

# Ørsted Summary 2019

Annual report and  
sustainability report



# Our vision

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

We're ranked most sustainable  
company in the world by [Global100](#)

# Chairman's statement

## Leading the green transformation

Climate change is the defining challenge of our century. By 2030, global greenhouse gas emissions need to be halved compared to current levels if we are to stay below a global temperature increase of 1.5°C above pre-industrial levels. This is the threshold set by science to limit the risk of irreversible tipping points in our global ecosystems. As energy accounts for 73% of global greenhouse gas emissions, we clearly need to change the way we power the world – and shift from fossil fuel-based to renewable energy.

At Ørsted, our vision is a world that runs entirely on green energy. Just a decade ago, our core business was based on fossil fuels, but we decided to change, and we have changed to green energy faster than any other energy company. In January 2020, we were named the most sustainable company in the world. We are proud of this recognition, and it encourages us to further intensify our efforts to deploy green energy at scale and to contribute to the profound transformation of the energy system required to keep the planet habitable. In continuation of this, we have decided to become carbon neutral in our own operations by 2025 and in our total carbon footprint by 2040.

In 2019, we achieved a global breakthrough outside Europe by initiating construction of our first large-scale offshore wind project in Taiwan, by winning two large scale projects and expanding our portfolio in the US, and by taking the decision to fully integrate Lincoln Clean Energy into Ørsted. Our deployment of renewable energy now spans markets on three continents. We bring more than 25 years of experience in renewable energy and on-time and on-budget delivery of large infrastructure projects as well as new approaches and innovative solutions that can help decarbonise societies. Recently, we have set up a hydrogen team to explore how to transform renewable power from offshore wind into hydrogen and other green fuels to be used in the chemicals industry and as green fuels in hard-to-abate sectors, such as heavy transport and logistics.

We also further strengthened our strategic profile as an upstream renewable energy company by signing an agreement to divest our power distribution, residential customer and city light businesses. Long-term, Ørsted is not the best owner of these businesses. The capital released from the divestment will be deployed in our global renewable energy build-out plan. Deep and heartfelt thanks go to all of our skilled colleagues in these businesses who have provided a good service to our customers over the years and ensured one of the highest levels of reliability of supply in the world.



**In January 2020, we were named the most sustainable company in the world. We are proud of this recognition, and it encourages us to further intensify our efforts to deploy green energy at scale.**

Our talented people are the most important assets in Ørsted, and we will need a lot of talent world-wide, as we continue to grow our business in the years to come.

Safety is equally important for us, and we take every measure to ensure that Ørsted is a safe workplace. In May, an employee of one of our contractors died after a serious accident at the Avedøre Power Station. We have been – and still are – deeply affected by this accident.

EBITDA for the year amounted to DKK 17.5 billion and thereby exceeded our expectations and resulted in a ROCE of 10.6%. Profit for the year amounted to DKK 6.1 billion. The Board of Directors recommends paying a dividend of DKK 10.5 per share, corresponding to DKK 4.4 billion.

On behalf of the Board of Directors, I would like to thank the employees and management of Ørsted for leading the way towards a world that runs entirely on green energy. We are more committed than ever to demonstrating to all stakeholders that the urgently required energy transformation is in fact possible, and that we have the cost-effective solutions to power the world in a sustainable way.



**Thomas Thune Andersen**  
Chairman









# CEO's review

Strong year with continued strategic progress, global expansion and very satisfactory financials.

## Highlights 2019

- Operating profit (EBITDA), excluding new partnerships, increased by 17% to DKK 17.5 billion.
- EBITDA from offshore and onshore wind farms in operation increased by 30% to DKK 14.8 billion.
- ROCE was 10.6% in line with our target.
- Green share of heat and power generation increased from 75% to 86%.
- Award of the 1.1GW Ocean Wind project in New Jersey.
- Award of the 880MW offshore Sunrise Wind (JV) project in New York.
- Decision to construct our first large-scale Taiwanese offshore wind project Greater Changhua 1 & 2a.
- Hornsea 1, the world's largest offshore wind farm, was commissioned.
- Signing of a non-binding term sheet with Polska Grupa Energetyczna (PGE) regarding two large-scale offshore projects in the Baltic Sea.
- Exclusive negotiations entered into with the Public Service Enterprise Group (PSEG) regarding a joint venture agreement to acquire 25% of Ocean Wind.
- Divestment of 50% of selected offshore activities in New England to our partner Eversource Energy.
- Decision to construct the onshore wind farms Sage Draw in Texas and Plum Creek in Nebraska as well as the combined solar and storage project Permian Energy Center in Texas and acquisition of the construction-ready wind project Willow Creek in South Dakota.
- Lockett Onshore Wind Farm commissioned, ahead of schedule.
- The newly bioconverted Asnæs Power Station reached 100% green heat and power generation in December 2019.
- Agreement signed to divest our power distribution, B2C and city light businesses to the Danish energy company SEAS-NVE.
- Agreement signed to divest our LNG activities.
- Elsam competition case against the competition authorities closed in favour of Ørsted.
- Record-high satisfaction and motivation score of 77 recorded in our employee satisfaction survey, People Matter.

