



# Ørsted Ørsted's transformation

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29<sup>th</sup> May 2019  
Corporate Strategy &  
Stakeholder Relations

# Ørsted at a glance

- **Revenue (2018):** DKK 76.9bn
- **EBITDA (2018):** DKK 30.0bn
- 6,080 employees
- Active in Scandinavia, United Kingdom, Germany, The Netherlands, USA and Taiwan

## Major Shareholders (voting share %)

- Danish State 50%
- Seas NVE 10%
- Capital Group 5-10%<sup>1</sup>



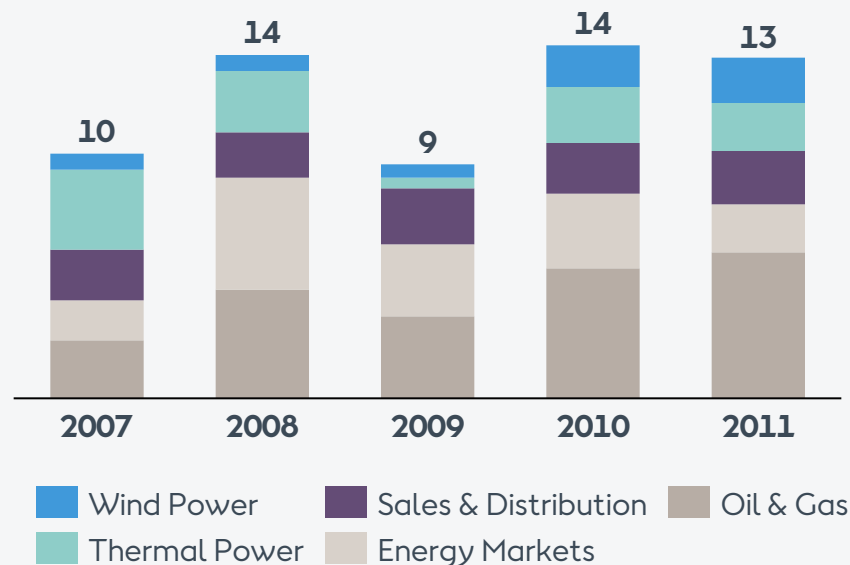
# Starting point 10 years ago: Traditional energy company

DONG Energy established through merger in 2006



Operating earnings (EBITDA)

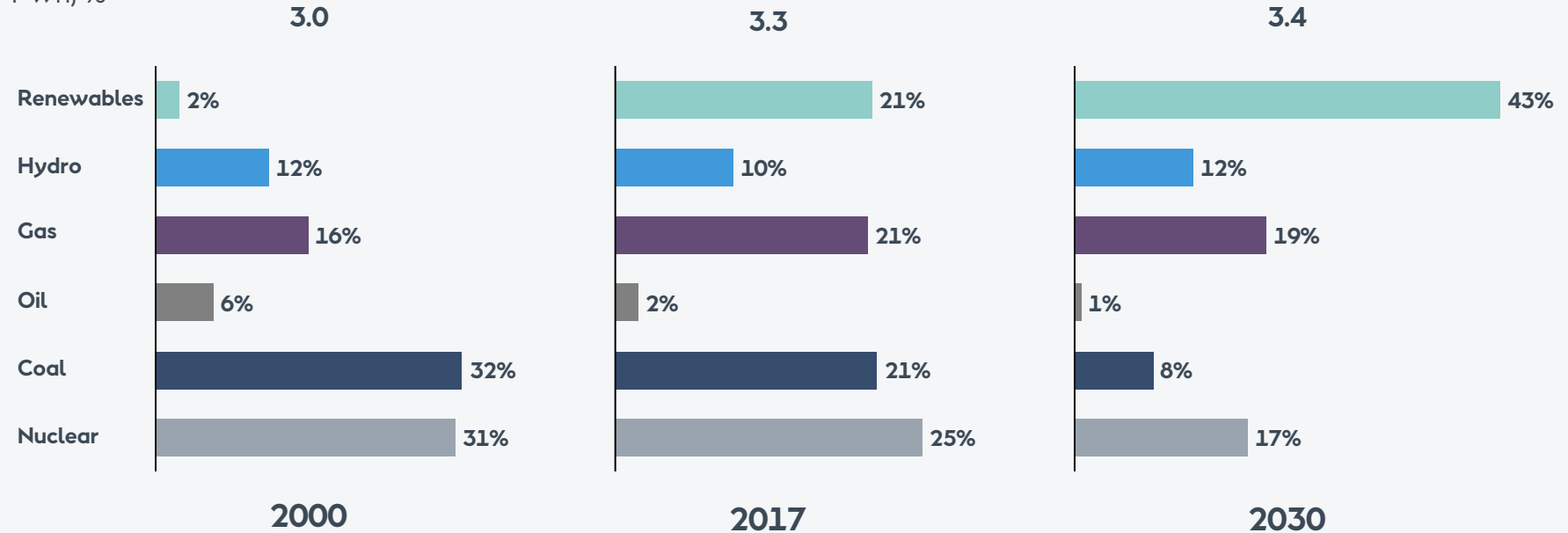
DKK bn



# Strategic context: Massive shift towards green energy

## EU power generation mix

PWh, %

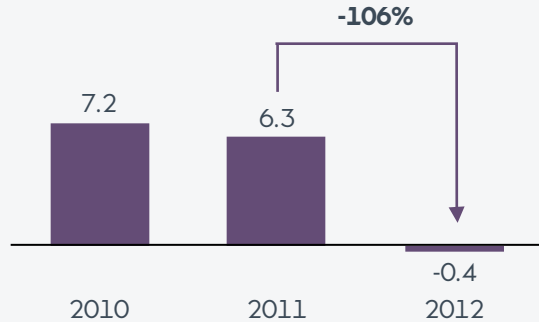


# DONG Energy came under intense financial pressure in 2012

## Legacy business operating profit (EBITDA)<sup>1</sup>

DKK bn

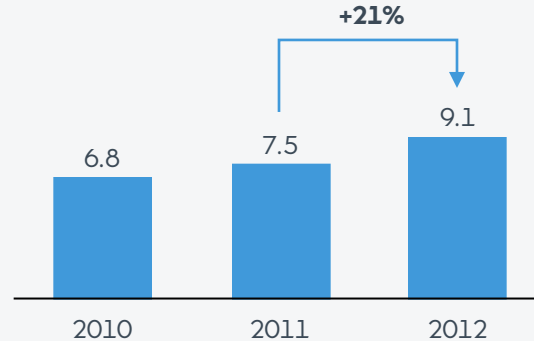
- Conventional power production
- Gas trading, storage, and LNG
- Sales and distribution



