

Company announcement No. 2/2024

Capital Markets Update: **Ørsted presents updated business plan following comprehensive portfolio review – Thomas Thune Andersen steps down as Chair at upcoming AGM**

Today, Ørsted's Board of Directors has approved a business plan with the ambition of 35-38 GW of installed capacity by 2030 and updated financial targets, following the completion of a comprehensive portfolio review. The updated ambition and financial targets that Ørsted announces today confirm that Ørsted, despite the challenges in 2023, remains a global leader within offshore wind with the ambition of delivering attractive growth and returns towards 2030.

Despite strong underlying business progress, 2023 marked a year with substantial challenges for Ørsted as its US offshore projects caused significant impairments and additional costs for terminating contracts, leading to a negative impact on Ørsted's credit metric (FFO/adjusted net debt) projections.

In response to this, Ørsted is implementing measures to ensure a robust balance sheet, supporting long-term growth and capital structure resilience towards 2030. Based on the learnings from the US offshore projects, Ørsted has also concluded an extensive review of its project portfolio and has taken actions to reduce risks.

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

"We have prioritised projects within our portfolio and are implementing significant changes in our business, including revising our operating model to reduce risks. We now present a robust business plan, and with an uncompromising focus on value creation, we plan to more than double our current installed capacity of renewable energy by 2030."

Review of risk and portfolio

Ørsted's fundamental strategic choices on technologies and regions are unchanged, and Ørsted still aims to be the world leader in Offshore and a regional player in Onshore and P2X in Europe and the US. However, Ørsted has revisited its portfolio to prioritise growth options with the highest potential for value creation and lower risks.

Ørsted is implementing the learnings from its US offshore projects into its operating model to reduce risks in the development and execution of projects, with a particular focus on contingency planning, monitoring of suppliers, inflation protection, scrutiny of pre-FID commitments, greater flexibility on project timelines and commissioning dates, and project governance and reviews.

As previously communicated, Ørsted has ceased the development of the offshore wind projects Ocean Wind 1 and Ocean Wind 2 in the form that they were awarded by the New Jersey Board of Public Utilities, has decided to reposition the offshore wind project Skipjack Wind in the US, and will primarily focus its US offshore portfolio towards the North-East Atlantic. To reduce development costs and create further strategic

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market focus, Ørsted is exiting several offshore markets (including Norway, Spain, and Portugal), deprioritising development activities in Japan, and planning for a leaner development within floating offshore wind and P2X.

Project cancellations and phasing of capital expenditure across the portfolio will result in approx. DKK 35 billion of capital expenditure relief in 2024-2026 compared to the numbers presented at the Capital Markets Day in June 2023.

As a result of the review, Ørsted now believes that it has a more robust portfolio of projects, and it has refocused its offshore strategy for the US. The portfolio changes will result in approx. DKK 3 billion of development expenditure reductions in 2024-2026 compared to the numbers presented at the Capital Markets Day in June 2023.

Ensuring a robust balance sheet

Besides reducing capital expenditure and project development costs, Ørsted pauses dividends for the financial years 2023-2025.

Furthermore, Ørsted will accelerate its divestment programme. Farm-downs and divestments are expected to contribute with proceeds of approx. DKK 115 billion towards 2030, of which approx. DKK 70-80 billion are expected in 2024-2026.

In addition, Ørsted will look at measures to become a leaner and more efficient organisation and has set a target to reduce its fixed costs by DKK 1 billion by 2026 compared to 2023, on a like-for-like basis. This will include a reduction of 600-800 positions globally. Not all reductions will result in redundancies, but there will be redundancies throughout 2024, and today, Ørsted is announcing that approx. 250 people globally will be made redundant and leave Ørsted within the coming months.

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

"In order to improve our competitiveness, ensure value creation, and ensure our ability to attract capital to the renewable build-out, we will make Ørsted a leaner and more efficient company. This will include reducing the number of positions across the company. We are committed to carrying this through in a fair and respectful manner."

Updated strategic ambition, financial targets, and financial policies

As a result of the business plan approved by Ørsted's Board of Directors, Ørsted has updated its ambition for installed renewable capacity from approx. 50 GW to 35-38 GW by 2030, which will be more than double its current installed capacity of 15.7 GW. By 2026, Ørsted expects to have an installed capacity of approx. 23 GW.

Ørsted has also updated its financial targets for 2024-2030 and its financial policies to reflect the new strategic ambition for installed capacity by 2030 (targets announced in June 2023 in parentheses):

- Ørsted maintains its target of an unlevered, fully loaded lifecycle IRR at 150-300 bps spread to WACC when we bid in tenders or take FIDs (whichever comes first).
- Ørsted expects EBITDA (excluding new partnerships) to increase to approx. DKK 39-43 billion in 2030, corresponding to an annual growth (CAGR) of 8 % in the period 2023-2030 (previously DKK 50-55 billion in 2030, corresponding to a targeted annual growth of 13-14 %).
- Ørsted expects to achieve a return on capital employed (ROCE) of approx. 14 % on average during 2024-2030 (previously approx. 14 % on average during 2023-2030).
- Ørsted is committed to a solid investment grade credit rating with an FFO/NIBD ratio above 30 % (previously an FFO/NIBD above 25 %).
- Ørsted has decided to pause dividends for the financial years 2023, 2024, and 2025. Hereafter, the target is to reinstate dividends from the financial year 2026.