## Events in 2019

February	April	May	June	July
 <b>Offshore</b> 50% partnership with Eversource Energy in selected activities acquired through Deepwater Wind	 <b>Offshore</b> Greater Changhua 1 & 2a, Taiwan FID (900MW) Expected COD 2022   <b>Onshore</b> Sage Draw, Texas FID (338MW) Expected COD Q1 2020	 <b>Onshore</b> Acquisition of solar and storage development activities of Coronal Energy, US	 <b>Offshore</b> Ocean Wind project selected as preferred bidder in New Jersey (1.1GW) Expected COD 2024   <b>Onshore</b> Acquisition of Willow Creek, South Dakota (103MW), Expected COD Q4 2020	 <b>Offshore</b> Sunrise Wind project selected as preferred bidder in New York (880MW), Expected COD 2024   <b>Onshore</b> Lockett, Texas COD (184MW)



## Financial results

In 2019, we achieved a strong operating profit (EBITDA) which exceeded our expectations at the beginning of the year.

EBITDA (excluding new partnerships) increased by 17% to DKK 17.5 billion.

Earnings from our offshore wind farms in operation increased by 22%, driven by ramp-up of green power generation from Borkum Riffgrund 2, Walney Extension and Hornsea 1. Curtailments and various operational issues had a larger than normal adverse impact on our offshore generation in 2019.

The inclusion of our onshore wind business and high earnings from our trading activities also contributed positively to our performance.

These positive effects were partly offset by higher project development costs in Offshore, an increase in provisions related to our LNG activities and a temporarily negative effect from gas at storage due to the substantial drop in gas prices during 2019. Further, in 2018, we had a positive outcome of a gas sourcing arbitration case, which was not repeated in 2019.

Return on capital employed (ROCE) was 10.6% for 2019.

## Offshore

In 2019, we commissioned Hornsea 1, with the last turbines being installed in early October. The entire wind farm is now operational. Hornsea 1 is the world's largest offshore wind farm with a capacity of 1,218MW and will supply more than 1.1 million British homes with green energy. In November, we passed another milestone when we inaugurated the second phase of Taiwan's first-ever offshore wind farm Formosa 1.

In April, we took final investment decision on our 900MW Taiwanese Greater Changhua 1 & 2a project after obtaining establishment permit, approval of the supply chain plan and signing of the power purchase agreement with Taipower.

Our three offshore wind farms under construction are all progressing according to plan. Borssele 1 & 2 (752MW) in the Netherlands is expected to be completed end Q4 2020. In 2022, we expect to complete Hornsea 2 (1,386MW) in the UK and Greater Changhua 1 & 2a in Taiwan. Furthermore, the Virginia Offshore Wind project, which we will construct for Dominion Energy as an EPC contractor, is proceeding as planned.


In February, we further strengthened our strategic partnership with Eversource Energy, the leading utility in New England, when they became a 50% partner in selected activities acquired through Deepwater Wind. These included the Revolution Wind (704MW) and South Fork (130MW) development projects and two undeveloped lease areas off the coast of New England.

In June, the New Jersey Board of Public Utilities selected Ørsted's Ocean Wind project to negotiate a 20-year offshore wind renewable energy certificate (OREC) for an offshore wind farm with a capacity of 1.1GW. The contract was subsequently signed in December. The project was developed with support from the Public Service Enterprise Group (PSEG), which also has an option to become an equity investor in the project. In October, we entered into exclusive negotiations regarding a joint venture agreement with PSEG to acquire 25% of Ocean Wind. Subject to our final investment decision, the wind farm is expected to be completed by 2024.