## Growth business operating profit (EBITDA)<sup>2</sup>

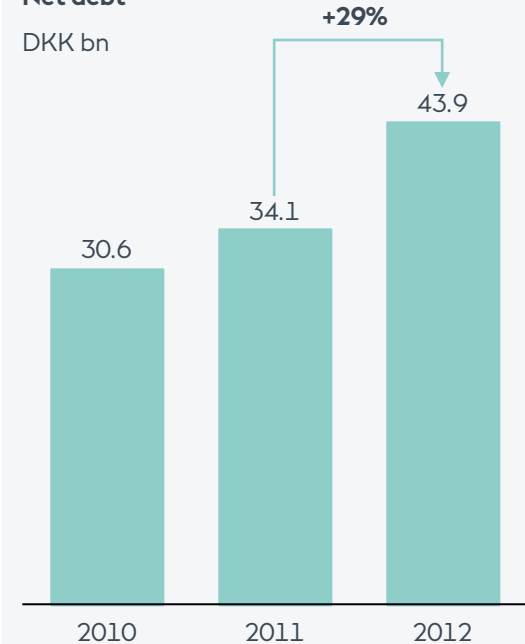
DKK bn

- Wind power production
- Oil & gas exploration and production



## Net debt

DKK bn



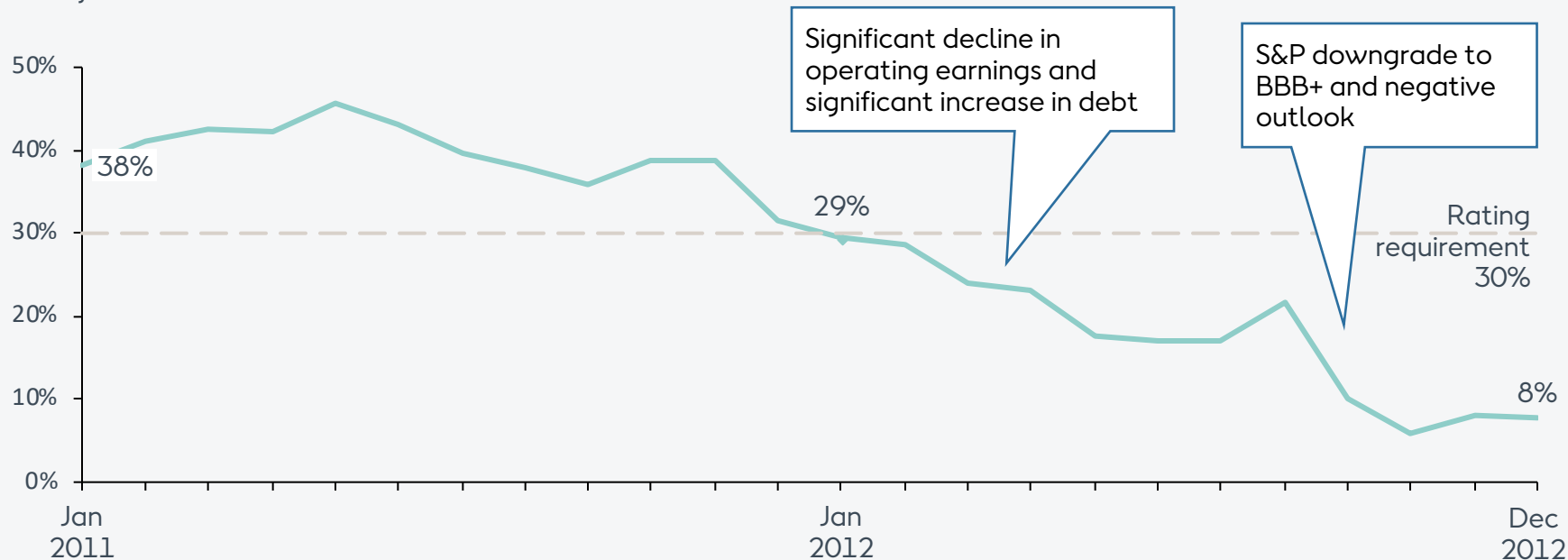
1. Thermal Power, Energy Markets and Sales & Distribution

2. Oil & Gas and Wind Power

# Our capital structure came under significant pressure

## Credit metric

FFO / Adjusted net debt



# First step in turnaround was to re-focus the business portfolio



Offshore Wind



Conventional  
Power Plants



Waste Fired  
Power Plants



Gas Storage



Oil & Gas



Distribution Grids



Virtual Power Plants



LNG



Gas fired  
power plants



Hydro



Electric Vehicle



Onshore Wind

# Going forward, only four business areas would attract investments



Offshore Wind



Conventional  
Power Plants



Oil & Gas



Distribution Grids



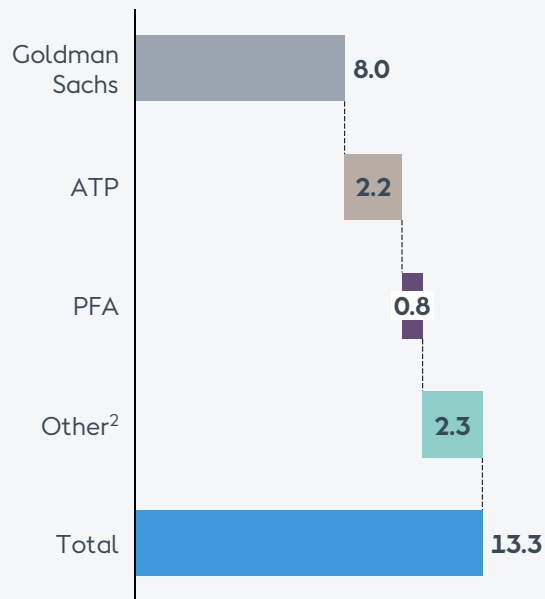
# Injection of fresh equity was needed to continue the transformation

## Shareholder structure prior to equity injection:

– Kingdom of Denmark:	81.1%
– SEAS-NVE:	10.9%
– Other:	8% <sup>1</sup>

## Equity injection, 2013

DKK bn



## Shareholder structure post equity injection:

– Kingdom of Denmark:	58.8%
– Goldman Sachs:	17.9%
– SEAS-NVE:	10.8%
– ATP:	4.9%
– PFA	1.8%
– Other:	5.8% <sup>2</sup>

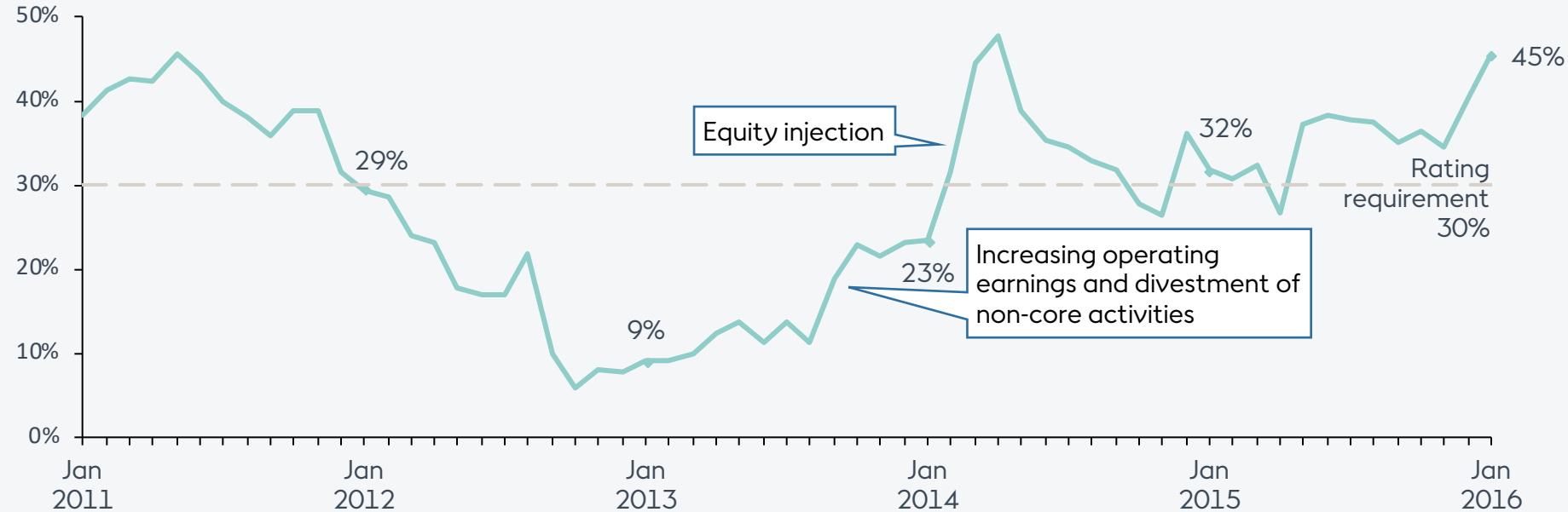
1. Other includes: Syd Energi, Nyfors Entreprise, Aura Energi and Insero Horsens

