

Company announcement

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12 May 2016

DONG Energy announces intention to launch an Initial Public Offering

DONG Energy, a global leader in offshore wind power and a leading Danish utility business, announces its intention to launch an Initial Public Offering (IPO) of its shares on Nasdaq Copenhagen.

On 18 September 2015, DONG Energy A/S published the conclusion of its IPO roadmap and announced that the Company would work towards an IPO and listing of its shares on Nasdaq Copenhagen before the end of Q1, 2017.

Today, DONG Energy confirms its intention to proceed with the next step towards an IPO and listing on Nasdaq Copenhagen. Barring unforeseen circumstances and subject to prevailing market conditions, the IPO could be launched for a listing in summer 2016.

The Kingdom of Denmark, as majority shareholder, will sell part of its current shareholding in the IPO, while maintaining a 50.1% shareholding in DONG Energy after the IPO. The intended IPO is expected to consist of a sale of at least 15 per cent of the existing shares in the Company through a partial sell-down by the current shareholders of DONG Energy other than employee shareholders. The final offer size will be communicated in connection with the publication of the prospectus by the Company. No new share capital will be issued in the IPO.

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; and producing oil and gas. Group revenue was DKK 71bn (EUR 9.5bn) in 2015. For further information, see www.dongenergy.com.

The Company is currently owned by the Kingdom of Denmark (58.8%), New Energy Investment S.à r.l. (indirectly owned by entities under the control of the Merchant Banking Division of The Goldman Sachs Group, Inc.) (17.9%), SEAS-NVE Holding A/S (which is directly controlled by SEAS-NVE A.M.B.A) (10.8%), ATP (4.9%) and other shareholders (7.6%).

Claus Hjort Frederiksen, Minister of Finance, the Kingdom of Denmark:

“We are proud of DONG Energy’s development in renewable energy and its contribution to a sustainable future. The Company has grown from primarily being a Danish utility business to become an international company with many activities outside of Denmark. The IPO has the support of a broad majority in Parliament, and we look forward to follow the Company’s continued journey as a listed company”.

Thomas Thune Andersen, Chairman of the Board of Directors, DONG Energy:

“Today’s announcement marks an important step in DONG Energy’s strategic journey. In just a decade, DONG Energy has transformed from being a regional utility business and one of the most coal-intensive utilities in Europe into a global leader in renewable energy. We look forward to inviting new shareholders to take part in the future ownership of the Company and to join us in our journey to build a sustainable energy system for the future”.

Henrik Poulsen, CEO of DONG Energy:

“Over the past decade, DONG Energy has established a world-leading position in offshore wind, which accounted for 75% of our capital employed at the end of 2015. We have a robust and highly visible build-out plan for offshore wind, which will deliver strong and profitable growth in the coming years. Our focus on renewable energy has turned DONG Energy into one of the fastest growing energy groups in Europe with almost 2/3 of operating income generated outside of Denmark. The planned IPO will create a strong platform for DONG Energy as we continue to lead the transformation of the energy system”.

DONG Energy’s strategic transformation

Today, more than half of DONG Energy’s electricity and heat is generated from renewable sources. Being among the front-runners in the transformation towards a sustainable energy system, DONG Energy has built a global leadership position in offshore wind with a market share of 26% of the global installed offshore wind capacity, more than twice that of the second-largest player. DONG Energy’s market-leading position in offshore wind is based on a differentiated business model, with extensive competences in all parts of the life cycle of an offshore wind farm.

Offshore wind is expected to have the highest relative growth rate in renewable energy technology in the OECD from 2014-2020 according to Bloomberg New Energy Finance. Offshore wind benefits from utility-sized power generation, limited visual impact and high load factors. Rapid industrialization, larger wind turbines and increasing scale of wind farms have helped to significantly reduce the cost of electricity from offshore wind in recent years. DONG Energy remains strategically committed to continue to drive down the cost of offshore wind.

As the leading Danish utility business, DONG Energy is far advanced in converting the majority of its thermal power and heat plants to sustainable biomass. Furthermore, DONG Energy operates the power grid in and around Copenhagen. The power grid is a regulated business activity, which provides a stable and regulated income. DONG Energy also operates the largest business for customer energy solutions in Denmark.

Finally, DONG Energy owns a strong portfolio of low-cost oil and gas producing assets in Denmark, Norway and the UK. The oil and gas business is being managed for cash, which will be reinvested in renewable energy.

Financial guidance

In connection with the release of the Annual Report for 2015, DONG Energy guided for 2016 EBITDA (business performance) in the range of DKK 20-23 billion. Of this, DKK 10-12 billion is expected to come from Wind Power.

In 2016, DONG Energy expects to have gross investments of DKK 18-21 billion. For the period 2017-2020, the total gross investment programme is expected to be DKK 60-70 billion.

Investments to support future growth will be focused on renewable energy, and Wind Power is expected to attract 80% of the expected gross investments from 2016-2020.

For the period 2017-2020, average Return on Capital Employed (ROCE) is expected to be in the range of 12-14%, driven by the growth in Wind Power.

As a consequence of DONG Energy's strategy to focus on renewable energy, an increasing share of earnings will be regulated, quasi-regulated or contract-based. From 2015 to 2020, this share is expected to increase from 41% to 80-90%.

Provided that the IPO takes place in accordance with the currently expected time plan, DONG Energy intends to pay a dividend of DKK 2.5 billion for FY 2016. For subsequent years towards 2020, DONG Energy's target, supported

by expected cash flow growth from new offshore wind farms coming into operation, is to increase the annual dividend by a high single digit rate compared to the dividend for the previous year. The updated dividend policy following an IPO is subject to the Company's commitment to maintain a Baa1/BBB+ rating profile.

The information provided in this announcement does not change DONG Energy's Group financial guidance for the 2016 financial year.

