

Company announcement

DONG Energy A/S
Kraftværksvej 53
Skærbæk
7000 Fredericia
Denmark

www.dongenergy.com
CVR No 36 21 37 28

Announcement of financial results for 2014

5 February 2015

Strong growth in EBITDA (+9%) and cash flows (+54%)

Decline in oil and gas prices resulted in post-tax impairments of DKK 6.6 billion

Group carbon emissions at all-time low

The Board of Directors of DONG Energy has today approved the 2014 annual report

- EBITDA was DKK 16.4 billion in 2014 compared with DKK 15.0 billion in 2013, and thus fulfilled outlook of an EBITDA above DKK 16 billion
- The increase in earnings came from the Group's market-leading position within offshore wind and a record high production of oil and gas. The sharp decline in oil and gas prices however contributed negatively. The gas activities in Customers & Markets were negatively impacted by oil-indexed gas sourcing contracts which have not yet been renegotiated. Moreover, Thermal Power earnings declined due to warm weather resulting in lower generation and lower spreads
- Net profit was a loss of DKK 5.3 billion compared with a loss of DKK 1.0 billion in 2013. The net profit in 2014 was affected by post-tax impairments of DKK 6.6 billion in the E&P business mainly as a result of the lower oil and gas prices
- Cash flows from operating activities increased to DKK 15.0 billion from DKK 9.7 billion in 2013. The increase was mainly due to release of funds tied up in working capital, lower interest paid and improved earnings
- Gross investments amounted to DKK 15.4 billion and related primarily to offshore wind activities (West of Duddon Sands, Westermost Rough, Borkum Riffgrund 1 and Gode Wind among others) and oil and gas fields (Hejre, Syd Arne and Laggan-Tormore among others)
- Divestments amounted to DKK 10.7 billion for 2014. The divestments included among others ownership interests in the offshore wind farms London Array and Westermost Rough and the Stenlille gas storage facility
- Interest-bearing net debt decreased by DKK 21.8 billion to DKK 4.0 billion at the end of 2014. The decrease was attributable to the equity

DONG Energy is one of the leading energy groups in Northern Europe, headquartered in Denmark. Around 6,500 ambitious employees are engaged in exploring and producing oil and gas, developing, constructing and operating offshore wind farms and power stations, and providing energy to residential and business customers on a daily basis. Group revenue was DKK 67bn (EUR 9.0bn) in 2014. For further information, see www.dongenergy.com

increase of DKK 13 billion in February 2014, proceeds from divestments and strong cash flows from operating activities

- The credit metric funds from operation (FFO) relative to adjusted net debt was 36% compared with 23% for 2013 and exceeded the outlook of at least 28%. The improvement was mainly due to significantly lower net debt at the end of 2014
- ROCE adjusted for impairments was 4.1% compared to 6.8% in 2013. The decrease was mainly due to higher current tax in 2014 as ROCE in 2013 was positively affected by extraordinary hydrocarbon tax deductions. Reported ROCE was -8.0% compared to 0.5% in 2013.

DKK billion	2014	2013	Δ
EBITDA	16.4	15.0	1.4
Profit (loss) for the year	(5.3)	(1.0)	(4.3)
Cash flows from operating activities	15.0	9.7	5.2
Gross investments	(15.4)	(21.2)	5.9
Net investments	(4.7)	(5.9)	1.2
Interest-bearing net debt	4.0	25.8	(21.8)
FFO/adjusted net debt	36.1%	23.1%	13.0%-p
Return on capital employed (ROCE)	(8.0%)	0.5%	(8.5%-p)
Adjusted ROCE	4.1%	6.8%	(2.7%-p)

Outlook for 2015

- Business performance EBITDA is expected to be DKK 15.5-17.5 billion in 2015. The expectation reflects that EBITDA in 2015 will be negatively affected by the significant decline in oil and gas prices. In Q1 and Q2 2015, EBITDA is expected to be lower than in the same quarters in 2014, as these were positively affected by gains on divestments in Wind Power
- Net investments for 2015-2016 are expected to be DKK 35-40 billion
- Funds from operation (FFO) relative to adjusted net debt is expected to be around 30%

CEO and President Henrik Poulsen:

"EBITDA was up 9% at DKK 16.4 billion despite a significant negative impact from declining oil and gas prices. The increased operating profit came from our market-leading position within offshore wind and a record high production of oil and gas.

At the same time our financial strength was significantly improved due to the equity increase, divestments and strong cash flows from operations.

The significant decline in oil and gas prices resulted in post-tax impairments of DKK 6.6 billion on a number of oil and gas fields. Thus, net profit was a loss of DKK 5.3 billion.

Adjusted for impairments ROCE was 4%. ROCE continues to be affected by our extensive investments in future earnings. We invested DKK 15 billion in new assets in 2014.

2014 marked a breakthrough for the Wind Power division with regards to securing the pipeline which will realise the target of a total installed offshore wind capacity of 6.5 GW in 2020. The deciding factor was the award of subsidies for the three UK offshore wind farm projects Burbo Bank Extension, Walney Extension and Hornsea. Against this background, the Board of Directors decided in December to go ahead with Burbo Bank Extension.

In addition, the Thermal Power division accelerated the conversion to green electricity and heat generation with the decision to convert the Studstrup and Skærbæk power stations from coal and gas to sustainable biomass.

The ongoing development of the two divisions positively impacted the carbon emissions per kWh of electricity generated, which were reduced by 16% from 2013 to 374g in 2014 – a historical low for the Group.

Safety is a top priority for DONG Energy. In 2014, the lost time injury frequency (LTIF) was reduced further to 2.4 from 3.2 in 2013. An ever stronger focus on safety among managers, employees and suppliers is thus having an effect.”

Conference call

In connection with the presentation of the annual report a conference call for investors and analysts will be held on Thursday 5 February 2015 at 11.00am CET:

Denmark: (+45) 35 44 55 83

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

Media Relations

Ulrik Frøhlke

+45 99 55 95 60

Investor Relations

Allan Bødskov Andersen

+45 99 55 97 69