



FINANCIAL MODELLING

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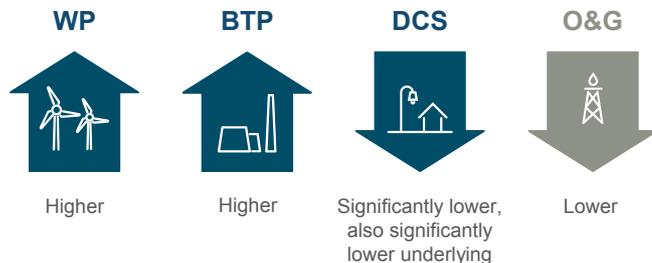
Meet the Management, 2 February 2017

DONG Energy guidance 2017

Guidance 2017 (Continuing operations)

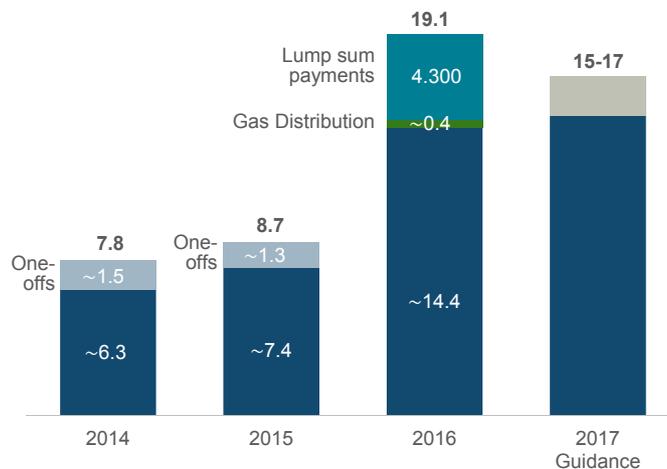


EBITDA direction FY 2017 vs. FY 2016



Underlying growth in EBITDA (Continuing operations)

DKKbn



Wind Power – Higher EBITDA in 2017



Directional guidance 2017 vs. 2016

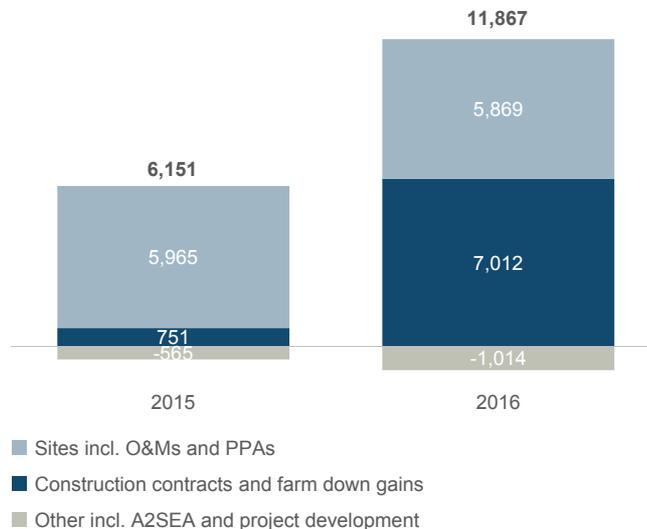
Higher EBITDA

Going forward

- Sites incl. O&Ms and PPAs
 - Increased earnings driven by commissioning of Burbo Bank Extension and increased contribution from Gode Wind 1&2 as a result of grid and cable issues in 2016
 - WEC 93% in 2016
- Construction contracts and divestment gains
 - Farm down of Walney Extension expected
 - Additional SPA and construction gains from Race Bank
- EBITDA in 2017 expected to be roughly evenly split between 'Sites incl. O&M and PPAs' and 'Construction contracts and farm down gains'
- 'Other incl. A2SEA and project development'
 - Expected around the same level as 2016 (~DKK -1.0bn)

EBITDA development

DKKm



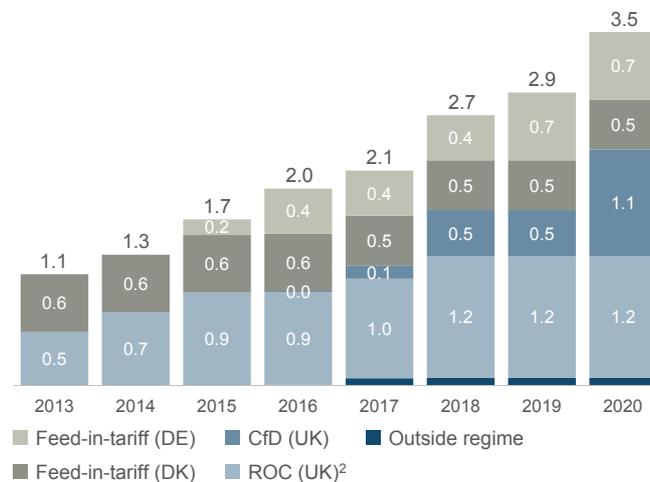
Wind Power – Development in EBITDA from Sites