2. Other includes: Seas NVE, Syd Energi, Insero, Nyfors, Aura Energi and employees

# Capital base for growth restored in 2013-14

## Credit metric

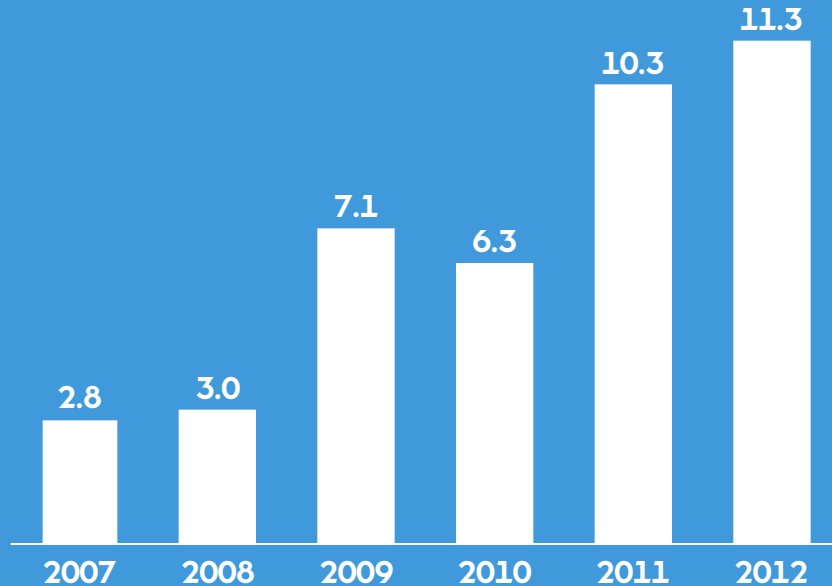
FFO/NIBD



# Offshore wind represented the best opportunity to shape a new strategic core

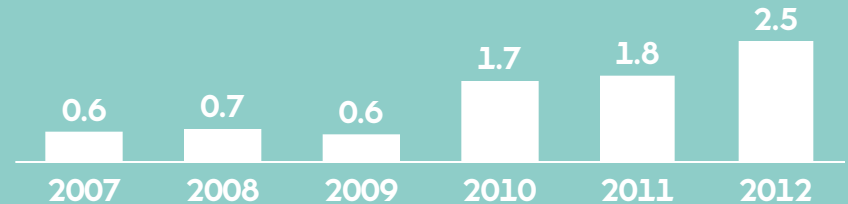
## Offshore Wind Investments

Gross investments, DKK bn



## Offshore Wind EBITDA

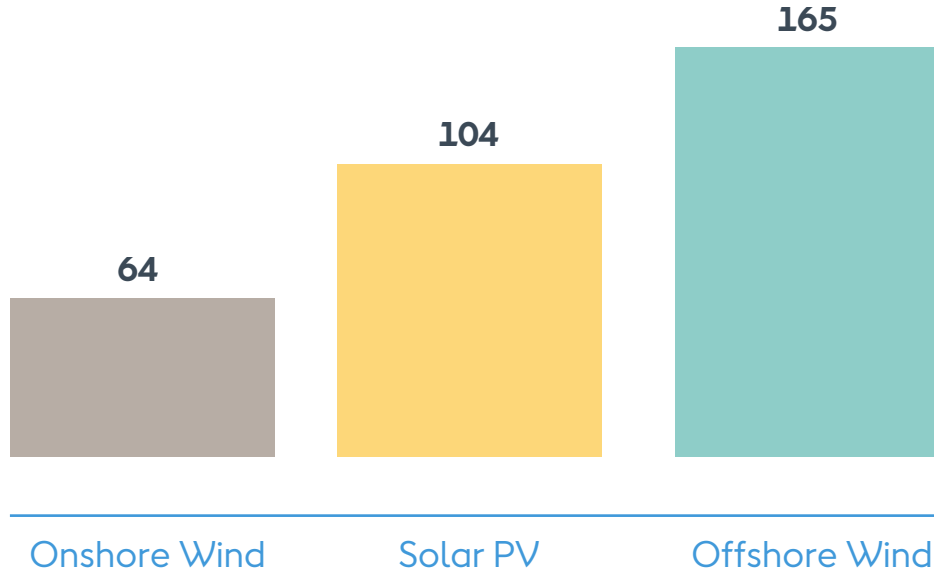
DKK bn



# However, in 2012, offshore wind was still one of the most expensive energy technologies

## Levelized Cost of Electricity 2012

EUR / MWh



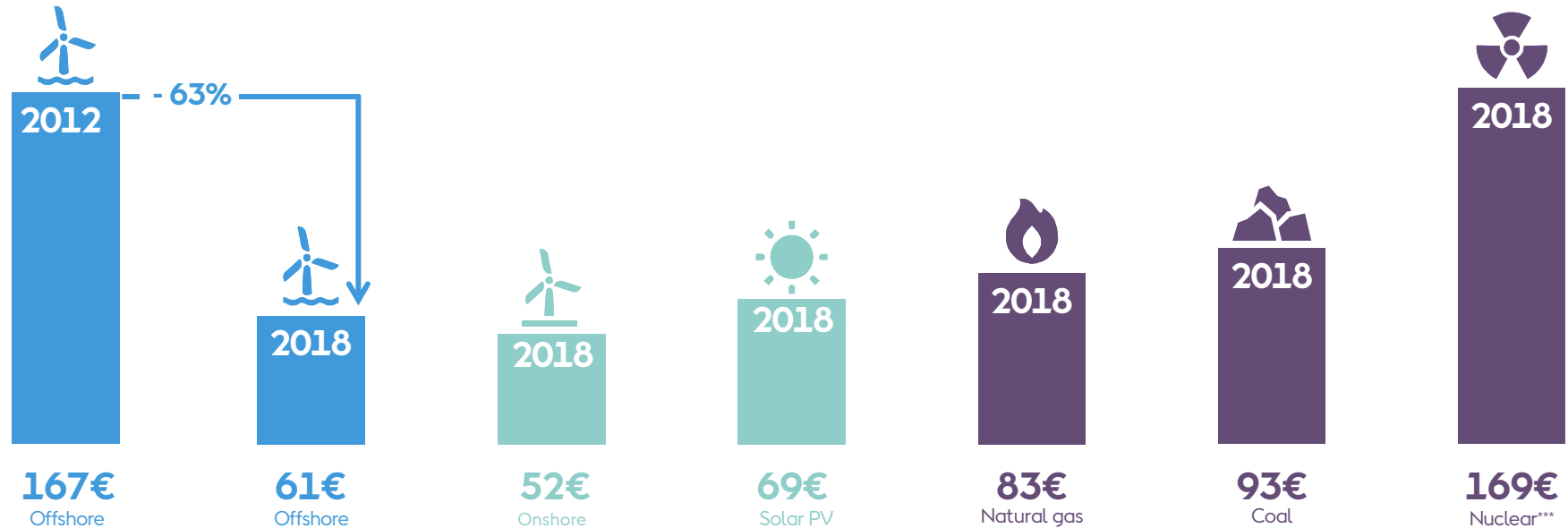
## 2020 target



# Offshore wind is today cheaper than coal, gas and nuclear

## Levelized Cost of Electricity in Northwest Europe

EUR/MWh, 2018 prices



Source: Bloomberg New Energy Finance – 2H 2018 LCOE Update, current LCOE.

Onshore wind: Simple of DE, DK, NL and UK mid-scenarios. Solar PV, Gas: average of DE, UK mid-scenarios. Coal: DE mid-scenario. Nuclear: UK mid-scenario.

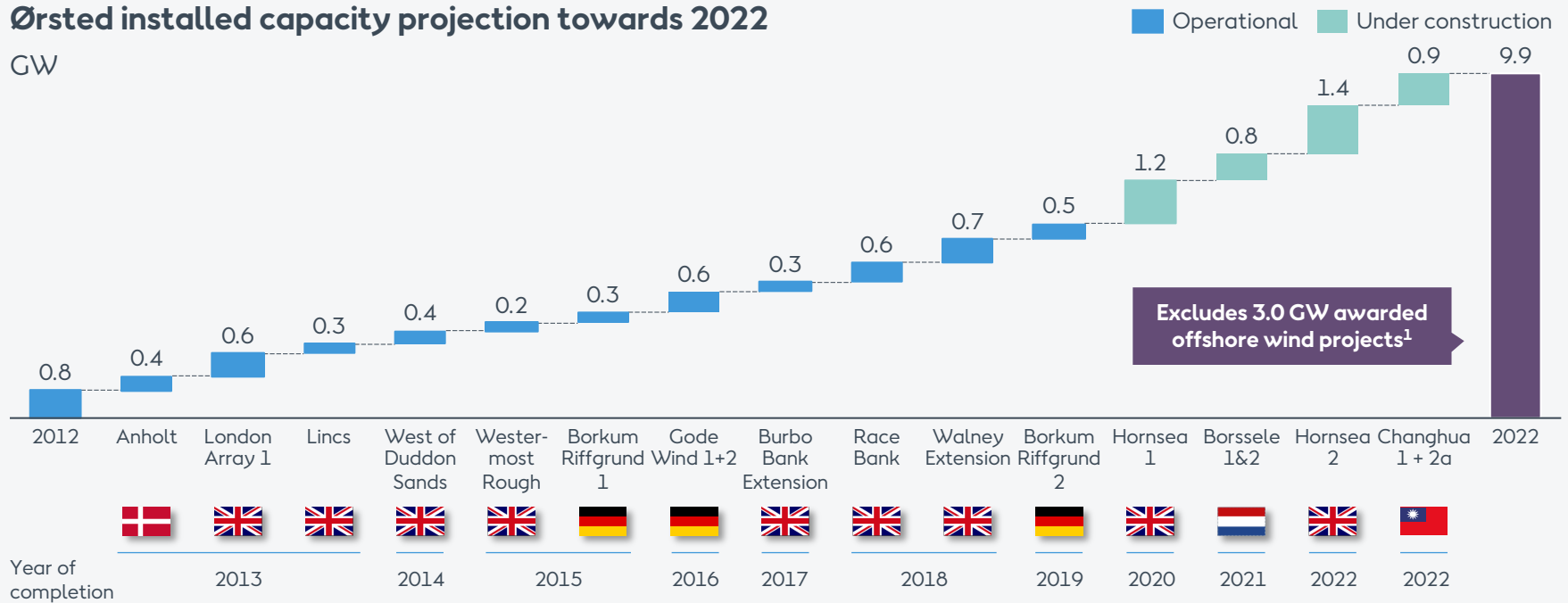
Offshore wind: 2012 generic offshore wind, Northwest Europe, FID 2012. In 2012 our goal was to reduce offshore wind costs to 100 Euro/MWh in 2020. 2018: average of relevant projects in NL, UK and DE with COD 2022-2024. NL: Hollandse Kust (zuid) I&II, UK: CfD Round 2, DE: OWP West, BRW I, BRW II. For DE and NL, additional EUR 15 per MWh assumed as transmission cost.

