

Company announcement

No 4/2016

Announcement of financial results for 2015**Strong operational performance and profits (EBITDA: +13%)****Strong underlying growth in Wind Power****Impairment losses of DKK 16 billion (pre-tax) in Oil & Gas****DONG Energy A/S**
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4 February 2016

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

- Operating profit (EBITDA) increased by 13% to DKK 18.5 billion in 2015, and thus fulfilled the expectation of an EBITDA in the range of DKK 17.0-19.0 billion. The increase of DKK 2.1 billion was due to a positive development in the underlying business as well as insurance compensations, partly offset by gains on divestments in 2014:
 - The positive development in operations compared to last year can mainly be attributed to higher production from offshore wind, higher levels of activity in connection with the construction of offshore wind farms for co-investors, the completed renegotiation of an oil-indexed gas purchase contract and lower costs in Oil & Gas, partly offset by lower oil and gas prices, lower oil and gas production and unfavourable market conditions for thermal power generation
 - In 2015, EBITDA was positively affected by a total of DKK 1.7 billion in the form of gains from the disposal of oil and gas licence interests, insurance compensations as well as a settled dispute from 2005 and 2006 concerning CO₂ emissions allowances, while 2014 was positively affected by gains of DKK 1.9 billion from the divestment of offshore wind farms
- Operating profit (EBITDA) in Wind Power increased by 2% to DKK 6.2 billion. However, when accounting for divestment gains in 2014 the underlying profit growth was significantly higher
- Net profit for the year amounted to DKK -12.1 billion against DKK -5.3 billion in 2014. The results for 2015 were impacted by impairment losses of DKK 15.8 billion after tax, including DKK 14.8 billion in Oil & Gas caused by the continued fall in oil and gas prices, a reduction in reserve estimates as well as project-related factors relating, in particular, to the Hejre project, which is still facing significant challenges
- Due to an active hedging policy, the declining oil and gas prices led to an increase in the value of our oil and gas hedges, which amounted to DKK 6.8 billion at the end of the year

DONG Energy is one of the leading energy groups in Northern Europe, headquartered in Denmark. Around 6,700 ambitious employees are engaged in developing, constructing and operating offshore wind farms; generating power and heat from our power stations; providing energy to residential and business customers on a daily basis; and producing oil and gas. Group revenue was DKK 71bn (EUR 9.5bn) in 2015. For further information, see www.dongenergy.com

- Cash flows from operating activities totalled DKK 13.6 billion, down DKK 1.4 billion relative to 2014. A higher level of funds tied up in working capital and higher tax payments in Norway were partly offset by the higher EBITDA
- Gross investments totalled DKK 18.7 billion in 2015, pertaining mainly to offshore wind activities (Gode Wind 1+2, Borkum Riffgrund 1, Westernmost Rough, Burbo Bank Extension, Hornsea 1 and project rights for Hornsea 2) as well as oil and gas fields (Hejre, Syd Arne and Laggan-Tormore)
- Interest-bearing net debt increased by DKK 5.2 billion from the end of 2014 to DKK 9.2 billion at the end of 2015 due to the high level of investments
- The credit metric funds from operations (FFO) in relation to adjusted net debt was 40%, representing a 4 %-point improvement on 2014
- The return on invested capital adjusted for impairment losses (Adjusted ROCE) amounted to 10% against 5% in 2014. The 5 %-point increase was primarily due to the higher adjusted EBIT.

DKK million	2015	2014	Δ
EBITDA	18,484	16,389	2,095
Adjusted EBIT	7,192	3,621	3,571
Profit for the year	(12,084)	(5,284)	(6,800)
Cash flows from operating activities	13,571	14,958	(1,387)
Gross investments	(18,693)	(15,359)	(3,334)
Net investments	(16,120)	(4,706)	(11,414)
Interest-bearing net debt	9,193	3,978	5,216
FFO/adjusted net debt	40.4%	36.1%	4.3% -p
Adjusted ROCE	10.1%	4.8%	5.3% -p

Outlook for 2016

- Business performance EBITDA is expected to total DKK 20-23 billion in 2016. The outlook is particularly sensitive to divestment gains in Wind Power, the outcome of the renegotiation of gas purchase contracts in Distribution & Customer Solutions and oil and gas price developments
- Gross investments for 2016 are expected to total DKK 20-23 billion, reflecting consistently high levels of investment in our offshore wind farms, and, to a lesser extent, in the oil and gas fields and the biomass conversion of our power stations.

Henrik Poulsen, CEO:

“Despite strong headwinds in the commodity markets, we delivered a record-breaking operating profit in 2015. The Group’s operating profit (EBITDA) was up 13% at DKK 18.5 billion, which was within the guided range.

The continued decline in oil and gas prices, reduced reserve estimates and continued challenges with the Hejre project led to impairment losses in the Oil & Gas (O&G) business of DKK 15.8 billion. As a result of the impairment losses, the Group posted a net loss of DKK -12.1 billion.

Investments in long-term competitiveness and growth continued at a high level. With 55% of our heat and power generation coming from renewable sources, the company reached its lowest level of CO₂ emissions ever.

The ongoing restructuring of the O&G business in response to the sharp drop in commodity prices will lead to a further shift in the investment mix of DONG Energy towards renewables. Towards 2020 we expect offshore wind and bioenergy to account for more than 80% of investments. The investment strategy will further reinforce DONG Energy's position as a global leader in renewables and expand our strongholds in offshore wind, bioenergy, and green distribution and customer solutions. Areas that all are part of building green, reliable and efficient energy systems in the markets where we operate.

The focus on renewables has turned DONG Energy into one of the fastest-growing energy groups in Europe and created a unique platform for continued growth and value creation. The strategic shift in business mix will also reduce DONG Energy's exposure to commodity price risk as a higher share of revenue will be regulated and contract-based.

Wind Power has further reinforced its global leadership position in offshore wind. In 2015 we inaugurated two new wind farms in the UK and Germany and the Board of Directors approved the investments in two projects, Race Bank and Walney Extension. On 3 February, 2016 the Board of Directors approved the investment in the record breaking offshore wind farm Hornsea 1 (1,218 MW) in the UK, which is the largest investment in DONG Energy's history to date.

Wind Power's revenue grew by 70% in 2015. Operating profit (EBITDA) was up 2%. However, when accounting for divestment gains in 2014, the underlying profit growth was significantly higher. We expect 2016 to be another year of significant growth in Wind Power.

Last but not least, 2015 ended on a very positive note as 195 countries signed a global accord to unite and step up their efforts to combat climate change. The Paris Agreement offers new hope that future generations will inherit a planet with a fairly well-functioning and stable ecosystem. However, the agreement expresses only intentions waiting to be replaced by action and tangible solutions. At DONG Energy, we want to do our part. Through years of extensive investments, innovation and industrialisation, we have built strong renewable

technologies. However, we know further progress is needed, and we will continue to lead the energy sector towards a low-carbon society.”

Conference call

In connection with the presentation of the annual report, a conference call for investors and analysts will be held on 4 February 2016 at 10.30 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 annual report is available for download at:

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

Further information

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Forward-looking statements

This announcement contains forward-looking statements, which include projections of short and medium-term financial performance and targets. 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 announcement due to a variety of factors, including, but not limited to, changes in temperature, wind and precipitation levels; the development in oil, gas, power, coal, CO₂, currency and interest rate markets; changes in legislation, regulation or standards; renegotiation of contracts; outcome of litigations and disputes; changes in the competitive environment in DONG Energy's markets; and security of supply.