Key commentary

- Production capacity expected to increase by 29% in 2018, 7% in 2019, and 67% from 2017-2020
- Less than 5% of power generation will be out of subsidy period in 2017-2020
- OPEX for farms in operation at the time of the IPO was DKK 15-17m per MW (real 2015 prices) over the expected life
 - Significantly larger turbines and sites reduce OPEX/MW
 - OPEX is more a function of the number of positions than the actual size of the turbines

Regime overview for production capacity¹, end of period, GW, Production capacity

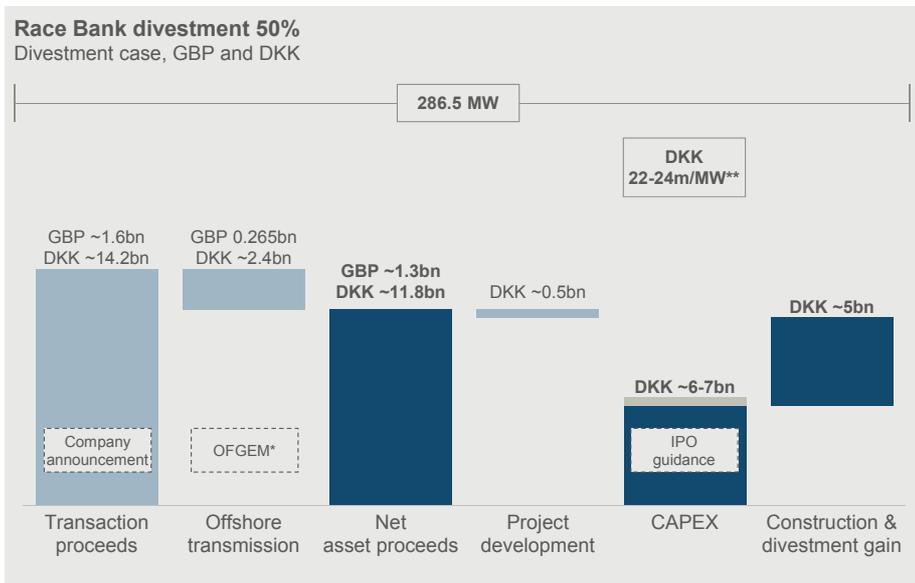


1) 50% farm down of execution pipeline assumed. Lincs not forming part of the production capacity definition due to one-line consolidation

2) The ROC (UK) includes ~1/3 from sale of electricity at market prices and ~2/3 from the ROC-subsidy

Race Bank transaction

Estimation of construction and divestment gain based on company announcement and previous IPO guidance



Partnership modelling considerations

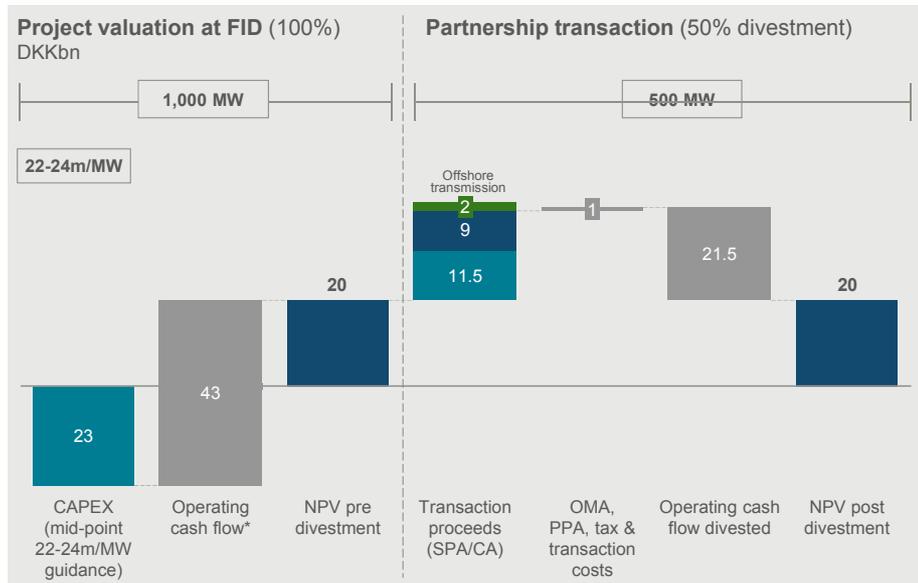
- Divestment and construction gains can roughly be estimated based on company announcement upon completion of transaction
- Announced transaction proceeds do not include profit from Operations & Maintenance Agreement (OMA) or Power Purchase Agreement (PPA)
- Construction gain recognised according to degree of completion, and divestment gain (SPA) normally recognised at time of transaction
- Besides CAPEX, the proceeds also cover historical project development costs