Exchange rate EUR:USD: 0.88, YoY inflation 2017-2018: 1%.

# Significant offshore wind build-out programme

## Ørsted installed capacity projection towards 2022

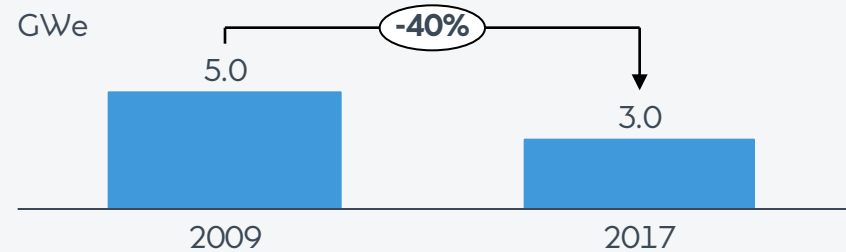
GW



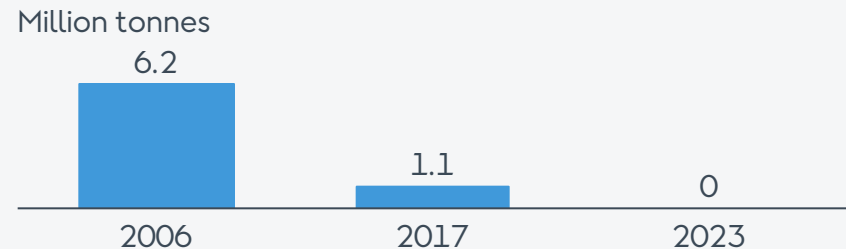
# Biomass conversions well underway – coal will be fully phased out by 2023

Plant	Conversion completed
Herning	2009
Avedøre 2	2014
Avedøre 1	2016
Studstrup	2016
Skærbæk 3	2017
Asnæs	2019
Esbjerg	Closed in 2022

## Capacity of Danish power plants



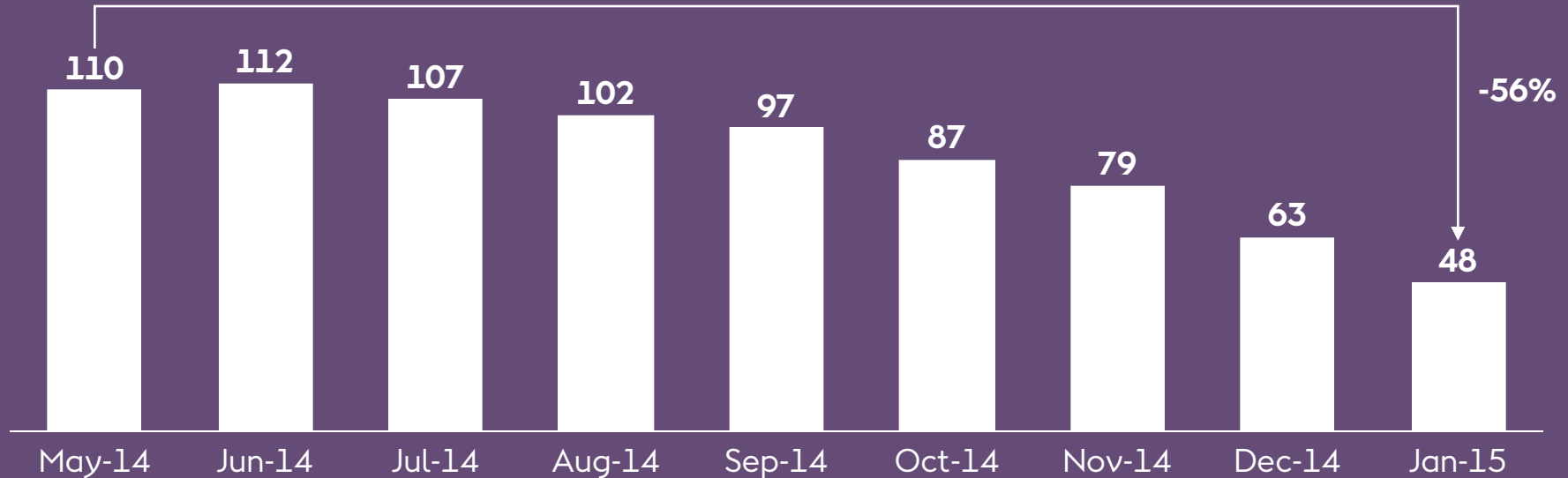
## Coal consumption



## In the second half of 2014 the oil price dropped by 56%

### Oil price

USD / boe





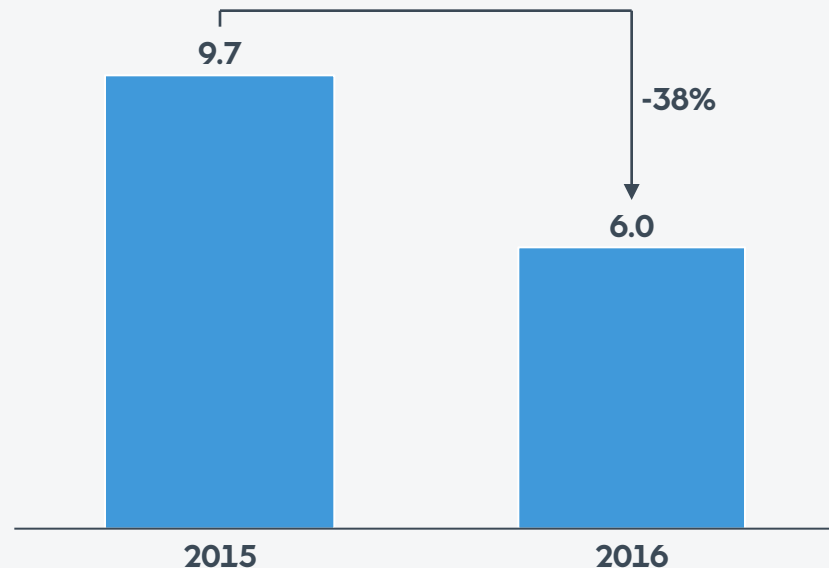
# We needed to adjust the Oil & Gas business to the new market reality

## Action plan

- Exploration spend reduced
- No new investments
- Significant cut-backs in cost base and organisation
- Ownership shares in marginal fields divested
- Hejre project restructured to contain risk

## Oil & Gas total cash spend (OPEX + CAPEX)

DKK bn



**We were getting  
ready to IPO the  
company in 2016**



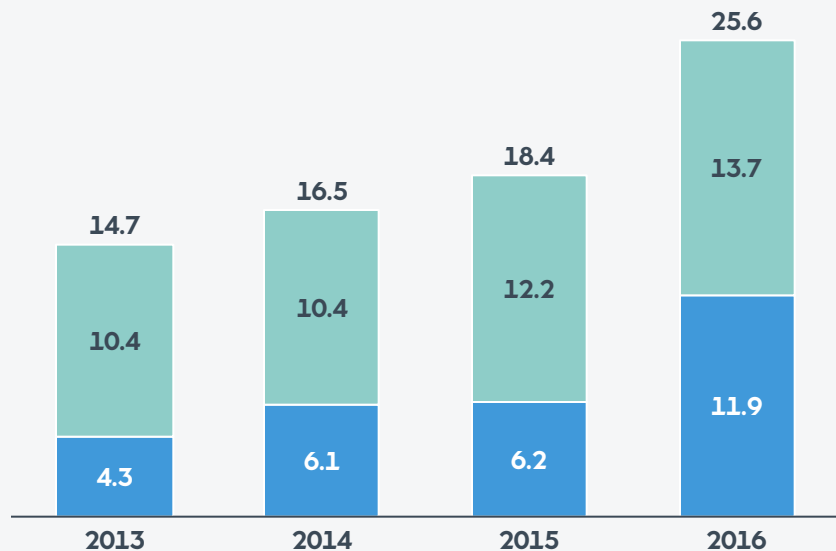
# Financial performance was picking up driven by offshore wind

