

Company announcement

Interim financial report for H1 2015

Continued strong performance. Upward adjustment of 2015 guidance.

The Board of Directors of DONG Energy A/S today approved the interim financial report for H1 2015.

- EBITDA was DKK 10.4 billion in H1 2015 compared with DKK 9.8 billion in H1 2014. This increase was due to a positive development in the underlying business as well as compensations, partly offset by divestment gains in 2014:
 - The positive development in operations relative to the same period last year can be ascribed to higher generation from offshore wind farms, completed renegotiation of an oil-indexed gas purchase contract and lower costs in the E&P business, partly offset by the fall in oil prices and lower oil and gas production from the Ormen Lange field as a result of a planned 42-day shutdown
 - In H1 2014, EBITDA was positively affected by a DKK 2.0 billion gain on the divestments of offshore wind farms, while H1 2015 was positively affected by a DKK 1.5 billion gain on the sale of E&P licence interests, two amounts of insurance compensation as well as the settlement of dispute from 2005 and 2006 concerning CO2 emissions allowances
- Net profit was DKK 2.8 billion, up DKK 1.3 billion on H1 2014
- Cash flows from operating activities totalled DKK 6.5 billion, on a par with H1 2014. Higher tax payments were offset by reduced funds tied up in working capital, lower interest payments and higher EBITDA
- Gross investments totalled DKK 8.8 billion, mainly relating to offshore wind activities (Borkum Riffgrund 1, Gode Wind 1+2, Westermøst Rough and Hornsea 1) as well as oil and gas fields (Hejre, Syd Arne and Laggan-Tormore)
- Interest-bearing net debt increased by DKK 3.8 billion from the end of 2014 to DKK 7.8 billion at the end of June 2015
- The credit metric funds from operations (FFO) relative to adjusted net debt (rolling 12 months) was 38%, up 2%-point on the 2014 calendar year
- ROCE adjusted for impairment losses (rolling 12 months) was 6% compared with 7% at the end of H1 2014. The marginal decrease primarily reflected higher depreciation as a result of more offshore wind farms being commissioned.

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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 67 billion (EUR 9.0 billion) in revenue in 2014. For further information, see www.dongenergy.com

DKK million	H1 2015	H1 2014	Δ
EBITDA	10,406	9,813	593
Profit for the period	2,777	1,429	1,348
Cash flows from operating activities	6,546	6,621	(75)
Gross investments	(8,827)	(6,754)	(2,073)
Net investments	(8,341)	810	(9,151)
Interest-bearing net debt	7,785	6,443	1,342
FFO/adjusted net debt	38.3%	35.4%	2.9% -p
Return on capital employed (ROCE)	(5.8%)	4.1%	(9.9% -p)
Adjusted ROCE	6.0%	7.1%	(1.1% -p)

Outlook for 2015 adjusted upwards

- The outlook for business performance EBITDA for 2015 is adjusted upwards with DKK 1.5 billion to DKK 17.0-19.0 billion relative to the announcement in the 2014 annual report on DKK 15.5-17.5 billion. The upward adjustment reflects the strong earnings, including compensations, in H1 2015
- The funds from operations (FFO) to adjusted net debt for 2015 is expected to be above 30% (around 30% announced in the 2014 annual report).

Henrik Poulsen, CEO and President:

“The first half of 2015 developed highly satisfactorily for DONG Energy, with 6% growth in operating profits (EBITDA) and a significant strengthening of the net result. Earnings are positively affected by divestment gains and income from insurance claims and disputes. In the first half of 2014 the result was correspondingly positively affected by gains from divestments.

We are continuing to develop and invest in our market leading position in offshore wind. At the beginning of July we inaugurated the Westermost Rough wind farm off the east coast of England, we have completed the installation of wind turbines in our first German wind farm, Borkum Riffgrund 1, and the construction of our next German wind farms, Gode Wind 1+2, and the expansion of Burbo Bank in the UK are proceeding according to plan. Westermost Rough was the first wind farm in the world to use the 6MW turbine from Siemens, and Burbo Bank Extension will be the first wind farm in the world to use the 8MW turbine from MHI Vestas. Finally, in June, the Board of Directors approved the construction of the Race Bank wind farm in the UK, and in Q2 we continued to expand our pipeline of projects for construction in the period after 2020 by acquiring project rights in the USA.

The E&P business continues the efforts to adapt to a new market reality. Focus is on building an efficient and well balanced portfolio of producing assets and

pipeline opportunities capable of creating value under a new set of oil and gas price assumptions. During first half of 2015, solid progress has been made in terms of reducing costs and refocusing exploration activities.

The development of the Danish oil field Hejre continues to be challenged by delays from our supplier consortium, which is to deliver the platform. We are in the process of updating our view on the scheduling impact hereof while we continue to push for first oil production in 2017. The drilling programme for the Hejre development is proceeding according to plan. The first two production wells were completed in the first half of 2015, and they confirm the significant potential of the area. We are still expecting to get the first production of gas from the Laggan-Tormore field west of the Shetland Islands in 2015.

In Q2, Customers & Markets completed the renegotiation of an additional oil-indexed, long-term gas purchase contract with a satisfactory result. It supports our general expectations for the outcome of the ongoing renegotiations of our portfolio of gas contracts.

Thermal Power continues its transition towards sustainable heat and electricity generation. In Q2, it was decided to convert the Avedøre 1 power station from coal to sustainable biomass.

Finally, it is gratifying to see the continued positive development in the company's safety figures. DONG Energy's employees make a competent and dedicated effort under sometimes demanding conditions, and we will maintain a strong focus on their development and safety.

On the basis of the solid interim results, we have decided to adjust the outlook upwards for the full year 2015. We now estimate that the full year 2015 EBITDA will be in the range of DKK 17.0-19.0 billion, which is DKK 1.5 billion more than our previous guidance. As a derived benefit, we also expect that our primary credit metric, FFO/net debt, will be above the announced target of 30%."

Conference call

In connection with the presentation of the interim financial report a conference call for investors and analysts will be held on Wednesday 19 August 2015 at 11:00am CET:

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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 interim financial report can be downloaded at:

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

Further information

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