* Source: <https://www.ofgem.gov.uk>: Developer's initial transfer value: GBP 530.4m. 50% included reflecting Partner's share

** Real 2015 prices

Generic farm down UK wind farm

Illustrative example - Valuation of investment and divestment case



* Offshore transmission investment and divestment included in operating cash flow

Valuation of investment and divestment case

- DONG Energy brings in partners at around its cost capital
- NPV post divestments equals NPV pre divestment, crystalizing the value creation up front
- Gain from divestment example of DKK 10bn:
 - Gain on transaction DKK 9bn
 - DKK 1bn from OMA and PPA, less tax and transactions costs

Wind Power – Upcoming farm downs



Expected timing of farm downs



Walney Extension
(capacity 659 MW)
Farm down expected in 2017



Borkum Riffgrund 2
(capacity 450 MW)
Farm down expected in 2018



Hornsea 1
(capacity 1,200 MW)
Undecided



Borssele 1&2
(capacity 700 MW)
Undecided

Bioenergy & Thermal Power



Directional guidance 2017 vs. 2016

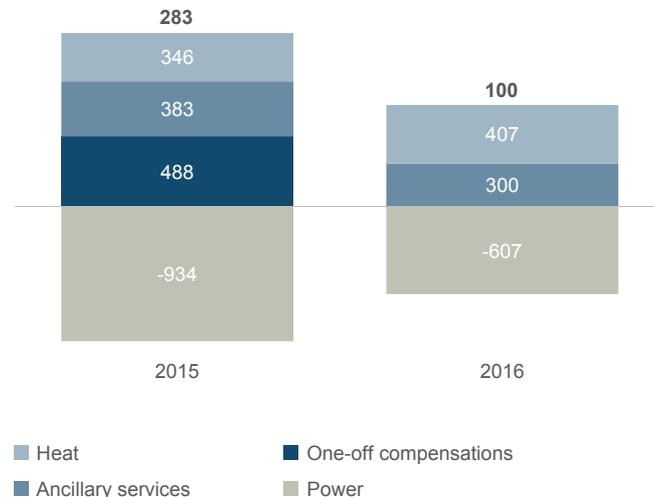
Higher EBITDA. We assume combined heat and power EBITDA to improve compared to FY 2016

Going forward

- EBITDA from our district heating activities expected to more than double compared to DKK 346m in 2015, driven by completion of the conversions of Studstrup and Avedøre in late 2016 and Skærbæk in H1 2017
- Earnings from ancillary services expected to be in the DKK 0.3-0.4bn range seen in 2015 and 2016
- Power markets expected to remain challenging in 2017, and continue to lead to negative 'Power' EBITDA
- Note: With an increasing heat generation based on biomass, a larger part of the power generation will also be based on biomass due to combined generation. This will in isolation adversely impact EBITDA from power generation as biomass is a more expensive fuel

EBITDA development

DKKm



Distribution & Customer Solutions



Directional guidance 2017 vs. 2016

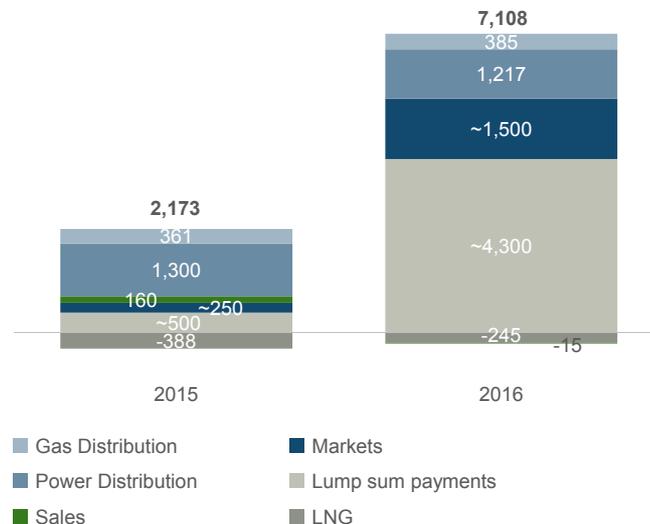
Significantly lower EBITDA. Also significantly lower underlying (underlying EBITDA of DKK 2.4bn in 2016)