In July, the New York State Energy Research & Development Authority (NYSERDA) selected the Sunrise Wind project to negotiate a 25-year OREC for an offshore wind farm with a capacity of 880MW. The contract was subsequently signed in October. Sunrise Wind is a 50-50 partnership between Ørsted and Eversource, and subject to a final investment decision, the wind farm is expected to be completed by 2024.

With these awards, we have secured a US offshore wind portfolio with a total capacity of 2.9GW to be completed towards

### August

 **Onshore**  
Plum Creek,  
Nebraska FID  
(230MW) Expected  
COD Q4 2020


### September


 **Markets & Bioenergy**  
Agreement to  
divest Danish power  
distribution (Radius),  
residential customer  
and city light  
businesses to  
SEAS-NVE

### October


 **Offshore**  
Hornsea 1  
operational  
(1,218MW)


### November

 **Offshore**  
Inauguration of  
Formosa 1, Taiwan  
(128MW)

 **Onshore**  
Permian Energy  
Center, Texas  
FID (420/40MWac)  
Expected COD  
mid-2021

### December

 **Markets & Bioenergy**  
All heat and power  
generated from new  
unit at Asnæs, which  
runs up to 100% on  
sustainable biomass

 **Markets & Bioenergy**  
Agreement signed  
to divest our LNG  
activities



## During summer, we won two auctions in the US. With these awards, we have secured a US offshore wind portfolio with a total capacity of 2.9GW to be completed towards 2024.

2024. In addition, we have up to 5GW of lease rights which can be developed for future offshore wind projects in the US.

We have signed contracts with Siemens Gamesa to supply wind turbines for our offshore wind projects in Taiwan (Greater Changhua 1 & 2a) and the North-East cluster in the US (Sunrise Wind, Revolution Wind and South Fork). In addition, we have selected GE as the preferred wind turbine supplier for our US Mid-Atlantic cluster (Ocean Wind and Skipjack). These projects will pioneer the deployment of GE's Haliade-X 12MW wind turbine, continuing our track record as a first mover on new technology.

In Poland, we signed a non-binding term sheet agreement with Polska Grupa Energetyczna (PGE) regarding their sale of a 50% stake in two offshore wind projects in the Baltic Sea with a total capacity of up to 2.5GW. The projects are expected to commence construction by 2026 and 2030, respectively.

In December, we signed the world's largest offshore wind CPPA with Covestro. Earlier in the year, we signed an agreement with Northumbrian Water to procure power from Race Bank, the first of its kind in the UK. These long-term fixed price agreements represent an important step in building long-term green partnerships with corporate customers and at the same time help shape a solid risk-return profile for projects with merchant risk.

### Onshore

Our Onshore business had a strong year with high yields from our operating assets, high peak power prices during summer in Texas, and steady progress of our construction projects.

We commissioned the onshore wind farm Lockett in Texas well ahead of schedule. The 184MW wind farm has performed as expected since commissioning.

In April, we took final investment decision on the 338MW onshore wind farm Sage Draw in Texas which is expected to go into commercial operation in Q1 2020.

In June, we acquired the 103MW construction-ready wind project Willow Creek in South Dakota. The wind farm is expected to be commissioned by Q4 2020, and it will expand our operations into the Southwest Power Pool (SPP) market, covering the central US.

In August, we took final investment decision on the 230MW wind farm Plum Creek in Nebraska, and we expect the farm to be completed by Q4 2020. Once operational, Sage Draw, Willow Creek and Plum Creek will supply up to 180,000 American homes with green energy.

In November, we took final investment decision on the Permian Energy Center in Texas. The construction of our first combined solar (420MW) and storage (40MW) project has commenced and is expected to be commissioned by mid-2021.

In addition to the decided investments, we further strengthened our Onshore business in May through the acquisition of a subsidiary of US-based Coronal Energy. The subsidiary is a nationwide solar and storage developer with a significant pipeline of projects, expanding our capability platform and exposure to new, regional markets.

Our total installed and decided onshore capacity now stands at 2GW. Our ambition is to have installed 5GW of capacity by 2025.

Finally, we decided to fully integrate Lincoln Clean Energy into Ørsted and appoint Declan Flanagan new CEO of our Onshore business and member of Ørsted's Group Executive Management. The integration was marked with a full name change to Ørsted in December.

