele 1 and 2 within four years from award (5 July 2016) with a flexibility of 1 year.

DONG energy

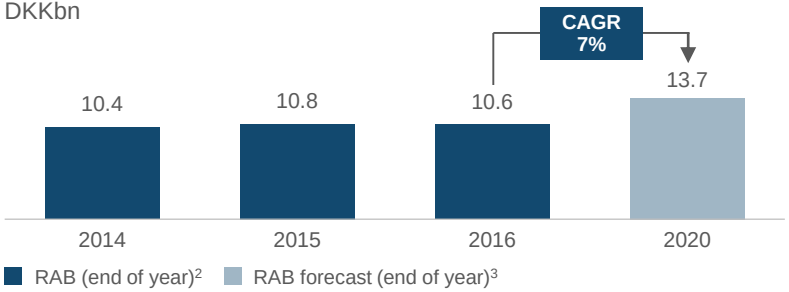
Regulatory framework provides for stable earnings

Current regulation based on Revenue and Return Cap

- Cost-plus regulation capped by historical tariffs
- Exceed Revenue Cap – compensation to customers
- Exceed Return Cap – Revenue Cap will be reduced after 3 years

Roll out of ~1 million remote power meters drive RAB growth

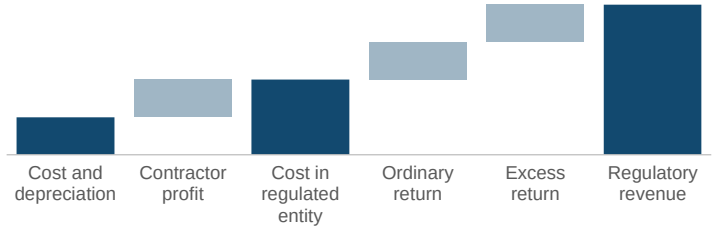
DKKbn



1. Revenue Cap is equivalent to the Danish regulatory term 'Indtægtsramme'
2. The figures indicate values from the latest regulatory financial statements
3. Return Cap is equivalent to the Danish regulatory term 'Forrentningsloft'

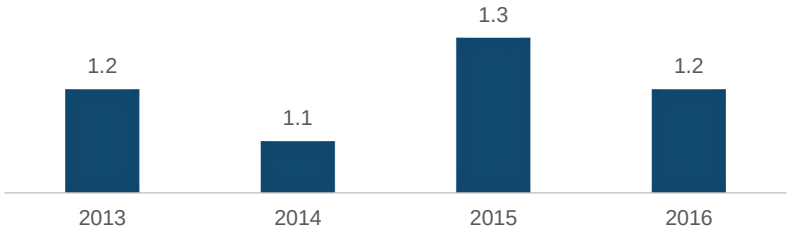
Value creating business model

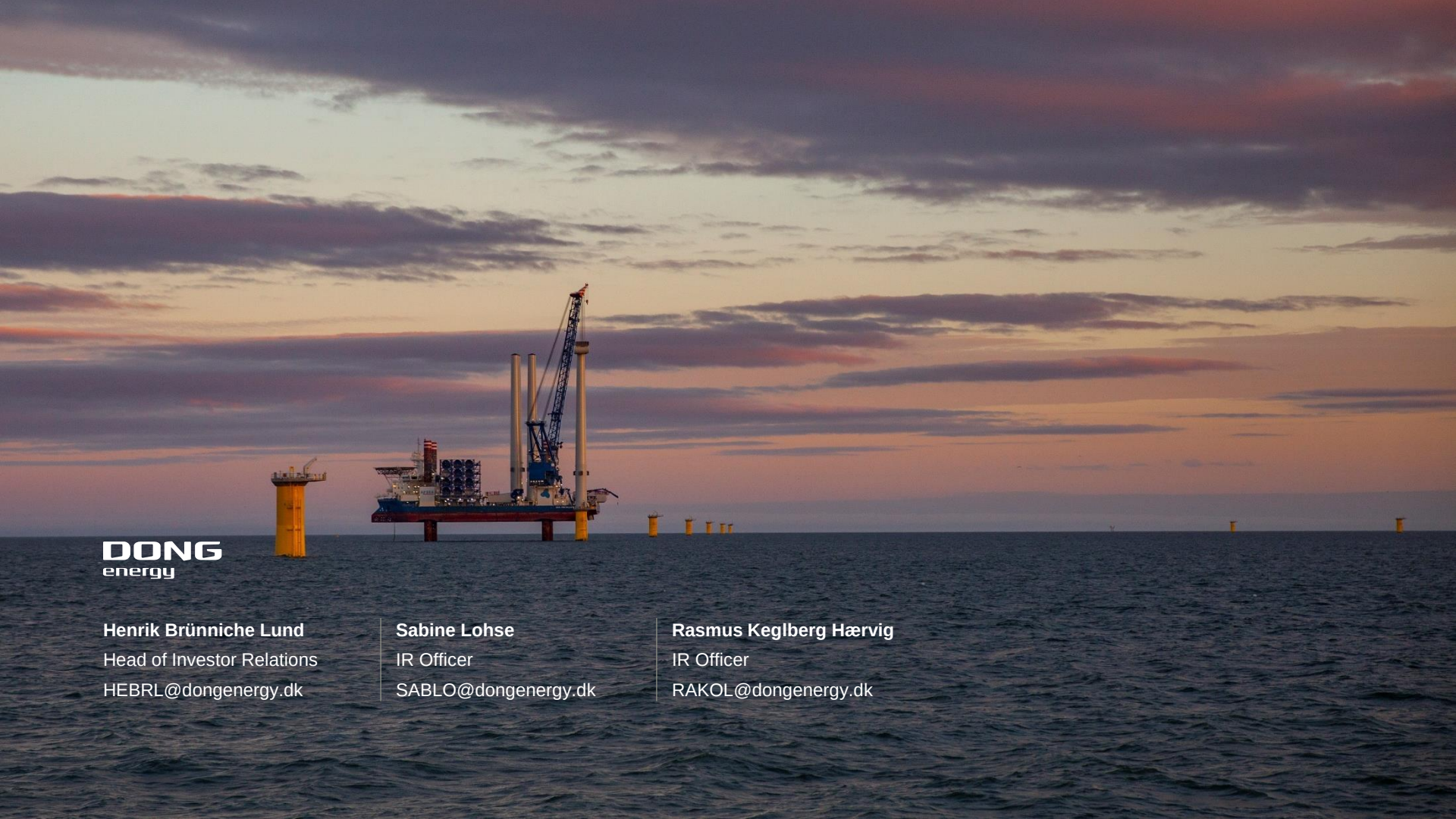
Illustrative



Stable earnings

Power Distribution EBITDA, DKKbn





DONG energy

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