Going forward

- Power Distribution and Sales expected to remain stable
- Regulated power asset base of DKK 10.7bn expected to increase by 5% annually towards 2020
- Markets:
 - Gas portfolio management activities positively impacted by increasing gas price in H2 2016 leading to positive adjustment of gas storage and gains locked in in earlier periods, not expected to be repeated in 2017
 - Market trading have constrained risk management mandates, but high market volatility has led to strong performance in 2016, not likely to be repeated in coming years, especially due to lower volumes from expected O&G divestment
 - Underlying EBITDA increase from run-rate margin improvement following the completion of renegotiation of the long-term gas purchase contracts
- LNG slightly better in near-term and stable in the medium-term
- 16 out of 18 price reviews related to 2011-2015 period have been closed at the end of 2016. No significant lump sums expected from the remaining open price reviews
- Oil Pipe and Offshore Pipeline assets to be divested are included in Distribution and Markets, respectively

EBITDA development

DKKm



Oil & Gas – Discontinued operations



Directional guidance 2017 vs. 2016

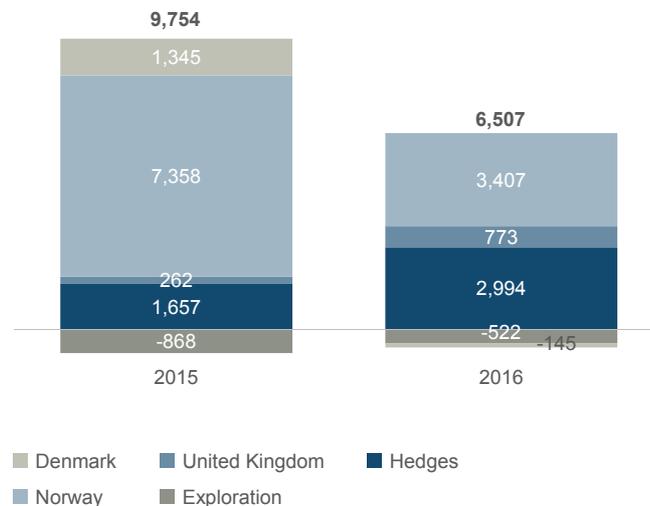
Lower EBITDA

Going forward

- Lower production due to natural decline, divestment of five Norwegian assets and last catch-up volume received from Ormen Lange in Q1 2016
- Restructuring and refocus of business reduces costs
- Minor exploration and appraisal costs going forward
- Net profit of DKK 1.1bn in 2016; shown in a separate line in the income statement as 'Net profit from discontinued operations'
- O&G Free cash flow of DKK 1.1bn in 2016. 2017 expected to be roughly in line with 2016
- Cash flow break-even at \$33/boe
- Market value of hedges of DKK 1.4bn (year-end 2016) not to be included in a transaction
- Unrecognised tax assets can – under certain circumstances – be used against hydrocarbon tax in UK and DK
- 2P reserves at 197mboe

EBITDA development

DKKm



Net finance costs

Key commentary

Net finance costs in 2017 to be impacted by:

- Reduced gross debt end-of-2016 at DKK 25.1bn
- Average funding rate end-of 2016 of 4.0%, compared to an average rate of 4.4% for 2016
- 89% of our debt is fixed rate
- Costs relating to early repayments not expected to be repeated
- The financial income and expenses related to 'Value adjustments of derivative financial instruments', 'Exchange rate adjustments' and 'Financial income and expenses' is expected to fluctuate around "0"