### Markets & Bioenergy

In June, we decided to consolidate our Customer Solutions and Bioenergy business units into one business unit, Markets & Bioenergy. The decision was taken as a natural consequence of the reduced size of the two former business units due to, among other things, the below-mentioned divestments.

In September, we signed an agreement to divest our Danish power distribution (Radius), residential customer and city light businesses to SEAS-NVE, Denmark's second largest cooperatively-owned energy company. With our global expansion in renewable energy, Ørsted is no longer the best owner of these businesses. We expect the transaction to be closed in the first half of 2020. We consider the transaction to be attractive to our shareholders and to provide a good future home for the customers and our highly skilled employees. The proceeds from the divestment will be used to continue our global investments in green energy.

To further focus our activities, we entered into an agreement to divest our LNG activities to Glencore. Furthermore, we decided to initiate a process to divest our B2B sales businesses, except for gas sales to our larger B2B customers in Denmark and Sweden which serve as an outlet for our legacy gas position.

As we run our business based on an end-to-end value chain thinking, we have decided that all activities and earnings related to Offshore and Onshore, should be reported in these segments, even if the daily activities are performed on behalf of the Group in another business unit. Thus, earnings from trading related to hedging of our power exposures and power portfolio optimisation activities, previously presented in Markets, are now included in Offshore and Onshore earnings.

From mid-December 2019, all heat and power from Asnæs Power Station have been generated from the new unit, which run up to 100% on sustainable biomass. We have now fully converted six of our seven CHP plants to run on sustainable biomass. For our last remaining coal-fired CHP plant, Esbjerg Power Station, we have not been able to find a joint solution with the heat customer for a bioconversion project. Consequently, we plan to close down operations of this plant by the end of Q1 2023.

Due to recent upgrades to our Renaissance facility in Northwich in the UK, we were not able to commission the plant in 2019 as planned. However, it has been confirmed that the core enzymatic sorting process works as expected.

Radius finalised the installation of more than 1 million smart meters in 2019, an achievement completed in just three years. The smart meters allow remote reading of the power meters and give households in the area the opportunity to consume power in the most cost-efficient periods of the day.

In 2018, the Danish Western High Court acquitted Elsam (now Ørsted) from the competition authorities' claim that Elsam had abused a dominant position on the market for wholesale of physical electricity in Western Denmark from 1 January 2005 to 30 June 2006. In light of this judgement, the parties agreed in September on dismissing the competition authorities' similar claim for the period from the second half of 2003 and the whole of 2004. Consequently, the cases

between Elsam and the competition authorities reached a final conclusion in favour of Ørsted. Despite this status, the claimants maintain their claims for damages and continue their legal action.

#### Fatal accident

In May, an employee of one of our contractors died after a serious accident at the Avedøre Power Station. We are very saddened by this. Safety is of utmost importance to us, and we have initiated several improvement tracks to ensure that an accident like this will never happen again.

#### Employees

The well-being of our employees is of high importance to us. The 2019 employee satisfaction survey, People Matter, showed a record high satisfaction and motivation score of 77. This global 'best-in-class' score places Ørsted in the top 10% of external benchmarks.

Thanks to Ørsted's passionate and skilled employees, we once again managed to reach many significant milestones during the year. They deserve tremendous credit for their tenacity and ability to get things done.

#### Concluding remarks

We are very pleased with our strategic progress and results in 2019. Ørsted maintains a leading position in the global high growth market for green energy. We are well on track to deliver on our financial targets of 20% average growth in profits from operating renewable assets for the period 2017-2023 and an average Group ROCE of 10% for the period 2019-2025.

We remain as committed as ever before to our vision of a world running entirely on green energy. We will continue to work hard to help limit global warming and its impact on biodiversity and global living conditions for current and future generations. Our aim will be for Ørsted to reach carbon neutrality by 2025.

