

DONG Energy

Investor Presentation

New Issue of 1000NC5 Hybrid Securities

July 2013



DONG
energy

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Agenda

DONG Energy financial highlights

Transaction Details



Financial highlights Q1 13

EBITDA – DKK 4.6bn (up 30% y/y)

- Exploration & Production – up DKK 0.4bn y/y
Higher oil production and lower costs for Siri repair
- Wind Power – up DKK 0.7bn y/y
New wind farms brought on stream and gain from construction agreements in Wind Power
- Thermal Power, S&D⁽⁴⁾ and Energy Markets – unchanged y/y

CFO – DKK 2.2bn (up 114% y/y)

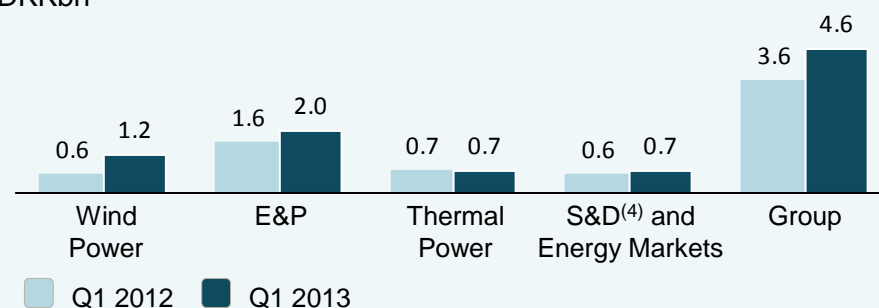
- Increase y/y driven by higher EBITDA and less negative impact from working capital development

Net debt – DKK 34.5bn (up 8% vs. Q4 12)

- Proceeds from divestments from Polish onshore wind (DKK 1.8bn) to be received later in 2013

Selected financials (DKKm) ¹	Q1 13	Q1 12	2012
Revenue	21,449	19,896	67,179
EBITDA	4,627	3,564	8,639
Financial items, net	-639	-414	1,356
Profit after tax	474	2,257	-4,021
Assets	156,079	162,642	157,489
Equity incl. hybrid	49,608	58,394	50,016
Net debt	34,537	24,349	31,968
FFO	3,419	2,681	7,394
CFO	2,233	1,043	7,891
Net investments	5,247	2,023	13,799
Adjusted net debt ⁽²⁾ /EBITDA ⁽³⁾	3.8x	2.1x	4.0x
FFO ⁽³⁾ /Net debt	24%	44%	23%

EBITDA Breakdown DKKbn



1) Comparison figures for 2012 changed from implementation of IFRS 11 in 2013

2) Net debt plus 50% of outstanding hybrid capital due 3005 and 0% of hybrid capital due 3010

3) Last 12 months

4) Sales and Distribution

2013-14 Financial Action Plan

1 Divest DKK 10bn of non-core assets

2 Selective farm-down of core assets

3 Reduce costs by DKK 1.2bn, full effect in 2013

4 Restructure Energy Markets

5 Inject equity of at least DKK 6-8bn

Current status

- Execution of divestment programme progressing as planned
- Sale of non-core assets of DKK 7.1bn in 1H 2013

- Execution of farm-downs progressing as planned

- 2013 cost reduction target fully implemented

- Significant cost reductions and new organisation in place
- Sound progress on renegotiations of gas contracts

- Equity process continuing according to plan and expected to close in 2013

Sizeable new assets coming on stream next 3 years

Assets coming on stream in 2013



London Array
UK, 630MW¹
Ownership: 50%

- All 175 turbines installed (Dec. 2012)
- Final commissioning expected summer 13



Lincs
UK, 270MW¹
Ownership: 25%

- All 75 turbines installed (April 2013)
- Final commissioning expected summer 2013



Anholt
DK, 400MW¹
Ownership: 50%

- All 111 turbines installed (May 2013)
- Final commissioning expected Q3 13



Syd Arne phase 3
DK oil field, 16MMboe²
Ownership: 36.8%

- Field installations in place (platforms & pipelines)
- Drilling has commenced in June 13 with first oil expected in Q4 13

Assets coming on stream in 2014/2015



West of Duddon Sands
(389 MW¹)

Borkum Riffg. 1
(277 MW¹)
Westermøst R.
(210 MW¹)

