

Interim financial report for 9M 2016

Q3 2016 growth in operating profit of 7%

- Operating profit (EBITDA) increased by 7% to DKK 4.8 billion in Q3 2016. The increase was driven by a 19% increase in Wind Power and a positive effect from a lump sum payment received in connection with the completed renegotiation of a gas purchase contract. The increase was partially offset by lower oil and gas prices and reduced volumes from the Ormen Lange field. Underlying profit, adjusted for items of non-recurring nature, increased by 5%
- Adjusted ROCE (last 12 months) was 15% compared with 8% at the end of September 2015
- Profit for the period amounted to DKK 3.3 billion in Q3 2016, DKK 2.9 billion higher than in Q3 2015. The increase was driven by higher EBITDA, lower depreciation and a DKK 1.3 billion gain from the divestment of the gas distribution grid to Energinet.dk
- In Q3 2016, free cash flows amounted to DKK -1.9 billion compared with DKK -5.4 billion in Q3 2015. The improvement was driven by the higher EBITDA, lower net interest payments, lower tax paid and divestments
- Net debt increased from DKK 3.8 billion at the end of June 2016 to DKK 5.9 billion at the end of September 2016.

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Financial performance

| DKK million | Q3 | Q3 | % | 9M | 9M | % |
|--------------------------------------|---------|---------|---------|----------|----------|---------|
| | 2016 | 2015 | | 2016 | 2015 | |
| EBITDA | 4,756 | 4,431 | 7% | 17,166 | 14,836 | 16% |
| Adjusted EBIT | 2,628 | 1,141 | 130% | 11,035 | 6,200 | 78% |
| Profit for the period | 3,331 | 458 | 627% | 9,699 | 3,235 | 200% |
| Cash flows from operating activities | 1,398 | 250 | 459% | 12,137 | 6,796 | 79% |
| Gross investments | (5,614) | (5,747) | (2%) | (12,986) | (14,575) | (11%) |
| Divestments | 2,298 | 121 | n.a. | 4,267 | 608 | 602% |
| Free cash flow | (1,918) | (5,376) | (64%) | 3,418 | (7,171) | n.a. |
| Interest-bearing net debt | 5,942 | 13,425 | (56%) | 5,942 | 13,424 | (56%) |
| FFO/adjusted net debt | 58.0% | 35.0% | 23% -p | 58.0% | 35.0% | 23% -p |
| Adjusted ROCE | 15.3% | 7.8% | 7.5% -p | 15.3% | 7.8% | 7.5% -p |

Commenting on the interim financial report, Henrik Poulsen, CEO and President, said:

"The Group continues to develop positively and according to our strategic and financial plans. We maintain our outlook for 2016 of DKK 20-23 billion in EBITDA and gross investments of DKK 18-21 billion.

We have decided to initiate a process with the aim of ultimately exiting from our oil and gas business. This should be seen in the context of DONG Energy's

Based in Denmark, DONG Energy (NASDAQ OMX: DENERG) is one of Northern Europe's leading energy groups. Approximately 6,500 dedicated employees work with developing, constructing and operating offshore wind farms, producing power and heat from our power stations, supplying energy to private and business customers and producing oil and gas. Consolidated revenue amounted to DKK 71 billion (EUR 9.5 billion) in 2015. For further information, see www.dongenergy.com

strategic transformation towards becoming a global leader in renewables and a wish to ensure the best possible long-term development opportunities for our oil and gas business. There can be no assurance as to the outcome or the timing of the completion of the process.

O&G continues the substantial restructuring of the business and delivered a strong operational performance in the first nine months. Cost performance continues to improve, driven by continued renegotiation of supplier contracts, reduced exploration spending and improved operational efficiency, with total cash spend decreasing by 36% compared with the same period last year. We now expect O&G to be cash flow positive in 2016, a year earlier than previously communicated.

We currently have seven large offshore wind farms under construction. The construction programme totalling 4.4GW is well on track. In parallel, we continue to shape our pipeline of offshore wind project opportunities for the period beyond 2020.

In October, we inaugurated the biomass-converted Studstrup plant, which can now supply CO₂-free heat to 225,000 residents in Aarhus. The biomass conversion at Avedøre is progressing according to plan and is expected to be finalised in Q4, while the opening of the bio-converted Skærbæk plant will take place in 2017. The construction of the REnescience plant in the UK is on schedule, and we expect to inaugurate the plant in 2017”.

Significant events after the interim financial report for H1 2016

DONG Energy has achieved significant milestones since the presentation of the interim financial report for H1 2016:

- On 16 August, the UK government granted DONG Energy permission to build the Hornsea Project Two offshore wind farm, located 89 kilometres off the Yorkshire coast. The project will have a capacity of up to 1.8 GW and consist of up to 300 turbines. It will be able to meet the electricity needs of approximately 1.6 million UK homes. The project can participate in future auctions for CfDs in the UK
- On 30 August, the Copenhagen Maritime and Commercial High Court announced its ruling in a case concerning the former Elsam. The court did not rule in favour of DONG Energy. The decision has been appealed
- On 6 September, DONG Energy completed another renegotiation of a long-term-oil-indexed gas purchase contract with a satisfactory result. Lump sum payments from the renegotiations of gas purchase contracts are expected to amount to a total of DKK 3.8 billion in 2016
- On 30 September, DONG Energy divested the gas distribution grid to Energinet.dk
- On 10 October, DONG Energy inaugurated the biomass-converted Studstrup CHP plant. The commissioning makes a substantial contribution to our green transformation and is a significant green

milestone for DONG Energy

Outlook for 2016

The outlook for EBITDA and gross investments announced in the interim report for H1 2016 is reaffirmed. We have previously communicated that the EBITDA outlook is subject to completion of two farm downs in Wind Power. We completed the farm down of Burbo Bank Extension in Q1, and we are currently in the process of farming down our UK Race Bank and Walney Extension projects. We expect to either complete one of these in Q4 2016 and one in 2017 or both of them during 2017. Based on the achieved EBITDA up until September, including lump sums of DKK 3.8 billion from gas contract renegotiations, we expect to be within the EBITDA range of DKK 20-23 billion even in a scenario where no additional farm down is completed in 2016:

- EBITDA (business performance) is expected to amount to DKK 20-23 billion in 2016
- Gross investments for 2016 are expected to amount to DKK 18-21 billion.

Conference call

In connection with the presentation of the interim financial report, a conference call for investors and analysts will be held on Tuesday, 8 November 2016 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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