

Company announcement

Interim financial report for 9M 2015. Continued strong performance for the Group – IPO preparations have been initiated.

The Board of Directors of DONG Energy A/S today approved the interim financial report for 9M 2015.

- Earnings (EBITDA) was up 14% in the first 9 months from DKK 13.0 billion in 2014 to DKK 14.8 billion in 2015. This increase was due to a positive development in the underlying business as well as compensations, partly offset by divestment gains in 2014:
 - The positive development in operations relative to the same period last year can mainly be ascribed to higher generation from offshore wind farms, completed renegotiation of an oil-indexed gas purchase contract and lower costs in the E&P business, partly offset by the lower oil prices and lower production from the Ormen Lange field as a result of a planned shutdown in Q2
 - In 9M 2015, EBITDA was positively affected by a total of DKK 1.7 billion from the gain on sale of E&P licence interests, two amounts of insurance compensation as well as the settlement of a dispute from 2005 and 2006 concerning CO₂ emissions allowances, while 9M 2014 was positively affected by a DKK 1.9 billion gain on the divestments of offshore wind farms
- Net profit was DKK 3.2 billion, up DKK 2.4 billion on 9M 2014. This significant improvement was primarily due to higher EBITDA and lower depreciation and impairment
- Cash flows from operating activities amounted to DKK 6.8 billion, which was DKK 2.8 billion lower than in 9M 2014. Higher funds tied up in working capital and higher tax payments were partly offset by higher EBITDA
- Gross investments totalled DKK 14.6 billion, mainly relating to offshore wind activities (Gode Wind 1+2, Borkum Riffgrund 1, Westermøst Rough, 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 9.7 billion from the end of 2014 to DKK 13.4 billion at the end of September 2015 due to the high level of investments
- The credit metric funds from operations (FFO) relative to adjusted net debt (rolling 12 months) was 35%, on a par with the 2014 calendar year
- ROCE adjusted for impairment losses (rolling 12 months) was 7% compared with 5% at the end of 9M 2014.

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Company registration number
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DONG Energy is one of the leading energy groups in Northern Europe. Our business is based on procuring, producing, distributing and trading in energy and related products in Northern Europe. DONG Energy has around 6,500 employees and is headquartered in Denmark. The Group generated DKK 67 billion (EUR 9.0 billion) in revenue in 2014. For further information, see www.dongenergy.com

DKK million	9 M 2015	9M 2014	Δ
EBITDA	14,836	13,025	1,811
Profit for the period	3,235	857	2,378
Cash flows from operating activities	6,796	9,600	(2,804)
Gross investments	(14,575)	(11,181)	(3,394)
Net investments	(13,967)	(3,074)	(10,893)
Interest-bearing net debt	13,424	7,808	5,616
FFO/adjusted net debt	35.0%	31.6%	3.4% -p
Return on capital employed (ROCE)	(3.9%)	4.3%	(8.2% -p)
Adjusted ROCE	7.0%	5.1%	1.9% -p

Outlook for 2015

The outlook announced in the interim financial report for H1 2015 is reaffirmed:

- Business performance EBITDA for 2015 is expected to amount to DKK 17.0-19.0 billion
- Net investments of around DKK 35-40 billion are expected for the period 2015-2016
- The funds from operations (FFO) to adjusted net debt is expected to be above 30%.

Henrik Poulsen, CEO and President:

“On 18 September the Danish government announced a political agreement that lays the foundation for an IPO of DONG Energy. The company's shareholders and Board of Directors have decided to pursue an IPO within 18 months. Preparations for the IPO have been initiated. It will be another important milestone in DONG Energy's transformation from a coal-intensive Danish utility to a global leader in the development of green, economically viable, and independent energy systems.

The company continued to develop according to expectations during third quarter and we are very satisfied with the operational and financial performance of the business. Operating profits (EBITDA) are up by 14% year-to-date, making DONG Energy one of few European energy groups to be on a growth path. At the same time, we see the return on our invested capital going up (adjusted ROCE of 7% year-to-date).

On 9 October we inaugurated DONG Energy's first German offshore wind farm in collaboration with our co-investors the LEGO Group (Kirkbi) and William Demant. On 28 October the Board of Directors approved the construction of the Walney Extension offshore wind farm in the UK. Walney Extension is expected to be the biggest offshore wind farm in the world and will bring us another step closer to the target of 6.5GW installed offshore wind capacity in 2020. And by the end of the year, we expect to see the first production from our Laggan-Tormore gas field West of Shetland. Three events that mark important strategic milestones for DONG Energy.

Last but not least, third quarter also saw another strong safety performance with the lost-time injury frequency (LTIF) standing at an all-time low of 1.9 for the last 12 months. Providing our skilled and engaged employees with safe and stimulating working conditions remains a top priority for DONG Energy.”

Conference call

In connection with the presentation of the interim financial report a conference call for investors and analysts will be held on Thursday 29 October 2015 at 11:00am CET:

Denmark: +45 3544 5583

International: +44 203 194 0544

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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