

**Company announcement
No. 5/2017**

DONG Energy A/S
Kraftværksvej 53
Skærbæk
7000 Fredericia

www.dongenergy.com
CVR no. 36 21 37 28

Strong growth and financial performance in 2016

The annual report shows strong growth in the Group's EBITDA of 119% for the continuing operations.

- Operating profit (EBITDA) from continuing operations rose by DKK 10.4 billion in 2016 to DKK 19.1 billion. Wind Power almost doubled its earnings with an increase in EBITDA of DKK 5.7 billion, driven by higher activity from the construction and divestment of offshore wind farms
- Operating profit (EBITDA) including Oil & Gas totalled DKK 25.6 billion in 2016, which was slightly higher than the most recent guidance of DKK 24-25 billion
- Investments for the year totalled DKK 15.0 billion. Most of the investments were made in the continued expansion of offshore wind
- Return on capital employed (adjusted ROCE) for continuing operations amounted to 24% in 2016 against 6% in 2015
- Net profit for the year from continuing operations totalled DKK 12.2 billion and was thus DKK 11.2 billion higher than in 2015. The increase was primarily driven by the higher EBITDA
- Net debt decreased by DKK 5.7 billion, and amounted to DKK 3.5 billion at the end of 2016.

2 February 2017

Underlying growth expected to continue in 2017

- EBITDA for the continuing operations is expected to reach DKK 15-17 billion for 2017, corresponding to an underlying growth of 4-18%
- Investments for 2017 are expected to amount to DKK 18-20 billion, reflecting a continued high level of investments related to our offshore wind farms.

Green transformation continues

- The green transformation continues with the construction of new offshore wind farms and the conversion of power stations to sustainable biomass
- New target has been set for DONG Energy to become coal free by 2023.

DONG Energy (NASDAQ OMX: DENERG) is one of Northern Europe's leading energy groups and is headquartered in Denmark. Around 6,200 ambitious employees develop, construct and operate offshore wind farms, generate power and heat from our power stations as well as supply and trade in energy to wholesale, business and residential customers. In addition, we produce oil and gas, and a process has been initiated to divest this business unit. The continuing part of the Group has approx 5,800 employees and generated a revenue in 2016 of DKK 61 billion (EUR 8.2 billion). Read more on www.dongenergy.com.

Commenting on the annual report, Henrik Poulsen, CEO and President, says:

"The results for 2016 are highly satisfactory. We have delivered an underlying growth of 95% in operating profit (EBITDA), driven by strong growth in Wind Power.

In 2016, we took important steps in the green transformation with the decisions to invest in a further three offshore wind farms, including Hornsea 1, which will be the largest in the world. We also completed the biomass conversion of two Danish power stations and initiated the construction of the world's first commercial-scale REnescience plant in Northwich in the UK that converts unsorted household waste into green energy.

We will continue the green transformation in 2017. We expect to complete the offshore wind farm Burbo Bank Extension, the bioconversion of Skærbæk Power Station and the REnescience plant in Northwich. And today, we have announced that we will completely phase out coal from our power and heat generation by 2023.

On the bottom line, we have delivered a strong profit from continuing operations of DKK 12.2 billion, which means that we can recommend to the annual general meeting that DKK 2.5 billion to be paid out in dividend."

Financial performance

DKKmn	Q4 2016	Q4 2015	%	2016	2015	%
EBITDA	6,310	1,947	224%	19,109	8,730	119%
Adjusted EBIT	4,708	503	836%	13,877	3,057	354%
Profit (loss) for the period from continuing operations	3,988	(315)	n.a.	12,161	967	n.a.
Profit (loss) for the period from discontinued operations	(473)	(15,004)	(97%)	1,052	(13,051)	(108%)
Profit (loss) for the period	3,515	(15,319)	(123%)	13,213	(12,084)	(209%)
Cash flow from operating activities	1,752	4,463	(61%)	11,272	7,521	50%
Gross investments	(4,732)	(2,734)	73%	(14,960)	(12,709)	18%
Divestments	5,013	1,624	209%	9,055	1,982	357%
Free cash flow	2,033	3,353	(39%)	5,367	(3,206)	(267%)
Interest-bearing net debt	3,461	9,193	(62%)	3,461	9,193	(62%)
FFO/adjusted net debt, %	80.5%	28.7%	51.8% p	80.5%	28.7%	51.8% p
Adjusted ROCE, %	24.4%	5.9%	18.5% p	24.4%	5.9%	18.5% p

Tripling of EBITDA in Q4 2016

- Operating profit (EBITDA) increased by DKK 4.4 billion, amounting to DKK 6.3 billion in Q4 2016. The improvement was driven by higher activity from construction contracts for Burbo Bank Extension, a gain on the divestment of 50% of Race Bank, a one-off payment following the renegotiation of a gas purchase contract as well as improved margins from wholesale gas sales
- Profit for the period from continuing operations totalled DKK 3.9 billion in Q4 2016 and was thus DKK 4.2 billion higher than in Q4 2015. The increase was mainly due to the higher EBITDA

- A loss from discontinued operations (Oil & Gas) was realised for Q4 2016 in the amount of DKK -0.5 billion against a loss of DKK -15.0 billion for Q4 2015, which was negatively impacted by impairment losses totalling DKK 14.8 billion (after tax).

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

- In December, DONG Energy successfully completed the renegotiation of another long-term, oil-indexed gas purchase contract. Total one-off payments from the renegotiation of gas purchase contracts amounted to DKK 4.3 billion in 2016
- On 12 December 2016, DONG Energy inaugurated the biomass-converted unit 1 at Avedøre Power Station. This is contributing to the green transformation and is a significant milestone for DONG Energy
- On 21 December 2016, DONG Energy completed the divestment of 50% of Race Bank to Macquarie
- On 13 January 2017, we received the final building permission for the construction of Borkum Riffgrund 2.

Meet the Management 2017

In connection with the presentation of the annual report, 'Meet the Management 2017' will be held for investors and analysts on Thursday 2 February 2017.

The Strategic progress and the Financial performance presentations will be live streamed from 11:00 to 13:00. If you want to follow the presentations on phone and/or have questions for the Q&A session following the Financial performance presentation, please dial one of the numbers below and use pin 73251841#.

Denmark: +45 70 22 35 00

UK: +44 (0) 207 572 1187

USA: +1 646 722 4972

The presentations can be followed live:

<https://getvisualtv.dk/stream/dong-energy-cmd-2017/>

Presentation slides will be available prior to the conference call:

<http://www.dongenergy.com/da/investor/præsentationer/meet-the-management-2017>

The annual report is available for download at:

<http://www.dongenergy.com/en/investors/financial-reports/annual-reports>

Further information

Media Relations

Martin Barlebo
+45 99 55 95 52

Investor Relations

Henrik Brünniche Lund
+45 99 55 97 22

hebrl@dongenergy.dk