## Operating profit (EBITDA)

DKK bn

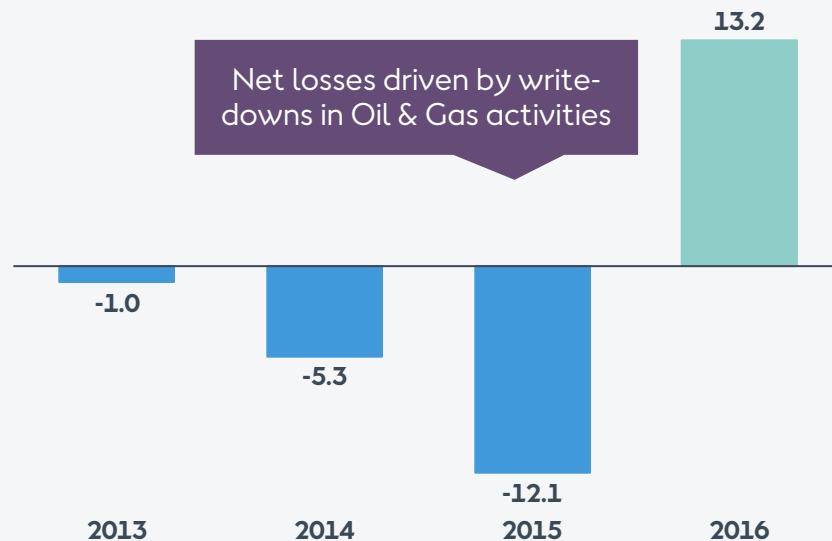
Danish Utility and Oil&Gas

Offshore Wind



## Net profit

DKK bn

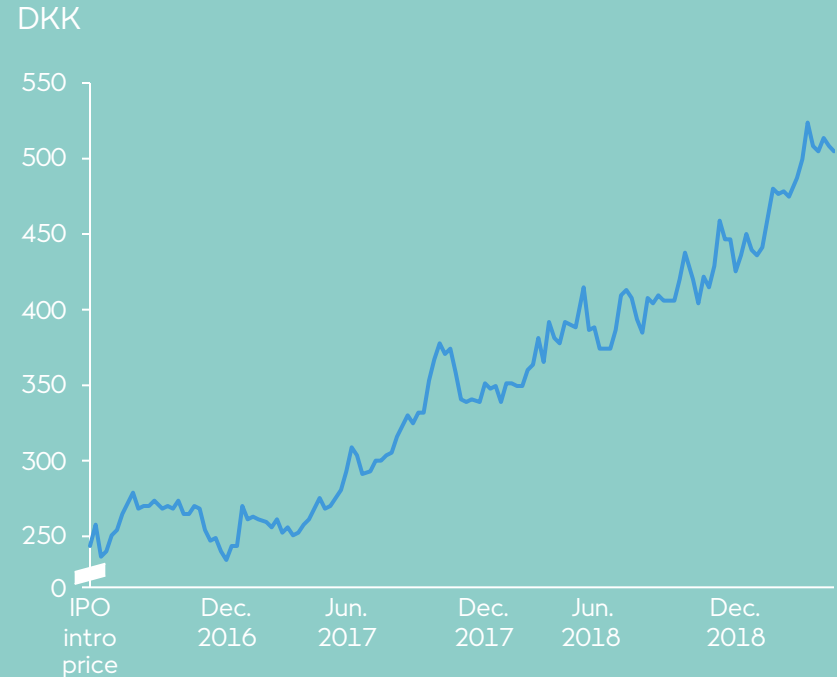


# Our IPO was the second-largest in the world in 2016

## Key IPO facts

- IPO completed 9th of June, 2016
- Final offer price of 235 DKK per share
- Market capitalization of 98.2 bn DKK
- 2nd largest IPO in 2016 globally and the largest IPO in Denmark ever
- Danish State maintains majority ownership of 50.1%

