

Company announcement

DONG Energy A/S
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CVR No 36 21 37 28

Announcement of financial results for 2013

5 February 2014

Improved earnings and strengthened capital base

The Board of Directors of DONG Energy has today approved the 2013 annual report.

- EBITDA was DKK 15.0 billion in 2013 compared with DKK 8.6 billion in 2012, exceeding the latest EBITDA outlook of DKK 13.5-14.5 billion. The increase on 2012 reflected higher earnings from the wind activities, a higher ownership interest in the Ormen Lange gas field, and cost reductions. Furthermore, EBITDA in 2012 was adversely affected by provisions for onerous contracts.
- The result after tax was a loss of DKK 1.0 billion compared with a loss of DKK 4.0 billion in 2012. The improvement reflected the higher EBITDA, although the result was still affected by major impairment losses, which amounted to DKK 5.0 billion in 2013.
- Operating cash inflow increased to DKK 9.7 billion from DKK 7.9 billion in 2012. The improvement primarily reflected the improved operating profit.
- Gross investments amounted to DKK 21.2 billion and related primarily to offshore wind activities and oil and gas fields. Net investments were DKK 5.9 billion compared with DKK 13.4 billion in 2012.
- Divestments totalling DKK 15.3 billion were made in 2013. Divestments included hydro power in Sweden, onshore wind farms in Poland and Denmark and gas-fired power stations in the UK and Norway.
- Interest-bearing net debt decreased by DKK 6.2 billion in 2013, to DKK 25.8 billion, and was 2.2 times EBITDA at the end of the year – a marked improvement on 4.0 at the end of 2012.
- At the end of 2013, the key rating ratios did not meet Standard & Poor's and Moody's criteria for a continued BBB+/Baa1 rating. If the DKK 13 billion equity injection had been completed in 2013, the criteria for the rating ratios would have been met for 2013.
- ROCE was 0.5% compared with -7.9% in 2012. Adjusted for impairment losses and provisions for onerous contracts in 2012, ROCE was 6.8% compared with -0.9% in 2012.

DONG Energy is one of the leading energy groups in Northern Europe. Our business is based on procuring, producing, distributing and trading in energy and related products in Northern Europe. DONG Energy has around 6,500 employees and is headquartered in Denmark. The Group generated DKK 73 billion (EUR 9.8 billion) in revenue in 2013. For further information, see www.dongenergy.com

DKK billion	2013	2012	Δ
Revenue	73.1	67.2	5.9
EBITDA	15.0	8.6	6.4
Profit (loss) for the year	(1.0)	(4.0)	3.0
Cash flows from operating activities	9.7	7.9	1.8
Gross investments	(21.2)	(17.7)	(3.6)
Net investments	(5.9)	(13.4)	7.4
Interest-bearing net debt	25.8	32.0	(6.2)

Outlook for 2014

- Business performance EBITDA is expected to be DKK 15-17 billion in 2014.
- Net investments for 2014-2015 are expected to be around DKK 30 billion.
- Funds from operation (FFO) to adjusted net debt is expected to be around 25% in 2014 on the assumption that the equity injection is completed. The objective is for FFO to be around 30% of adjusted net debt from 2015 onwards.

CEO Henrik Poulsen:

“The development in DONG Energy’s financial statements for 2013 was satisfactory, and thus turned after a challenging 2012. With a 74% improvement in EBITDA, to DKK 15 billion, we have delivered a marked increase in earnings. At the same time, we have accomplished the financial action plan we initiated in February 2013 to restore the financial platform for DONG Energy’s continued growth. With divestments exceeding DKK 15 billion and the DKK 13 billion capital injection in early 2014, our financial platform has been significantly strengthened. At the same time, we have realised cost savings of DKK 1.4 billion and turned around the current earnings from our gas activities from a substantial loss in 2012 to a profit. The return on capital employed was weighed down by impairment losses of DKK 5 billion and therefore was only improved to 0.5%. Adjusted for impairment losses, the return was 6.8%. In the coming years, we will be focusing on profitable growth with a view to delivering a satisfactory return on capital employed.”

Conference call

In connection with the presentation of the annual report a conference call for investors and analysts will be held on Wednesday 5 February 2014 at 11.00am CET:

Denmark: (+45) 3544 5583

International: (+44) 203 194 0544

The conference call can be followed live:

<http://www.dongenergy.com/conferencecall>

Presentation slides will be available prior to the conference call:

<http://www.dongenergy.com/presentations>

The annual report can be downloaded at:

<http://www.dongenergy.com/annualreport>

Further information

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