FINANCIAL INCOME AND EXPENSES, DKKm	2016	Main drivers
Interest expenses, net	-402	
- Interest income from cash etc.	49	Cash
- Interest income from securities at fair value	420	Securities
- Interest expenses relating to loans and borrowings	-1,444	Gross debt
- Interest expenses transferred to assets	574	Capitalised based on 'Assets on Construction'
Interest element of provisions etc.	-392	Structural interest rate of 4.5% applied on provisions for decommissioning, onerous contracts and prepayments from heat customers
Costs relating to early repayments	-892	Not expected to be repeated
Value adjustments of derivative financial instruments, net	-124	Fluctuates around "0", but sensitive to market price developments
Exchange rate adjustments, net	1,035	Fluctuates around "0", but sensitive to exchange rate developments
Value adjustments of securities, net	-96	- Discount on bond portfolio +/- Running MV reg. of bond portfolio
Other financial income and expenses, net	104	Fluctuates around "0"
Net financial income and expenses	-767	

Tax overview

Key commentary

Our effective tax rate is expected to be close to a weighted average of the ordinary statutory tax rates for Denmark (22%), the UK (18%) and Germany (30%), excluding tax-exempt gains on divestments / farm downs

Taxation on farm downs

- EBITDA from construction agreements is recognised throughout the construction phase (1-3 years), but taxes related to these are normally not paid until the year of completion
- Gains on the divestment of shares (SPA) are, as a general rule, tax exempt
- However, as farm down to, or below, 50% will lead to an exit from International joint taxation for that wind farm, a payment of part of the Danish re-taxation balance will be triggered

International joint taxation (IJT)

- We currently expect to exit the IJT in 2018
- Tax liability of DKK c. 1.7bn year-end 2016

TAX AND TAX RATE, DKKm	Profit before tax	Tax here of	Tax %
Gain (loss) on divestments	4,243	-88	2%
Rest of DONG Energy	10,109	-2,103	21%
Effective tax for the period	14,352	-2,191	15%



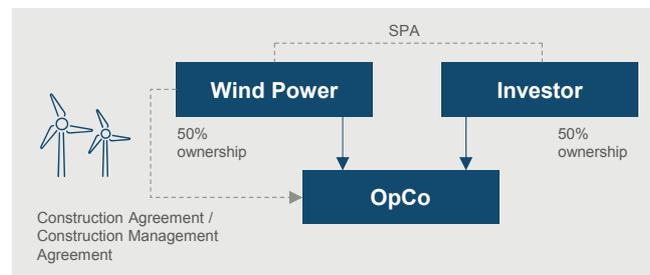


Appendix

Tax on farm down gains



Principal tax effect from farm down



- Wind Power divests 50% of ownership in OpCo holding project rights
- Wind Power builds and sells operating wind farm to OpCo
- For tax purposes gains from Construction agreements are taxed at Commercial Operation Date (COD) and gains from construction management agreements are taxed on a continuous basis
- SPA gains typically tax exempt
- Access to tax depreciations from CAPEX in country of operation

Danish International Joint Taxation



Danish International Joint Taxation

- Since 2005, the Group has chosen to use Danish rules on international joint taxation, which are tax rules that were originally introduced to promote Danish companies' investments abroad
- International joint taxation allows for a temporary relief in the Danish taxable income for negative taxable income, which primarily stems from depreciation and amortization relating to non-Danish capital expenditures and expenses incurred abroad. These can be deducted in the Danish statement of taxable income, just as profit earned abroad is taxed in Denmark
- Double taxation is generally avoided via domestic credit relief rules or tax treaty relief

- The rules on Danish international joint taxation only result in a postponement of the tax payable in Denmark and will thus result in increased Danish tax payments in the future, corresponding to the tax savings the Group has realized from foreign investments in previous years
- The deferred tax liability resulting from Danish international joint taxation is recognized in the consolidated financial statements
- IJT does not affect foreign local taxation

IJT exit

- DONG Energy continuously calculates effects from IJT and monitors consequence from premature exit
- Under the current assumptions the group is expected to leave IJT in 2018

O&G Unrecognised Tax Assets



The below table indicates the off balance sheet tax assets in O&G.

UNRECOGNISED TAX ASSETS, DISCONTINUED OPERATIONS (DKKbn)	2016
Denmark, hydrocarbon income (Chapter 3A of DHTA), tax base	17.9
Denmark, hydrocarbon income (Chapter 2 of DHTA), tax base	3.4
The UK, hydrocarbon income, special income tax and hydrocarbon tax, tax base	4.1
Greenland and the Faroe Islands, hydrocarbon income, tax base	0.2
Total at 31 December	25.7

- Unrecognised tax assets can be carried forward indefinitely
- A buyer may or may not be able to capitalise the unrecognised tax losses subject to, among other things, the buyer's tax position