## Share price development since IPO



# Divestment of Oil & Gas in 2017 completed the green transformation

**DONG**  
energy



Wind Power



Danish Utility

**INEOS**



Oil & Gas

Acquisition value: DKK 7.0 bn

Closing on 28 September 2017

We changed our name and brand identity 3 days later

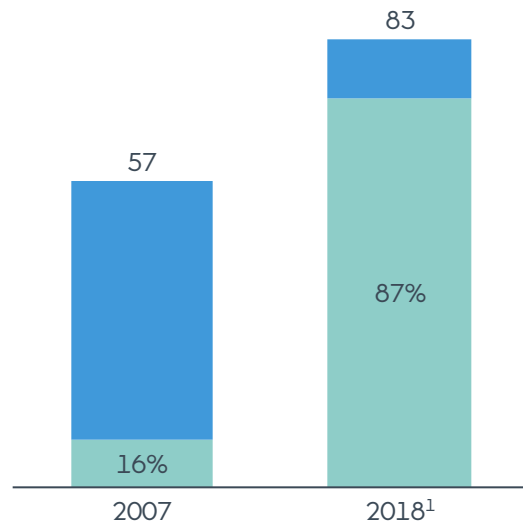
Ørsted

# We have transformed Ørsted to a green and international energy company

## Capital employed

DKKbn

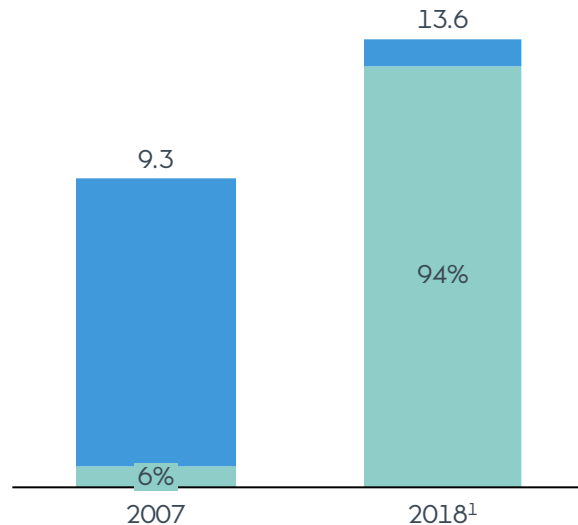
■ Remaining business  
■ Renewables



## Operating profit (EBITDA)

DKKbn

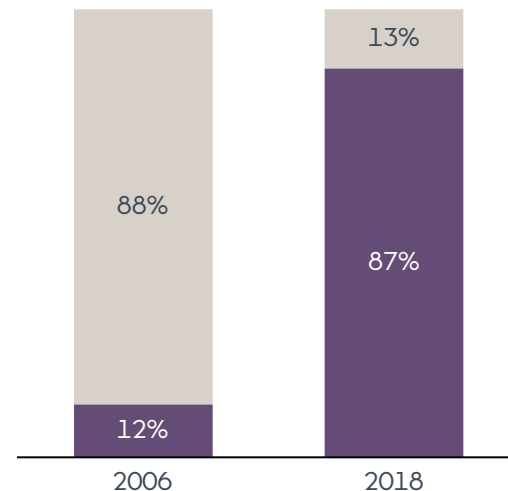
■ Remaining business  
■ Renewables



## International share of operating profit

%

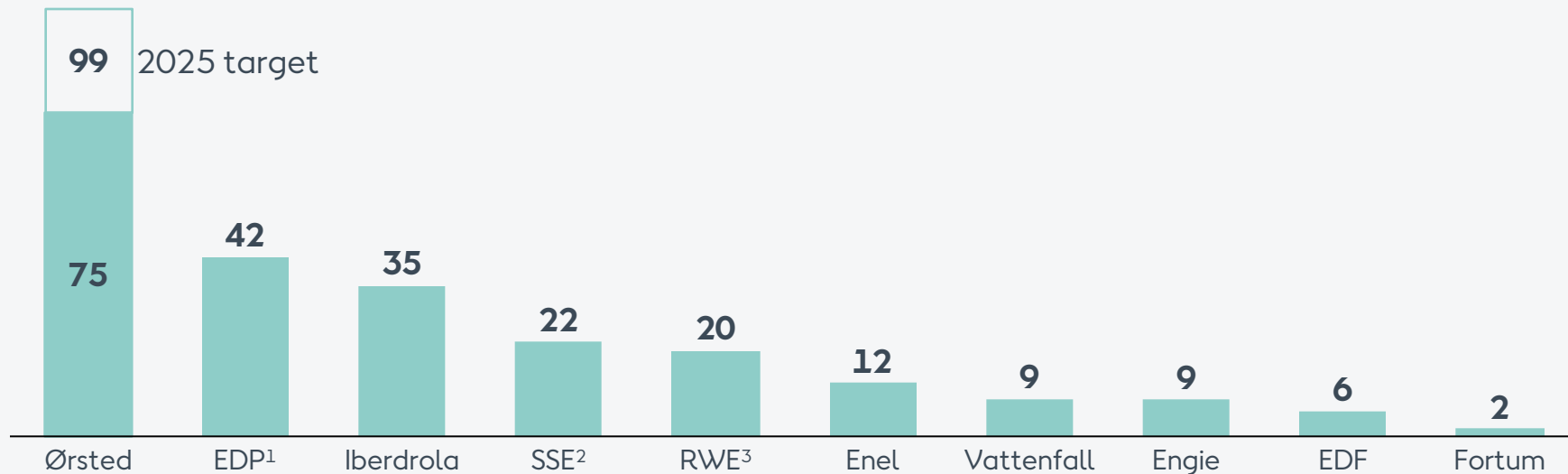
■ Danish  
■ International



# We are now the greenest energy company in Europe

## 2018 %-share of power generation from renewables

Offshore wind, onshore wind, solar PV and bioenergy



Source: Annual reports, company presentations

1. EDP majority owner is EDP with 82% so this is treated as a combined group.

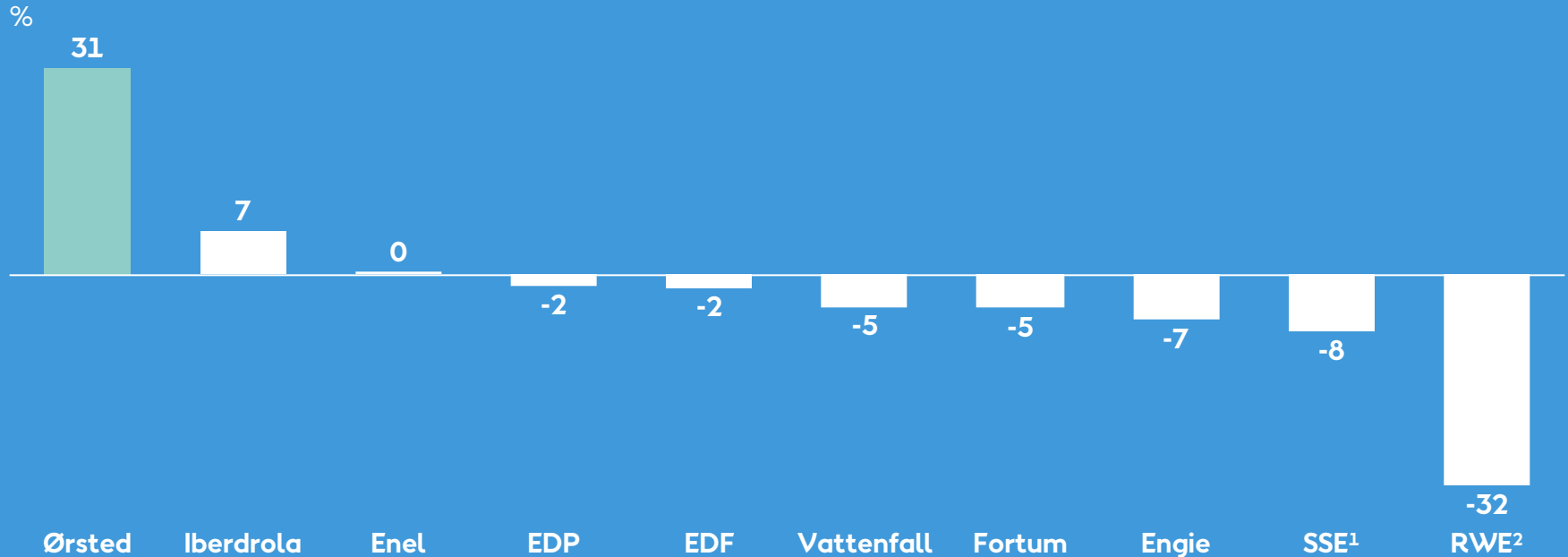
2. SSE capacity as of March 2018

3. RWE capacity includes E.ON and Innogy's renewables



# Profit improvement in recent years has outpaced European peers

## Operating profit CAGR 2013-2018



Source: Company annual reports and presentation

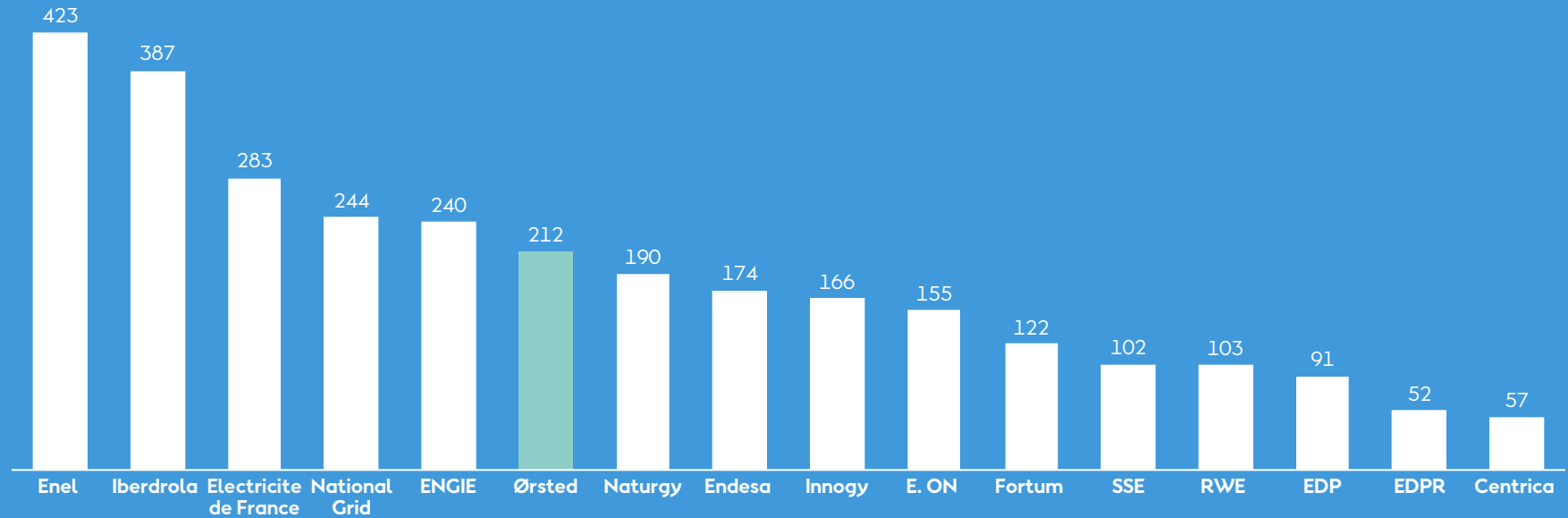
1. SSE CAGR is based on company's financial year from Mar 2014 to Mar 2019 and includes to-be divested business of Energy Services