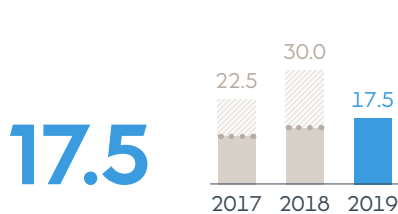


**Henrik Poulsen**  
CEO and President

# Performance highlights

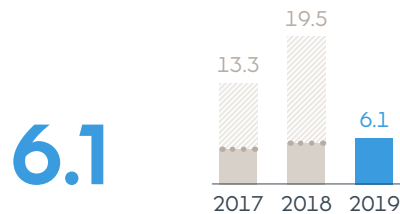
## Profits and returns

### Operating profit (EBITDA) DKKbn



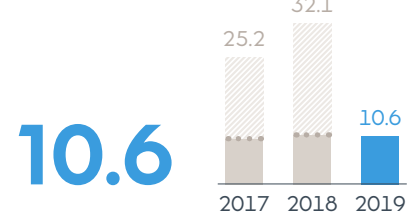
In 2019, we achieved a strong underlying EBITDA which exceeded our expectations at the beginning of the year. It was driven by an increase in generation from our offshore and onshore wind farms and high earnings from our trading activities. The decline in total EBITDA was due to the profit from the 50% farm-down of Hornsea 1 in 2018.

### Net profit (continuing operations) DKKbn



Profit for the year stood strong at DKK 6.1 billion. Net profit in 2018 and 2017 was significantly impacted by farm-down gains from new partnerships.

### Return on capital employed (ROCE) %

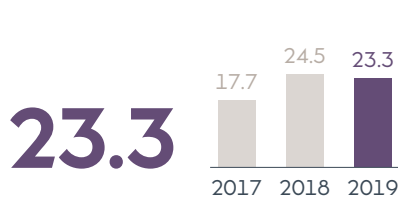


ROCE was 10.6% for the year, which was around our target of an average ROCE of approx 10% for the Group in the period 2019-2025. In 2018 and 2017, ROCE was significantly impacted by farm-downs.

● New partnerships

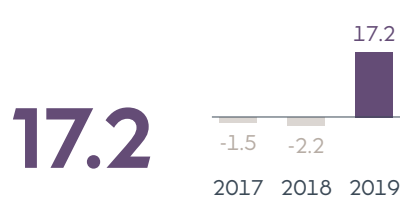
## Cash flow and balance sheet

### Gross investments DKKbn



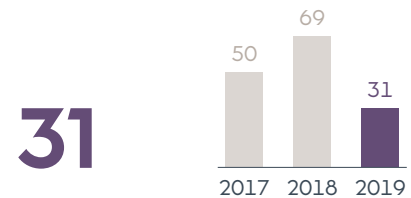
The gross investment level was high in 2019 due to high construction activity in our project portfolio.

### Interest-bearing net debt DKKbn



We had a net debt of DKK 17.2 billion at the end of 2019. Our debt primarily increased due to the high investment level, the addition of lease debt and the payment of dividends.

### Credit metric (FFO/adjusted net debt<sup>1</sup>) %

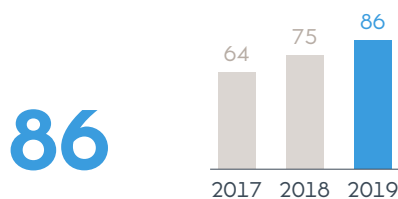


The credit metric 'funds from operations' (FFO) relative to adjusted net debt amounted to 31% in 2019, in line with our target of around 30%.

<sup>1</sup> Interest-bearing net debt, including 50% of hybrid capital and securities not available for use (with the exception of repo transactions), present value of lease obligations (up until 2018), and decommissioning obligations less deferred tax.

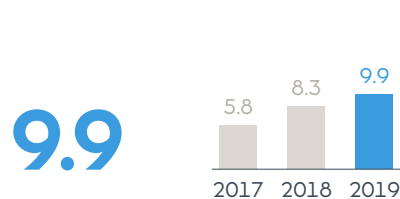
## Environment

### Green share of generation %



The green share of our heat and power generation continued to increase to a new high of 86%, following continued ramp-up of our offshore wind capacity, new onshore capacity and lower heat and power generation based on coal and gas.

### Installed renewable capacity GW

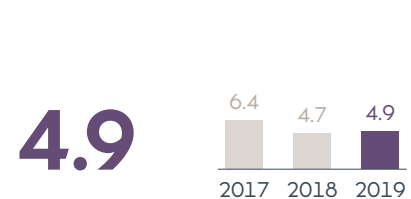


Installed green capacity increased by 19% to 9.9GW in 2019 due to the commissioning of the offshore wind farm Hornsea 1 and the onshore wind farm Lockett as well as the bioconversion of Asnæs Power Station.

## Social

### Safety

Total recordable injury rate (TRIR)



We continue to have a strong focus on the safety and well-being of our employees. However, TRIR increased slightly, driven by an unsatisfactory high number of injuries in Markets & Bioenergy.