2014

2015



Laggan-Tormore
(UK gas field – 44MMboe²)

Hejre
(DK oil field – 102MMboe²)

1) Gross capacity
2) DONG Energy share of reserves

Funding and Rating Overview

Long term capital structure target

- Maintain a minimum rating of BBB+ / Baa1
- Adjusted net debt up to 2.5 times EBITDA

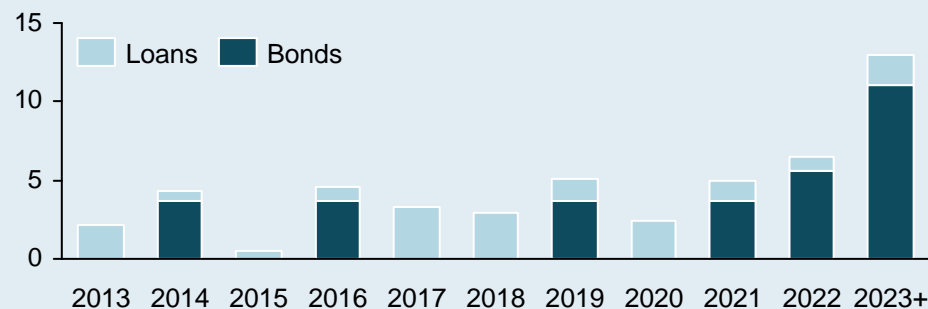
Credit ratings

	S&P	Moody's	Fitch
Corporate	BBB+	Baa1	BBB+
Senior bonds	BBB+	Baa1	BBB+
Hybrid capital ⁽²⁾	BBB-, BB, BB+	Baa3	BBB-
<i>Outlook</i>	<i>Negative</i>	<i>Stable</i>	<i>Negative</i>
<i>Last Update</i>	<i>Jun. 2013</i>	<i>Jun. 2013</i>	<i>Jun. 2013</i>

1) Marketable securities in REPO transactions excluded (DKK 4.2bn in Q1 13)

2) 3005 Hybrid: BBB-; 3010 Hybrid: BB; 3013 Hybrid: BB+

Long term debt maturity schedule per Q1 13 (DKKbn)



Liquidity reserves (DKKbn)

	Q1 13	Q4 12
Liquid assets (unrestricted) ⁽¹⁾	11.8	14.2
Committed borrowing facilities	11.6	11.6
Total	23.4	25.7

Five new bilateral facilities signed in May 2013 – with a total net amount of DKK 5.1bn

Exchange of Hybrid Capital 3010NC10 and new issue in June 2013 of Hybrid Capital 3013NC10 (50% equity credit) of EUR 700m

Summary credit considerations

- 1 A leading North Western European energy company, majority owned by the State of Denmark
- 2 Global market leader in offshore wind, the fastest growing renewable technology
- 3 Focused North Western European E&P player with a balanced asset portfolio
- 4 #1 utility in Denmark present across the natural gas and power value chain
- 5 Continued high degree of regulated earnings from low risk gas and electricity distribution and increasingly offshore wind
- 6 Strong focus on returns and cash discipline and commitment to preserve capital structure targets



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Transaction rationale and background

- Following its recent announcement of exchange offer results and 1000NC10 New Issuance, DONG Energy is today announcing its intention to issue new 1000NC5 securities to the market
- Together with the recently issued 1000NC10 hybrid securities, DONG Energy views this transaction as a further strengthening of the capital structure
- The new 1000NC5 hybrid instrument is structured in accordance with the prevailing standard market structure, similar in structure to DONG Energy's recently issued 1000NC10 instrument
- The 1000NC5 instrument is expected to receive 50% equity credit from all three agencies
- The hybrid capital market continues to be an integral part of DONG Energy's long term capital structure management

