

**Company announcement
No. 18/2017****Good start to 2017, which supports the expectations for the year****Operating profit (EBITDA) totalled DKK 3.3 billion.****Underlying EBITDA decreased by 19% as a result of higher income from Wind Power partnerships in Q1 2016. Partnership income is expected later in 2017 and expected to exceed the 2016 level.****Income from operating wind farms was up by 21%.****We were awarded three offshore wind projects in Germany.****Divestment of Oil & Gas continues to progress.**

- Operating profit (EBITDA) from continuing operations totalled DKK 3.3 billion compared with DKK 7.1 billion in Q1 2016. The decrease was in line with expectations and was driven primarily by a positive impact in Q1 2016 from one-off payments from the renegotiation of gas purchase contracts, as well as the divestment of our gas distribution network to Energinet.dk in Q3 2016. These non-recurring items totalled DKK 3.0 billion in Q1 2016.
- Underlying EBITDA declined as a result of a very strong Q1 2016 in Wind Power, which included a gain of DKK 0.6 billion on the divestment of 50% of Burbo Bank Extension and high activity related to the construction of the German wind farms Gode Wind 1 and 2. In 2017, partnership income in Wind Power is expected to materialise later in the year in connection with the expected divestment of 50% of Walney Extension and the construction of, among others, the Race Bank wind farm.
- Return on capital employed (ROCE) for the last 12 months increased from 15% in Q1 2016 to 17% in Q1 2017
- Gross investments totalled DKK 2.5 billion, of which approximately 80% was invested in the continued expansion of offshore wind
- From the beginning of the year until the end of Q1 2017, net debt increased by DKK 3.1 billion to DKK 6.5 billion

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27 April 2017

DONG Energy (Nasdaq OMX: DENERG) is one of Northern Europe's leading energy groups and is headquartered in Denmark. Around 6,500 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 approximately 5,800 employees and generated revenue in 2016 of DKK 61 billion (EUR 8.2 billion). Read more at www.dongenergy.com.

Financial performance

| Financial results (DKK million) | Q1 2017 | Q1 2016 | % |
|---|----------------|----------------|----------|
| EBITDA | 3,288 | 7,085 | (54%) |
| Underlying EBITDA | 3,288 | 4,065 | (19%) |
| Profit (loss) for the period from cont. operations | 1,214 | 4,980 | (76%) |
| Profit (loss) for the period from discont. operations | 1,426 | 236 | 504% |
| Profit (loss) for the period | 2,640 | 5,216 | (49%) |
| Cash flows from operating activities | 888 | 8,360 | (89%) |
| Gross investments | (2,502) | (3,231) | (23%) |
| Divestments | 65 | 1,949 | (97%) |
| Free cash flow | (1,549) | 7,078 | n.a. |
| Net interest-bearing debt | 6,523 | 940 | 594% |
| FFO/adjusted net debt | 46% | 68% | -22% |
| Adjusted ROCE | 17% | 15% | 3% |

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

"Q1 EBITDA in line with expectations gives us a good start to 2017. We maintain our financial guidance for 2017, with EBITDA expected to amount to DKK 15-17 billion, which is equal to a growth of 4-18% in the underlying operating profit, and gross investments expected to total DKK 18-20 billion for the year.

Operations in Wind Power were in line with expectations in Q1. Following a January with weak winds, both February and March were close to a normal wind year. In addition, wind farm availability was satisfactory. Overall, earnings from commissioned wind farms were up by 21% compared to Q1 2016.

In April, we completed Burbo Bank Extension located off the UK's west coast, making us the first company in the world to deploy 8MW wind turbines. In addition, we have five large offshore wind farms under construction, which are all progressing according to plan.

The development of our portfolio of offshore wind projects for construction after 2020 is progressing steadily, both in terms of business development in new markets, including the USA and Taiwan, and in terms of participation in auctions in Europe.

On 13 April, we were awarded the right to build three offshore wind projects in the German part of the North Sea with a total capacity of 590MW. For two of these projects, OWP West and Borkum Riffgrund West 2, we submitted a bid of EUR 0 (zero) per MWh, meaning that these projects will not receive any

subsidies on top of the wholesale power price. The third project, Gode Wind 3, was awarded based on a bid price of EUR 60 per MWh.

The zero subsidy projects represent a historical breakthrough for offshore wind. We are seeing significant momentum in the offshore wind industry, with innovation and notably reduced costs creating new market opportunities and an ever-stronger value chain. Competitive intensity is escalating as more strategic operators have entered the scene, which also helps to further accelerate the development of offshore wind. We remain very well-positioned to take part in this significant potential for long-term, profitable growth.

We completed the coal-to-biomass conversion of the Studstrup and Avedøre Power Stations at the end of 2016. As a result, we generated a large volume of our heat from biomass in Q1 2017. Once the boilers are fully commissioned, this proportion will increase further. The ongoing conversion of the Skærbæk Power Station is in its final phase, and we expect to generate the first, green power during Q2 2017.

The construction of the first commercial REnescience plant in Northwich, UK, converting unsorted waste into green energy and recyclable materials, is progressing according to plan and the plant is expected to be commissioned in Q2 2017.

By the end of 2020, our 1 million Danish power customers will have remote power meters. Following a successful pre-pilot project in December 2016 with replacement of the first 2,000 power meters, we replaced a further 12,500 power meters in Q1 2017. The experience gained from the replacement of the first power meters has been positive, and the large-scale roll-out starts in June.

After the renegotiation of the most significant long-term gas purchase contracts in 2016, Markets has seen ongoing margin improvement in earnings from the gas portfolio in Q1 2017.

The process of divesting O&G is progressing according to plan, and the transaction is still expected to be closed in 2017. O&G delivered strong operational performance in Q1 2017 with high and stable production from all fields. Total costs and investments were reduced by 70% relative to the same period last year. Good operational performance in O&G generated a free cash flow of DKK 2.1 billion in Q1 2017.

Last, but not least, we recorded a continued positive trend in our lost-time injury frequency in Q1, with no life changing accidents. LTIF (number of lost-time injuries per one million hours worked) decreased to 1.6 for the last 12 months.

Once again, DONG Energy's dedicated employees deserve considerable recognition for their commitment and hard work this past quarter."

Outlook 2017

We maintain our financial guidance for 2017, with EBITDA expected to amount to DKK 15-17 billion and gross investments expected to total DKK 18-20 billion for the year.

DONG Energy has achieved significant milestones since the presentation of the annual report for 2016:

- In cooperation with Bigadan, we have decided to build a biogas plant in Kalundborg, where residues from Novo Nordisk and Novozymes' production facilities are to be recycled and converted into biogas
- In March, Radius Elnet and ABB commissioned Denmark's first large battery at Nordhavn. The battery is designed to enable us to realise one of the visions of Smart Grid – the power grid of the future, which is to be able to handle major fluctuations in power generation and new consumption patterns
- In April, we completed the testing of the last 8MW turbine of Burbo Bank Extension, and the offshore wind farm has now been commissioned
- In April, we were awarded the right to build three offshore wind projects in the German part of the North Sea with a total capacity of 590MW. The three projects are scheduled to be commissioned in 2024, provided that DONG Energy makes a final investment decision in 2021

Conference call

In connection with the presentation of the interim financial report, a conference call for investors and analysts will be held on Thursday, 27 April 2017 at 10:00 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/en/investors/presentations>

The interim financial report can be downloaded at:

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

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