# Our strategic aspiration and growth platform

The need to transform the world’s energy systems from fossil fuel-based to renewable energy and our leadership position in offshore wind give us a strong platform to realise our aspiration of becoming a global, green energy major in a rapidly expanding global renewable energy market.

By 2030, global installed renewable capacity is expected to be four times higher than it is today, fuelled by the cost competitiveness of green technologies and by increasingly ambitious government plans to decarbonise energy systems in the fight against climate change.

Ørsted’s renewable energy portfolio includes offshore wind, onshore wind, solar PV and storage. In offshore wind, we are the market leader, both globally and across our four regional markets: UK, Continental Europe, North America and Asia-Pacific. In onshore renewables, i.e. onshore wind, solar PV and storage, a market we entered in 2018, we have a growing position in North America that will soon span seven US states.

Our global leadership position in offshore wind and growing regional position in onshore renewables create a strong foundation for reaching our strategic ambition of more than 30GW of installed renewable capacity by 2030. However, volume is not an objective in itself. We only invest in projects that provide returns above our cost of capital.

Markets & Bioenergy plays an important role in supporting our growth platform by providing services that help offtake the Group’s energy generation and manage our risk exposure. The business unit is also responsible for our portfolio of combined heat and power (CHP) plants which provide green heat, power and ancillary services to Denmark’s energy system, making a significant contribution to the decarbonisation agenda. To sharpen the focus of Markets & Bioenergy, we initiated several divestment processes for non-core activities over the past year, and we have already concluded some of these.

### Capital allocation

We incurred capital expenditures of DKK 23.3 billion in 2019, primarily driven by construction activities in Offshore (DKK 15.1 billion). Our plan is to invest an estimated DKK 200 billion in the period from 2019 through 2025, with more than 95% earmarked for offshore wind and onshore renewables and 0-5% dedicated to reinvestment in our Markets & Bioenergy activities. Our capital will be allocated to projects with the best risk-return profile, and we will only invest in projects which generate returns above our cost of capital.

Our growth platform	Continental Europe and UK	North America	Asia-Pacific	Capital allocation <sup>1</sup>
Offshore wind	Maintain leadership in offshore wind			75-85%
Onshore wind, solar PV and storage		Build strong North American position in onshore wind, solar PV and storage		15-20%

<sup>1</sup> Markets & Bioenergy 0-5% capital allocation.

# Sustainability programmes 2019

Our 20 sustainability programmes help us systematically meet expectations from stakeholders, while addressing the challenges of our business. Through these programmes, we impact many Sustainable Development Goals (SDGs), with our core contribution being to SDGs 7 and 13.

## To align our business with climate science

Societal challenge	Programme	Our impact on the SDGs
Climate action	<ol style="list-style-type: none"> <li>1. Decarbonisation of energy generation and operations</li> <li>2. Decarbonisation of supply chain and energy trading</li> </ol>	We build green energy at scale and reduce the carbon emissions necessary to limit global warming to 1.5°C. This contributes positively to SDGs 7 and 13 and is our biggest contribution to the global goals.
Green energy deployment	<ol style="list-style-type: none"> <li>3. Deployment of offshore wind</li> <li>4. Deployment of onshore renewable energy</li> <li>5. Greener CHP plants</li> </ol>	
Green and reliable energy systems	<ol style="list-style-type: none"> <li>6. Green energy integration</li> </ol>	
Sustainable finance	<ol style="list-style-type: none"> <li>7. Green financing</li> </ol>	



## To address potential impacts of the green energy transformation

Biomass sustainability	<ol style="list-style-type: none"> <li>8. Sourcing of certified sustainable biomass</li> </ol>	Through our investments in green energy, we drive economic growth in local communities and supply chains and positively contribute to SDGs 8 and 11. We prevent and mitigate the potential negative impacts from the green energy transition in the communities and environments where we operate in line with SDGs 12, 14, and 15.
Biodiversity impacts and changes to ecosystems	<ol style="list-style-type: none"> <li>9. Protecting biodiversity</li> </ol>	
Local socio-economic impacts	<ol style="list-style-type: none"> <li>10. Local communities</li> </ol>	
Reuse and recycling of materials	<ol style="list-style-type: none"> <li>11. Resource management</li> </ol>	