Key highlights of the new NC5 Capital Securities





Maturity	<ul style="list-style-type: none"> ▪ 1000NC5 ▪ Call at par on [8 July 2018] (the “First Par Call Date”) and on any Coupon Payment Date thereafter 	In line with recent precedents
Coupon Payments	<ul style="list-style-type: none"> ▪ Fixed rate until [8 July 2018] ▪ Reset fixed rate every 5 years to 5-year swap rate + initial credit spread and a step-up of 25 bps from [8 July 2023], and an additional 75 bps from [8 July 2038] 	
Ratings	<ul style="list-style-type: none"> ▪ Baa1 / BBB+ / BBB+ (Issuer ratings) ▪ Baa3 / BB+ / BBB- (Expected Security ratings) 	Rating Agency Equity Content
Anticipated Equity Treatment	<ul style="list-style-type: none"> ▪ “Intermediate” with S&P (50%) until First Par Call Date ▪ “Basket C” with Moody’s (50%) ▪ 50% equity credit with Fitch ▪ Equity classification under IFRS 	
Coupon Deferral	<ul style="list-style-type: none"> ▪ Optional deferral (cash cumulative and compounding) 	Cumulative and Compounding Interest
Payment of Deferred Coupons	<ul style="list-style-type: none"> ▪ Optional deferral: at any time ▪ Issuer must settle any Outstanding Payments following: <ul style="list-style-type: none"> – A Compulsory Payment Event: (i) discretionary dividend/payment declared on Issuer Shares or Parity Securities (ii) Issuer redeems, repurchases/acquires Issuer Shares or Parity Securities (subject to customary exceptions) – Upon optional redemption or redemption due to Tax Event, Accounting Event, Ratings Event or upon Redemption for minimum outstanding amount – Bankruptcy, winding up, liquidation, or dissolution of the Issuer 	
Early Redemption Events	<ul style="list-style-type: none"> ▪ Accounting Event, Ratings Event, Redemption for minimum outstanding amount, Tax Event (loss of interest deductibility) – at 101% until First Par Call Date; par thereafter ▪ Tax Event (gross-up) – at par 	Dividend pusher
Replacement Language	<ul style="list-style-type: none"> ▪ S&P “Intent”-based language applying to but excluding [8 July 2038] if S&P senior rating is below current level 	

Defined terms have the meaning set out in the Preliminary Prospectus

Feature Comparison of 2013 NC5 Hybrid with Existing Hybrids

	2013 Hybrids		2011 Hybrid	2005 Hybrid
	3013-NC2018	3013-NC2023	3010-NC2021	3005-NC2015
Maturity	▪ 1000 years	▪ 1000 years	▪ 1000 years	▪ 1000 years
Issuer's Call Options	▪ At par from NC5 (July 2018)	▪ At par from NC10 (June 2023) ▪ At the Make-whole annually from NC5 to NC9	▪ At par from NC10.5 (June 2021)	▪ At par from NC10 (June 2015) ▪ At a sliding scale Make-whole from NC5 to NC9
Coupon	▪ Fixed to NC5, fixed rate reset every 5 years thereafter ▪ Step-up of 25bps after 10 years, with an additional 75bps after 25 years	▪ Fixed to NC10, fixed rate reset every 5 years thereafter ▪ Step-up of 25bps after 10 years, with an additional 75bps after 30 years	▪ Fixed to NC10.5, annual floating rate thereafter ▪ Step-up of 100bps after 10 years	▪ Fixed to NC10, quarterly floating rate thereafter ▪ Step-up of 100bps after 10 years, and after 500 years
Optional coupon deferral	▪ Optional deferral ▪ Cash cumulative and compounding	▪ Optional deferral ▪ Cash cumulative and compounding	▪ Optional deferral subject to dividend pusher with 3m look-back ▪ Cash cumulative and compounding	▪ Optional deferral at any time ▪ Non-cash cumulative (ACSM) and compounding ▪ Dividend stopper applies until all deferred coupons settled
Mandatory coupon deferral	▪ N/A	▪ N/A	▪ Mandatory deferral if S&P Issuer ratings is BB+ or below ▪ Cash cumulative and compounding	▪ N/A
Payment of optionally deferred coupons	▪ At any time, and must settle following payments on/repurchase of Issuer Shares/Parity Securities, optional redemption or insolvency	▪ At any time, and must settle following payments on/repurchase of Issuer Shares/Parity Securities, optional redemption or insolvency	▪ At any time, and must settle following a dividend pusher, optional redemption or insolvency	▪ At any time, but prior to making dividend payments on/repurchase of Ordinary Shares/Parity Securities
Payment of mandatorily deferred coupons	▪ N/A	▪ N/A	▪ Must not settle before the earlier of (i) mandatory deferral being cured or (ii) 5 years after mandatory deferral ▪ Thereafter at any time, and must settle following dividend pusher, optional redemption or insolvency	▪ N/A
Early Redemption Events	▪ Same as 2011 Hybrid	▪ Same as 2011 Hybrid	▪ Tax Event (gross-up (Par); loss of interest deductibility (101%)) ▪ Accounting Event (101%) ▪ Ratings Event (101%) ▪ Minimum outstanding amount (less than 10%) (101%)	▪ Tax Event–Tax Event (gross-up (Par); loss of interest deductibility (make -whole))
Replacement language	▪ S&P “intent” based replacement language	▪ S&P “intent” based replacement language	▪ RCC coming into effect on the Issue Date ▪ Valid until the Coupon Payment Date falling closest to June 2046	▪ S&P “intent” based replacement language