2. RWE CAGR is 2014-2018 due to changes in reporting not updated for 2013

# Now among the most valuable energy companies in Europe

## Equity value

DKK bn



Source: FactSet 03/05-2019

Note: Vattenfall and Statkraft are not publicly listed

**Our vision**

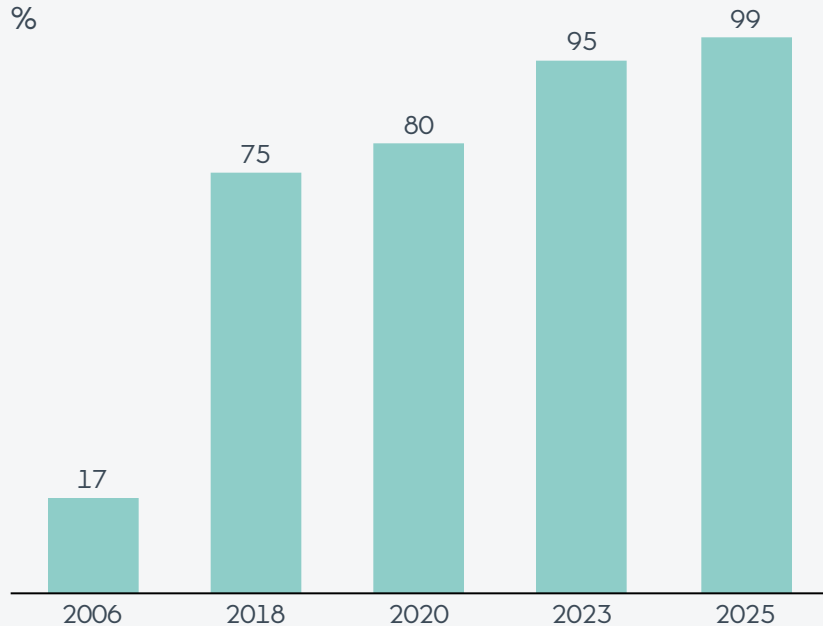
**Let's create a  
world that  
runs entirely on  
green energy**



# Green share of power generation ~99% in 2025, approximating zero emissions

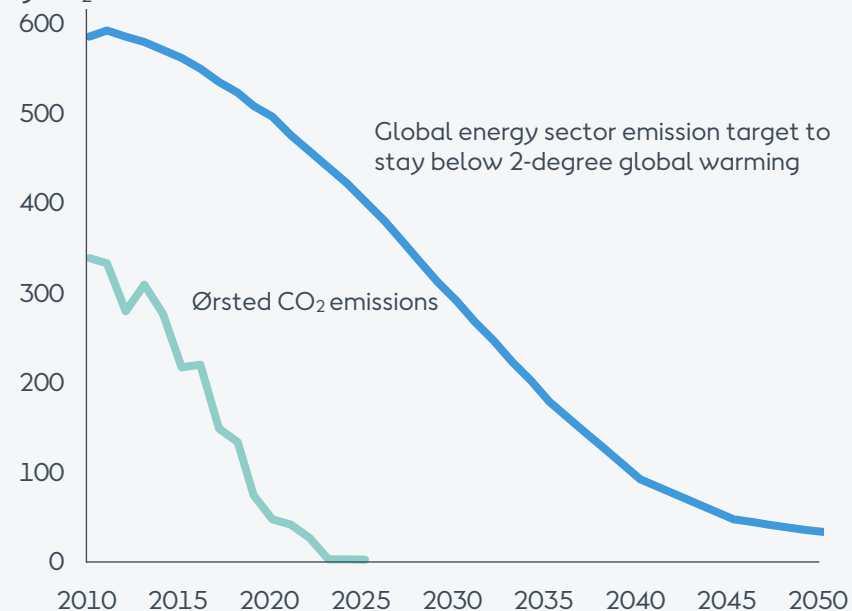
## Share of green power and heat

%



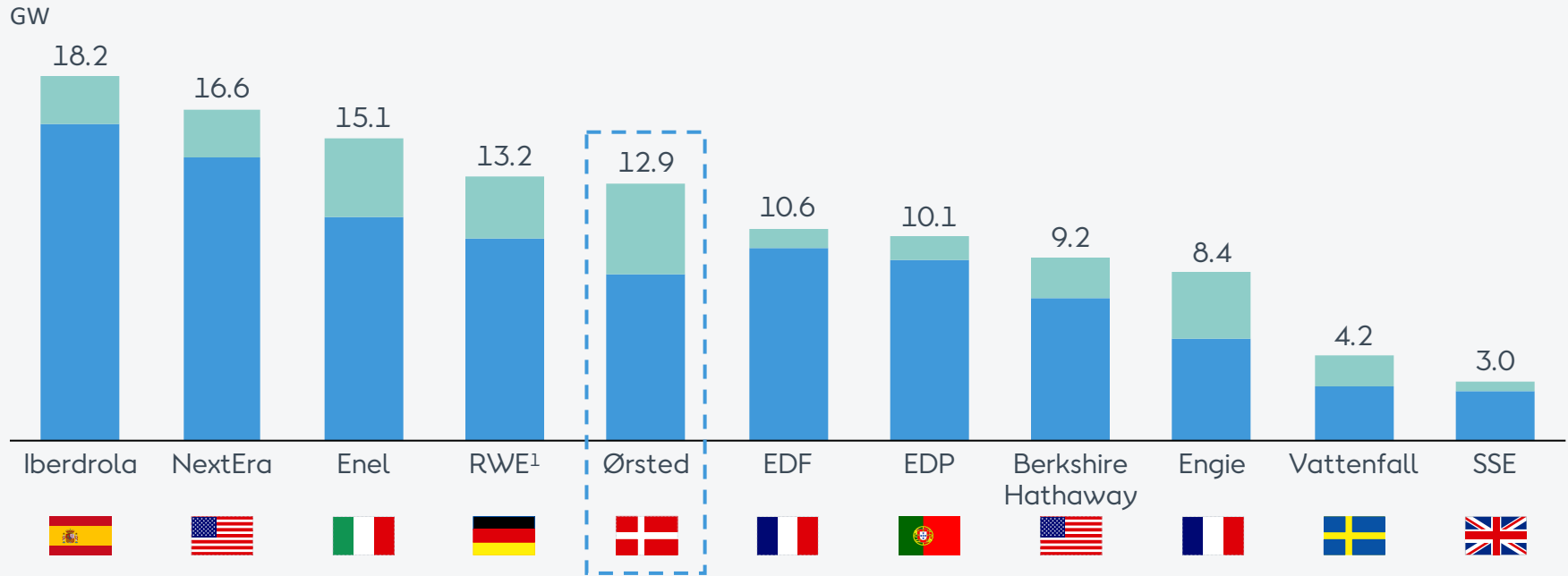
## CO<sub>2</sub>-emissions

gCO<sub>2</sub>e/kWh



# Ørsted is strongly positioned among the global leaders in renewable energy

## Installed and under construction renewable capacity



Source: BNEF asset database, as of 18/01/2019

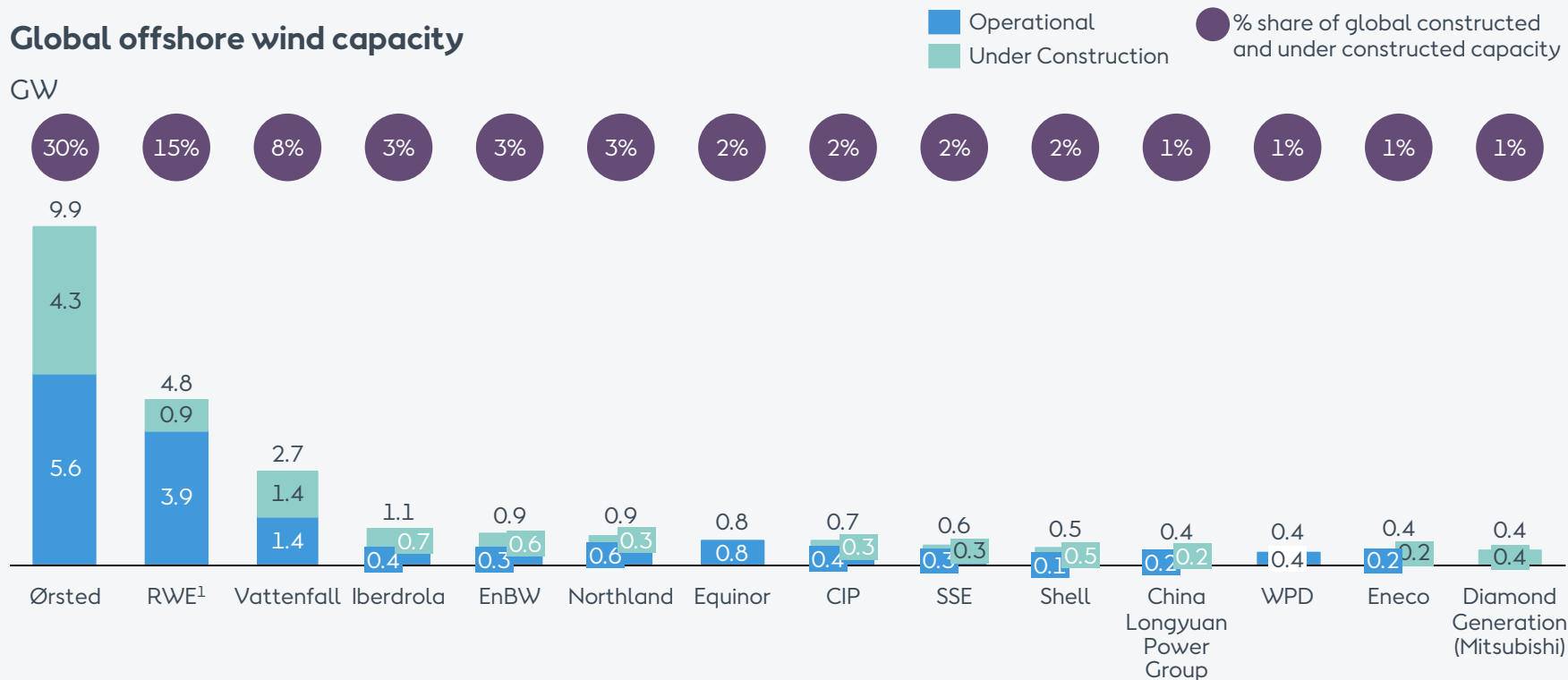
Note: BNEF allocates capacity based on current ownership stake of the organization (where ownership stakes are not disclosed, credit is pro-rated equally among all owners). Ørsted capacity is based on constructed capacity. Engie Vattenfall and SSE has been added to the list of top 8 commercial renewable players.