Bank syndicate supporting the IPO

J. P. Morgan Securities plc., Morgan Stanley & Co International plc., and Nordea Markets (division of Nordea Bank Danmark A/S) have been appointed to act as Joint Global Coordinators and Joint Bookrunners for the intended IPO. Citigroup Global Markets Limited, Danske Bank A/S and UBS Limited have been appointed to act as Joint Bookrunners. ABG Sundal Collier Denmark, filial af ABG Sundal Collier ASA, Norge, Coöperatieve Rabobank U.A and RBC Europe Limited (trading as RBC Capital Markets) have been appointed to act as Co-lead Managers. Lazard & Co., Limited is acting as financial advisor to DONG Energy and Rothschild is acting as financial advisor to the Kingdom of Denmark as the majority shareholder.

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Webcast for bond investors and analysts

In connection with this announcement, a webcast for bond investors and analysts will be held on 12 May 2016 at 09.00 CET. The focus of the webcast will be to update bond investors and analysts on additional information given as part of the IPO process.

The webcast can be followed live:

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

To ask a question in the Q&A session of webcast, participants are kindly asked to call in at:

Denmark: +45 35 44 55 83

International: +44 203 194 0544

Presentation slides are available prior to the webcast:

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

Press conference

A press conference will be held today, 12 May 2016, at DONG Energy, Nesa Alle 1 in Gentofte at 10.30-12.00 CET. At the press conference, CEO Henrik Poulsen will present DONG Energy's strategy, followed by a Q&A session and individual interviews. The press conference will be held in English and videocasted on www.dongenergy.com/ipo-intention-uk

Participants who follow the videocast and who would like to ask a question in the Q&A session, are kindly asked to call in at:

Denmark: +45 35 44 55 83

International: +44 203 194 0544

Media that would like to attend the press conference in Gentofte, please register before 10:00 CET via email to idpol@dongenergy.dk and include name, company and mobile number. Doors will close at 10:15 CET.

Important notice

This announcement is not an offer to sell or a solicitation of any offer to buy any securities issued by DONG Energy A/S (the "Company") in any jurisdiction where such offer or sale would be unlawful and the announcement and the information contained herein are not for distribution or release, directly or indirectly, in or into such jurisdictions.

In any member state of the European Economic Area ("EEA Member State"), other than Denmark, that has implemented Directive 2003/71/EC as amended (together with any applicable implementing measures in any EEA Member State, the "Prospectus Directive"), this announcement is only addressed to and is only directed at investors in that EEA Member State who fulfil the criteria for exemption from the obligation to publish an offering circular, including qualified investors within the meaning of the Prospectus Directive.

Any securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States absent registration or an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. There is no intention to register any securities referred to herein in the United States or to make a public offering of the securities in the United States. Any securities sold in the United States will be sold only to qualified institutional buyers (as defined in Rule 144A under the Securities Act) pursuant to Rule 144A.

In the United Kingdom, this announcement and any other materials in relation to the securities described herein are only being distributed to, and are only directed at, and any investment or investment activity to which this announcement relates is available only to, and will be engaged in only with, "qualified investors" (as defined in section 86(7) of the Financial Services and Markets Act 2000) and who are (i) persons having professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). Persons who are not relevant persons should not take any action on the basis of this announcement and should not act or rely on it.

This announcement does not constitute an offering circular and nothing herein contains an offering of securities. No one should purchase or subscribe for any securities in the Company, except on the basis of information in any offering circular published by the Company in connection with the potential offering and admission of such securities to trading and official listing on Nasdaq Copenhagen A/S. Copies of any such offering circular will, following publication, be available from the Company's registered office and, subject to certain exceptions, on the website of the Company.

J. P. Morgan Securities plc., Morgan Stanley & Co International plc., Nordea Markets (division of Nordea Bank Danmark A/S), Citigroup Global Markets Limited, Danske Bank A/S, UBS Limited, ABG Sundal Collier Danmark, filial af ABG Sundal Collier ASA, Norge, Coöperatieve Rabobank U.A and RBC Europe Limited (trading as RBC Capital Markets) (together, the "Managers"), N M Rothschild & Sons Limited ("Rothschild") and their affiliates are acting exclusively for the Kingdom of Denmark, the selling minority shareholders or the Company as the case may be and no-one else in connection with the intended IPO. They will not regard any other person as their respective clients in relation to the intended IPO and will not be responsible to anyone other than the Kingdom of Denmark, the selling minority shareholders or the Company as the case may be for providing the protections afforded to their respective clients,

nor for providing advice in relation to the intended IPO, the contents of this announcement or any transaction, arrangement or other matter referred to herein.

Lazard & Co., Limited, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively as financial adviser to the Company and no one else in connection with the IPO and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Lazard & Co., Limited nor for providing advice in relation to the IPO or any other matters referred to in this announcement. Neither Lazard & Co., Limited nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Lazard & Co., Limited in connection with this announcement, any statement contained herein or otherwise.

In connection with the contemplated IPO, the Managers and any of their affiliates, acting as investors for their own accounts, may purchase shares and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such shares and other securities of the Company or related investments in connection with the contemplated IPO or otherwise. Accordingly, references in the offering circular, if published, to the shares being offered, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or acquisition, placing or dealing by, such Managers and any of their affiliates acting as investors for their own accounts. The Managers do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

Matters discussed in this release may constitute forward-looking statements. Forward-looking statements are statements that are not historical facts and that can be identified by words such as “believe”, “expect”, “anticipate”, “intends”, “estimate”, “will”, “may”, “continue”, “should”, and similar expressions. The forward-looking statements in this announcement are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond its control. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements.

The information, opinions and forward-looking statements contained in this announcement speak only as at its date, and are subject to change without notice.