Structural Comparison with Recent EUR Precedents

					
Industry	Energy	Utility	Utility	Telecommunications	Utility
Issue Date	[●], 2013	March 11, 2013	February 21, 2013	January 24, 2013	January 22, 2013
Nominal Outstanding	€[●] MM	€1,250 MM	€525 MM	€600 MM	€1,250 MM
Issuer's senior ratings (M/S&P/F)	Baa1 / BBB+ / BBB+	Baa1 / BBB+ / BBB+	Baa1 / BBB / BBB+	Baa1 / BBB / -	Aa3 / A+ / A+
Instrument ratings ⁽¹⁾ (M/S&P/F)	Baa3 / BB+ / BBB-	Baa3 / BBB / BBB-	Baa3 / BB+ / BBB-	Baa3 / BB+ / -	A3 / BBB+ / A-
Equity credit ⁽¹⁾	Moody's: 50% Basket C S&P: 50% Intermediate Fitch: 50%	Moody's: 50% Basket C S&P: 50% Intermediate Fitch: 50%	Moody's: 50% Basket C S&P: 50% Intermediate Fitch: 50%	Moody's: 50% Basket C S&P: 50% Intermediate -	Moody's: 50% Basket C S&P: 50% Intermediate Fitch: 50%
IFRS accounting	Equity	Liability	Equity	Equity	Equity
Ranking	Deeply subordinated, ranking senior to ordinary share capital only	Deeply subordinated, ranking senior to ordinary share capital only	Deeply subordinated, ranking senior to ordinary share capital only	Deeply subordinated, ranking senior to ordinary share capital only	Deeply subordinated, ranking senior to ordinary share capital only
Final maturity date	[July 8], 3013	June 18, 2076	Perpetual	Perpetual	Perpetual
First call date	[July 8], 2018	June 18, 2020	February 27, 2018	February 1, 2018	January 29, 2020
Interest rate	To the first call date: [●]%; interest reset every 5 years thereafter (25bps step-up in y10 + 75bps in y25)	To the first call date: 4.250%; interest reset every 7 years thereafter (25bps step-up in y10 + 75bps in y27)	To the first call date: 5.750%; interest reset every 5 years thereafter (25bps step-up in y10 + 75bps in y25)	To the first call date: 5.625%; interest reset every 5 years thereafter (25bps step-up in y10 + 75bps in y25)	To the first call date: 4.250%; interest reset every 7 years thereafter (25bps step-up in y10 + 75bps in y27)
Step-up	25bps (y10) + 75bps (y25)	25bps (y10) + 75bps (y27)	25bps (y10) + 75bps (y25)	25bps (y10) + 75bps (y25)	25bps (y10) + 75bps (y27)
Deferral	Optional deferral with deferred interest pusher (cash cumulative and compounding)	Optional deferral with deferred interest pusher (cash cumulative and compounding)	Optional deferral with deferred interest pusher (cash cumulative and compounding)	Optional deferral with deferred interest pusher (cash cumulative)	Optional deferral with deferred interest pusher (cash cumulative and compounding)
Early redemption	Tax Event (gross-up) - par Tax Event (loss of interest deductibility), Accounting Event, Ratings Event, Clean-up - 101%	Gross-up / Clean-up - par Tax/Rating - 101%	Gross-up/CoC - par Accounting/Clean-up/Tax/Rating - 101%	CoC/Gross-up/Clean-up - par Tax/Rating/Accounting - 101%	Gross-up - par Clean-up/ Tax/Rating/Accounting - 101%
Replacement provision	Intent-based only	Intent-based only	Intent-based only	Intent-based only	Intent-based only
CoC	-	-	Yes	Yes	-

1) Expected for DONG Energy