

News from Ørsted

Ørsted continues to reject demand for payment in roubles – risk of Gazprom Export’s gas supplies to Ørsted being halted

Gazprom Export continues to demand that Ørsted pays for gas supplies in roubles. We have no legal obligation under the contract to do so, and we have repeatedly informed Gazprom Export that we will not do so. The payment deadline is 31 May and Ørsted will continue to pay in Euros.

Therefore, there is a risk that Gazprom Export will stop supplying gas to Ørsted. In Ørsted’s view, this will be a breach of contract.

Since there is no gas pipeline going directly from Russia to Denmark, Russia will not be able to directly cut off the gas supplies to Denmark, and it will thus still be possible for Denmark to get gas. However, this means that the gas for Denmark must, to a larger extent, be purchased on the European gas market. We expect this to be possible.

In Ørsted, we have been preparing for this scenario to minimise the risk of Ørsted’s gas customers, which are primarily major companies in Denmark and Sweden, experiencing shortfalls in gas supplies. Ørsted has storage capacity in e.g. Denmark and Germany, and we are currently filling up these storage facilities to secure gas supplies to our customers and contribute to the market’s security of supply.

We are in ongoing dialogue with the authorities about potential scenarios, and we trust that the authorities, who have the overall overview of the supply situation in Denmark, are prepared for the situation. We will remain in close dialogue with the authorities regarding the situation.

A potential halt of gas supplies by Gazprom Export does not change Ørsted’s financial outlook for the 2022 financial year or the expected investment level announced for 2022 and does not change our strategic ambition and long-term financial guidance. In the first quarter, we reduced the overall hedge level for the Gazprom Export contract to balance the risk against a scenario where the supply of Russian gas is disrupted. We have previously announced that Ørsted will donate all 2022 net profits (if any) after hedges and tax from the Gazprom Export contract to humanitarian aid in Ukraine.

Since Russia attacked Ukraine, Ørsted has taken several steps to stop its cooperation with Russian companies. We immediately ceased all sourcing of coal and biomass from Russia, we have made sure that none of Ørsted’s direct suppliers for the build-out of renewable energy are Russian, and we have decided not to enter into new contracts with Gazprom. We fully support the ambition of the Danish government and the EU to become independent of Russian gas and to fast-track the green transformation of EU’s energy sector, and we are ready to help accelerate the green build-out.

As the matter is ongoing, we cannot elaborate further at this time.

Ørsted
Kraftværksvej 53
Skærbæk
DK-7000 Fredericia

www.ored.com
Company registration no.
(CVR no.) 36 21 37 28

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Media Relations

Carsten Birkeland Kjær

+ 45 99 55 77 65

cabkj@orsted.com

Investor Relations

Rasmus Keglberg Hærvig

+45 99 55 90 95

ir@orsted.com

About Ørsted

The Ørsted vision is a world that runs entirely on green energy. Ørsted develops, constructs, and operates offshore and onshore wind farms, solar farms, energy storage facilities, renewable hydrogen and green fuels facilities, and bioenergy plants. Moreover, Ørsted provides energy products to its customers. Ørsted is the only energy company in the world with a science-based net-zero emissions target as validated by the Science Based Targets initiative (SBTi). Ørsted ranks as the world's most sustainable energy company in Corporate Knights' 2022 index of the Global 100 most sustainable corporations in the world and is recognised on the CDP Climate Change A List as a global leader on climate action. Headquartered in Denmark, Ørsted employs 7,016 people. Ørsted's shares are listed on Nasdaq Copenhagen (Orsted). In 2021, the group's revenue was DKK 77.7 billion (EUR 10.4 billion). Visit orsted.com or follow us on Facebook, LinkedIn, Instagram, and Twitter.