Ørsted plans a DKK 270 billion investment programme in the period 2024-2030, of which Ørsted expects to invest approx. DKK 130 billion by 2026.

The business plan is fully financed without any need for raising new equity. It is financed through a combination of operating cash flow, partnerships and divestments, tax equity, as well as debt and hybrid issuance.

Ørsted continues to be fully committed to a sustainable build-out that creates further positive impact on nature and society, going beyond decarbonising energy systems. Ørsted has taken considerable steps with its suppliers to decarbonise its whole supply chain and is progressing towards its science-based targets of reducing carbon emissions by 98 % (scopes 1 and 2) in 2025 and achieving net-zero for the entire value chain in 2040.

Thomas Thune Andersen steps down as Chair

Following the approval of the above-mentioned business plan, Thomas Thune Andersen, Chair of the Board of Directors of Ørsted A/S, has today informed the Board of Directors about his decision to step down as Chair at the upcoming annual general meeting on 5 March 2024.

Thomas Thune Andersen, Chair of Ørsted A/S, says:

"2023 was a challenging year for Ørsted. We have learned from the challenges and today, we are announcing a robust business plan with revised strategic growth ambitions for 2030. The plan has been developed in close collaboration between the executive management team and the Board of Directors, and we are confident that this is a robust plan that will secure our continued long-term growth."

Thomas Thune Andersen continues:

"I have had the pleasure and the privilege to serve as the Chair of the Board of Directors of Ørsted for the past ten years, which have seen the transformation of DONG Energy to a world-leading renewable utility renamed Ørsted. We now have a new plan in place that will more than double Ørsted's capacity by the end of the decade and fulfil our

continued ambition to be a major renewable energy company. With the plan in place and at this juncture, it is an appropriate time for me to step down and let a new chair take the plan forward.”

Following Thomas Thune Andersen’s decision to step down as Chair, the Board of Directors will as soon as possible come with a recommendation regarding a new Chair to be elected at the annual general meeting on 5 March 2024.

Investor and analyst update

Mads Nipper, Group President and CEO of Ørsted, and Rasmus Errboe, interim CFO of Ørsted, will present the full-year results and a Capital Markets Update on Wednesday, 7 February at 13:00 CET.

To follow the presentation via live streaming, please click here: [Ørsted full-year results 2023 and Capital Markets Update \(getvisualtv.net\)](https://getvisualtv.net)

Presentation slides will be available prior to the Capital Markets Update at [Investors | Ørsted \(orssted.com\)](https://investors.orssted.com)

Press briefing

Ørsted will host a phone press briefing for journalists on Wednesday, 7 February 2024 at 09:00 CET to elaborate on and answer questions about the Capital Markets Update and the annual results for 2023.

Dial-in numbers for the press briefing:

Denmark: +45 89 87 50 45

UK: +44 20 3936 2999

Access code: 421285

For participation in the press briefing, please register here: [NetRoadshow](https://netroadshow.com)

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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. 8,900 people. Ørsted's shares are listed on Nasdaq Copenhagen (Orsted). In 2023, the group's revenue was DKK 79.3 billion (EUR 10.6 billion). Visit [orsted.com](https://www.orsted.com) or follow us on [Facebook](#), [LinkedIn](#), Instagram, and [X](#).

Disclaimer

This company announcement contains certain forward-looking statements which include projections of Ørsted's ambition, short- and long-term financial performance and targets as well as its financial policies.

Statements herein, other than statements of historical fact, regarding Ørsted's future results of operations, financial condition, cash flows, business strategy, ambitions, plans, and future objectives are forward-looking statements. Words such as 'targets', 'believe', 'expect', 'aim', 'intend', 'plan', 'seek', 'will', 'may', 'should', 'anticipate', 'continue', 'predict', or variations of these words as well as other statements regarding matters that are not historical facts or regarding future events or prospects constitute forward-looking statements. These forward-looking statements are based on current views with respect to future events and financial performance. These statements are by nature uncertain and associated with risk. Many factors may cause the actual development to differ materially from Ørsted's current expectations. These factors include, but are not limited to, changes in temperature, wind conditions, wake and blockage effects, precipitation levels, the development in power, coal, carbon, gas, oil, currency, and interest rate markets, the ability to uphold hedge accounting, inflation rates, changes in legislation, regulations, or standards, the renegotiation of contracts, changes in the competitive environment in Ørsted's markets, reliability of supply, market volatility, and disruptions from geopolitical tensions. As a result, investors are cautioned not to rely on these forward-looking statements.

Please read more about the risks in Ørsted's most recent annual report available at www.orsted.com. Unless required by law, Ørsted is under no duty and undertakes no obligation to update or revise any forward-looking statement after the release of this company announcement, whether as a result of new information, future events, or otherwise.