## To ensure responsible business practices

Safety, health and well-being	<ol style="list-style-type: none"> <li>12. Workplace safety</li> <li>13. Employee health and well-being</li> </ol>	We conduct business with accountability and responsibility, ensuring respect for our employees, business partners, and suppliers. Through our different programmes, we contribute positively to SDGs 3, 5, and 16, while also minimising our potential negative impacts.
Employee development and retention	<ol style="list-style-type: none"> <li>14. Employee development</li> <li>15. Employee satisfaction</li> </ol>	
Diversity and equal opportunity	<ol style="list-style-type: none"> <li>16. Employee diversity and inclusion</li> </ol>	
Business ethics and transparency	<ol style="list-style-type: none"> <li>17. Good business conduct</li> </ol>	
Business partner conduct	<ol style="list-style-type: none"> <li>18. Responsible business partner programme</li> </ol>	
Information security and cyber attacks	<ol style="list-style-type: none"> <li>19. Information and cybersecurity</li> </ol>	
Responsible tax	<ol style="list-style-type: none"> <li>20. Responsible tax practices</li> </ol>	



# Carbon neutral to align with climate science

We are decarbonising our energy generation decades faster than what science requires from the energy sector. We now expand the scope and ambition of our decarbonisation strategy. By 2025, we want to be carbon neutral in our energy generation and operations and by 2040, in our entire carbon footprint.

A decade ago, Ørsted emitted 12 million tonnes of CO<sub>2</sub>e, primarily coming from the use of coal at our combined heat and power plants. Through a combination of coal-to-biomass conversions and offshore wind build-out, we have significantly reduced the emissions from our energy generation, to 2 million tonnes. We are determined to continue to drive out emissions, and we have therefore decided to strengthen the ambition and scope of our decarbonisation strategy.

## Carbon neutral energy generation and operations

By 2025, we want to be carbon neutral in our energy generation and operations (scope 1-2)<sup>1</sup>. At Ørsted, we have already reduced our carbon emissions intensity (g CO<sub>2</sub>e/kWh) by 86% since 2006. To become carbon neutral by 2025, we will continue our efforts to reduce our direct emissions. We want to achieve at least 98% reduction in the carbon intensity of our energy generation and operations by continuing to expand our renewable generation capacity and by completing our phase-out of coal at our Danish combined heat and power plants towards 2023. This emissions reduction trajectory is more than two decades ahead of what science demands from energy companies to keep global warming below 1.5°C.

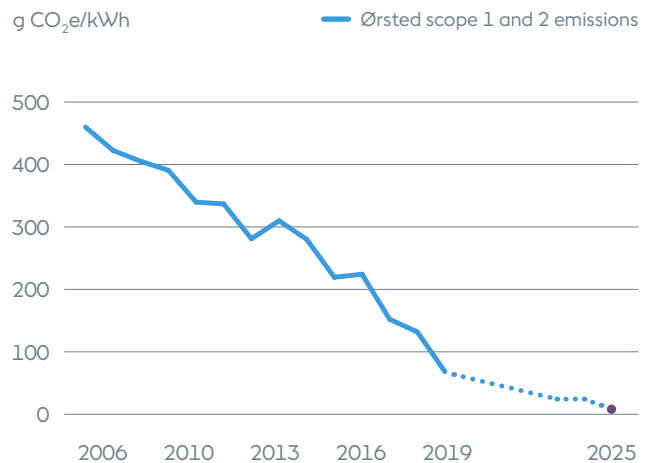
The remaining emissions beyond 98% reduction come from a variety of sources where it is particularly challenging to drive out emissions. The majority comes from the natural gas we still use at our combined heat and power plants and from fossil fuel used at our offshore operation vessels. Still, we will strive to push our reduction beyond 98% towards 2025 while investigating solutions to the remaining emissions, which could include offset through certified carbon removal projects.

## The next step in our decarbonisation journey

Being on track to carbon neutral energy generation and operations (scope 1-2), we also turn our attention to the indirect emissions outside of our immediate control (scope 3) that mainly come from our supply chain and energy trading.

## Carbon neutral by 2025

### Energy generation and operations (scope 1-2)



By 2025, we want to be carbon neutral. This target covers all direct emissions from our activities and indirect emissions from our energy consumption (scope 1-2).

● We will eliminate the remaining emissions beyond a 98% reduction (g CO<sub>2</sub>e/kWh) which could include offset by investing in certified carbon-removal projects.