1. RWE capacity includes combined E.ON and Innogy renewable portfolio

# Ørsted is the global market leader in offshore wind

## Global offshore wind capacity

GW



Source: Bloomberg New Energy Finance , 4C Offshore and Ørsted Analysis, May 2019

1. RWE capacity based on combined Innogy and E.ON offshore wind portfolio

# Expanding our global growth platform

	Europe	North America	Asia
Offshore wind			
Onshore wind			
Solar PV			

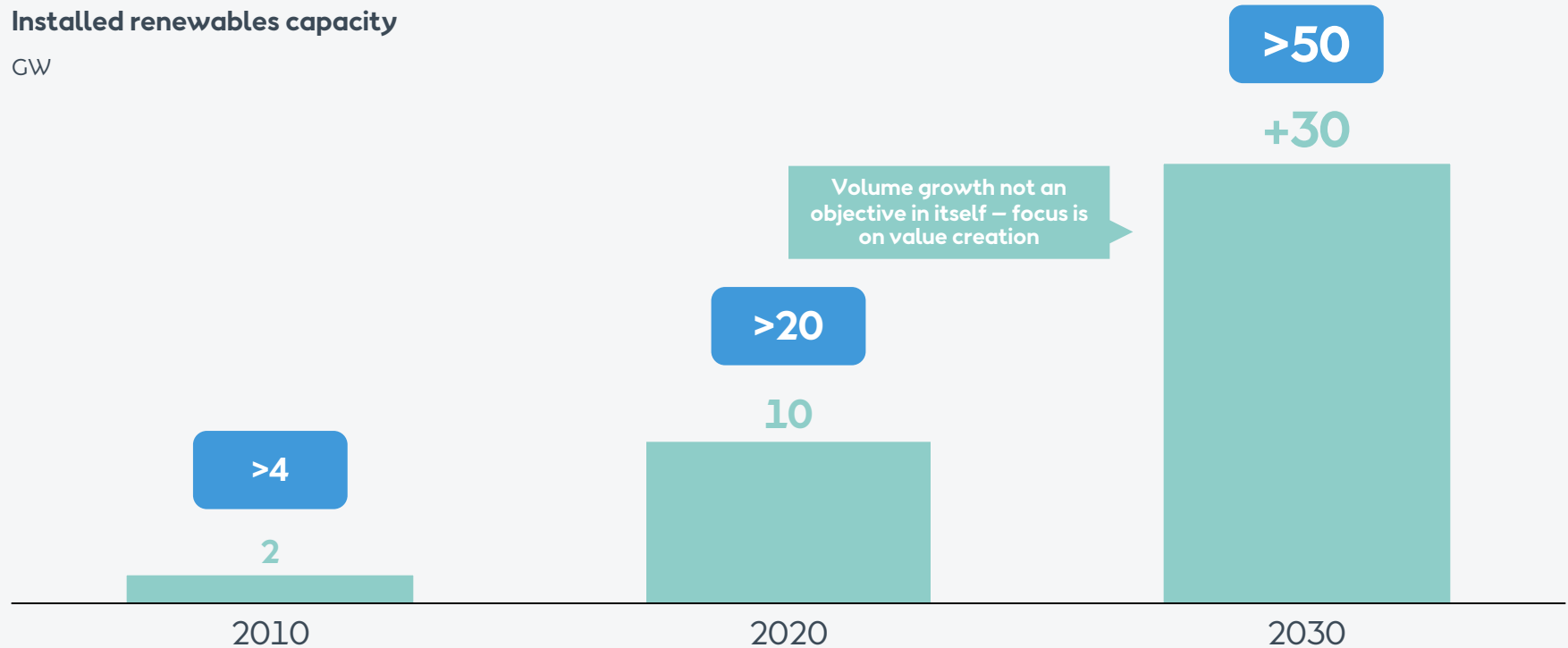
We will work with  
storage as an integral  
part of all three  
generation technologies

# Green growth ambition for 2030

xx People powered (million)

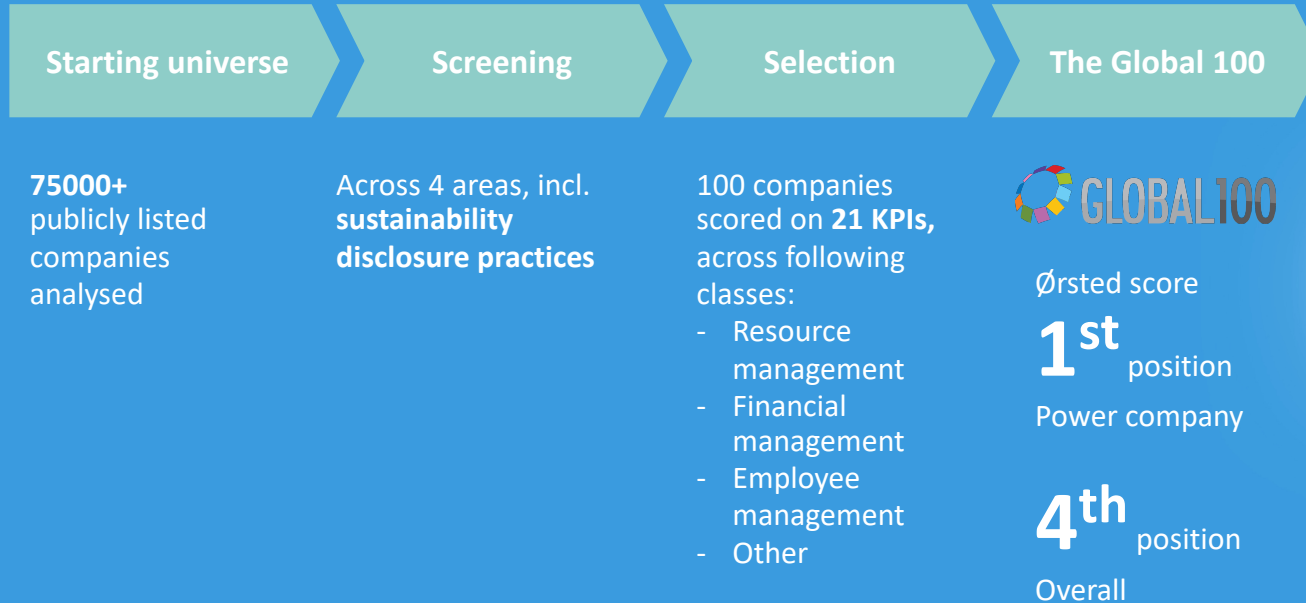
## Installed renewables capacity

GW





# Ørsted ranked the world's most sustainable energy company



A realistic image of the Earth from space, showing the Americas. The Earth is a sphere with blue oceans, green landmasses, and white clouds. The text "Love your home" is overlaid in white, bold, sans-serif font across the center of the image.

**Love your home**