

News from Ørsted

Capital Markets Day: Ørsted confirms its ambition of ~50 GW renewable capacity by 2030 and strong financial outlook

Ørsted will host a Capital Markets Day (CMD) on 8 June 2023 to present recent progress and strategic updates on its ambition to become the world's leading green energy major.

Ørsted is committed to the following ambitions, financial targets, and financial policies for 2023-2030:

- Ørsted confirms its fully self-funded ambition of ~50 GW installed renewable capacity by 2030 and expects to invest DKK ~475 billion in the period 2023-2030.
- Ørsted confirms its target of an unlevered, fully loaded lifecycle IRR at 150-300 bps spread to WACC¹.
- Ørsted expands its EBITDA CAGR target from covering offshore and onshore assets in operation to cover the group-wide EBITDA (excluding new partnerships) in the period 2023-2030. Ørsted targets a group-wide EBITDA (excluding new partnerships) of DKK 50-55 billion in 2030, corresponding to a targeted annual average increase of 13-14 %.
- Ørsted extends its return on capital employed (ROCE) target to the period 2023-2030, targeting an average ROCE of ~14 % in the period.
- Ørsted remains committed to a BBB+/Baa1 rating.
- Ørsted confirms its dividend policy of an annual high single-digit percentage increase in dividends until 2025 and extends its dividend policy to 2030 with an annual mid-level single-digit percentage increase in dividends paid from 2026 to 2030.
- Ørsted is on track to deliver a ~98 % reduction in scope 1 and 2 emissions in 2025 (relative to 2006) and net-zero for the full value chain in 2040.

Ørsted expects to outperform EBITDA and ROCE targets set in 2021

Ørsted has achieved strong progress towards its ambitions and targets set at the last CMD in 2021, leveraging its industry-leading capabilities through a challenging period for the industry and, as earlier communicated², being on track to outperform its previous EBITDA and ROCE targets. Compared to the previous targets set by Ørsted at the last

Ørsted
Kraftværksvej 53
Skærbæk
DK-7000 Fredericia

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

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¹Based on fully loaded, unlevered lifecycle IRR at the time of bid/FID, whichever comes first. The targeted range is not a hurdle rate, and consequently, projects might deviate from the targeted range.

²Please see Ørsted's annual report for 2022, p. 15.

CMD in 2021, Ørsted reaffirms its target of ~50 GW renewable capacity in 2030 and is on track to outperform the previous financial targets of an average ROCE of 11-12 % (2020-2027), now expecting ~15 % in 2020-2027, and EBITDA from offshore and onshore assets in operation of ~12 % CAGR (2020-2027), now expecting 15 % in 2020-2027. The previously expected gross investment of DKK ~350 billion (2020-2027) is trending higher at DKK 380 billion.

Unprecedented political tailwind and growth potential

In the two years since Ørsted's last CMD in 2021, unprecedented political tailwinds have emerged, such as the transformative incentives in the US Inflation Reduction Act and the Net Zero Industry Act in the EU. The resulting growth potential for the renewables industry has never been higher.

Ørsted has delivered strong progress and is strongly positioned to capture expected market growth. With the largest portfolio of assets in operation as well as the largest project pipeline across Europe, the US, and the Asia-Pacific (APAC) region, Ørsted remains the global leader in offshore wind. In addition, Ørsted has significantly grown its onshore renewables business and has become a leading player in bringing commercial scale to Power-to-X (P2X).

Mads Nipper, Group President and CEO of Ørsted, says:

"Ørsted has delivered strong progress since the CMD in 2021. We've completed several large projects, including the world's largest offshore wind farm, we've been awarded new capacity, and we've been able to take FID on a large offshore wind project despite macroeconomic challenges. We're on track to outperform our previous EBITDA and ROCE targets for 2020-2027, confirming the significant value in our portfolio of renewable projects. Today, we confirm our target of ~50 GW in 2030 – one of the largest investment programmes in the green transition."

Industry-leading experience to support growth

At present, Ørsted operates 15.5 GW of renewable energy assets, while 4.9 GW are under construction across technologies. Ørsted has been awarded an additional 10.6 GW and has a renewable project pipeline of ~114 GW.

For the awarded projects where Ørsted has not yet taken final investment decision (FID), Ørsted is working intensely to ensure sufficient value creation to take FID, despite increases in interest rates, inflation, and supply chain bottlenecks. Ørsted is working with its suppliers to secure capacity and competitive prices, pursuing revenue optimisation, including corporate power purchase agreements (CPPAs), and continuing dialogues with regulators on measures to ensure sustainable industry growth.

Ultimately, Ørsted may reconfigure or exit awarded projects where Ørsted has as of this date not yet taken FID if it finds the value creation in the projects not to be sufficient.

For future projects, Ørsted's pipeline will allow the company to prioritise the most value-creating projects and stay financially disciplined when bidding in tenders and auctions. In addition, Ørsted's long-standing supplier relationships will ensure capacity at competitive prices, while its customer relationships make it a preferred partner in decarbonisation.

Mads Nipper continues:

"Ørsted has a clear strategic direction and very strong capabilities to capture the massive growth in renewables in the years to come. Based on where we believe we can create most value, we've made clear choices on where to play – and where not to play – in terms of regions, markets, and technologies. We're leveraging all our capabilities to improve the returns of the portfolio of awarded offshore projects, and we'll only take FID on projects that we find will create sufficient value. Going forward, we see strong opportunities to build our renewable portfolio, including by investing a majority of our CAPEX in offshore, targeting an unlevered, fully loaded lifecycle IRR at 150-300 basis points spread to WACC at the time of bid or FID, whichever comes first."

Sustainability remains an integrated part of Ørsted's strategy, and the company remains committed to driving a systemic change in the industry. Ørsted has taken significant action with its suppliers to decarbonise its entire supply chain and is on track to reach its science-based targets of 98 % carbon emissions reductions (scopes 1 and 2) in 2025 and net-zero for the full value chain in 2040. Ørsted has entered partnerships with suppliers in relation to low-carbon foundations and towers as well as wind turbine blades made from recycled materials. In addition, Ørsted has committed to reusing or recycling all wind turbine blades and solar panels from its global portfolio with immediate effect and to only commissioning projects with a net-positive biodiversity impact from 2030. At the CMD, Ørsted will announce it has issued blue bonds of EUR 100 million to fund investments in projects related to maritime biodiversity and green fuels for shipping. Ørsted is the world's first energy company to have issued blue bonds.

Ørsted's Capital Markets Day 2023

The Capital Markets Day is hosted on 8 June 2023 at 10-14 UTC+1 at the Science Museum in London.

The Capital Markets Day will be livestreamed – register and follow it here: <https://orsted.com/en/capital-markets-day/online-sign-up>

The presented material will be available for download on 8 June 2023 before the start of the CMD, and a replay of all CMD sessions will be made available at orsted.com.

For further information, please contact:

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. Ørsted is recognised on the CDP Climate Change A List as a global leader on climate action and was the first energy company in the world to have its science-based net-zero emissions target validated by the Science Based Targets initiative (SBTi).

Headquartered in Denmark, Ørsted employs approx. 8,000 people.

Ørsted's shares are listed on Nasdaq Copenhagen (Orsted). In 2022, the group's revenue was DKK 132.3 billion (EUR 17.8 billion). Visit orsted.com or follow us on Facebook, LinkedIn, Instagram, and Twitter.