We have set a target to reduce all such indirect emissions by 50% between 2018 and 2032. To meet this target, we have decided to gradually phase-out trading of natural gas and to work with our strategic suppliers to decarbonise our supply chain.

This is an important step towards realising that our entire carbon footprint is carbon neutral by 2040, a decade faster than required by science to stop global warming at 1.5°C. It is an ambitious target that we believe will help foster innovation across the renewable energy supply chain and deliver the scalable carbon neutral solutions that are urgently needed to halt the climate emergency.

<sup>1</sup> Our carbon emissions accounting follows the standards defined by the Greenhouse Gas Protocol. To learn more, please see our ESG performance report 2019, section 2.7.

# Sustainability ratings and memberships

## UN Global Compact participant



**WE SUPPORT**  
Member of the action platform 'Pathways to Low-Carbon and Resilient Development'. Through this, we aim to serve as a catalyst for enhancing action to meet the ambitions of the Paris Agreement and the UN SDGs.

Member of the action platform 'Sustainable Ocean Business'. Through this, we aim to contribute to ensuring that an accelerated use of ocean-based solutions takes place sustainably to meet the ambitions of the Paris Agreement and the UN SDGs.

**WE SUPPORT**  
**Caring for Climate**



## Memberships and alliances



## Rating agencies

## Elaboration and benchmark

## Score



Ørsted ranked the most sustainable company in the world in Corporate Knights' 2020 Global 100 index.

1st place



Ørsted awarded the highest possible rating and is recognised as a global leader on climate action.

A



Ørsted awarded the highest possible rating by MSCI for three consecutive years.

AAA



Ørsted awarded highest possible 'Leader' status being in top 7 among 188 utilities and no. 1 among direct market cap peers.

83 of 100



Ørsted placed as no. 1 among all utilities and awarded 'Prime' status.

B+



Ørsted in top 2% of companies in the industry and awarded a gold label for being among the top performers assessed by EcoVadis.

78 of 100



Ørsted awarded the highest possible rating in the GRESB Infrastructure Public Disclosure Assessment.

A

# Our investments in green energy bring tangible benefits to society

Accelerating the transformation from fossil fuel-based to renewable energy requires significant investments. Our investments have helped power millions of people with renewable energy, fight climate change by displacing fossil fuels with renewable energy, and boost economic growth and job creation.

Our green energy investments, 2010-2019

DKK

**193 bn**

The investments includes our partners' share

Avoided carbon emissions

**11.3** million tonnes

Equal to taking more than 5 million cars off the streets every year

Job years

**197,000**

The jobs our investments in offshore wind farms create over their life cycle.

Green energy investment programme, 2019-2025

DKK **200 bn**

People powered by green energy, current capacity

**>15 million**



Certified biomass

**96%**

It is our ambition that all our biomass is certified by 2020.



# Our global footprint

## United Kingdom


 **In operation: 4,940MW**  
 Under construction: 1,386MW  
 Under development: 4,000-5,000MW

 Under construction:  
 Rescience Northwich

 **In operation: 20MW**

 Sales of energy

## The Netherlands

 Under construction: 752MW

## Germany

 **In operation: 1,384MW**  
 Awarded: 1,142MW

 Sales of energy

## United States of America

 **In operation: 30MW**  
 Awarded: 2,934MW  
 Under development: up to 4,500MW

 **In operation: 987MW**  
 Under construction: 671MW

 **In operation: 10MW**  
 Under construction: 420MW

 Under construction: 40MW

### Activities

-  Offshore wind
-  Onshore wind
-  Solar
-  Biomass-fired power plant
-  Fossil-fuelled power plant
-  Bio plant
-  Storage
-  Sales of energy

### Status

-  In operation
-  Under construction (FID)
-  Awarded
-  Under development

MW: Total gross capacity (even if Ørsted share is < 100%). The MW for the wind farms in operation illustrates the operational capacity. The map shows selected Ørsted assets.



**Sweden**

🏠 Sales of energy

**Denmark**

🏭 In operation: 950MW

🏠🏭 In operation: our CHP plants, 2,865MW power and 3,560MW heat

🏠 Sales of energy

**Taiwan**

🏭 In operation: (Formosa 1) 128MW  
Under construction: (Greater Changhua 1 & 2a) 900MW  
Awarded: (Greater Changhua 2b & 4) 920MW

# Shareholder information

The Ørsted share yielded a total return of 61% in 2019, an increase in the share price of 58%, and dividends of DKK 9.75 per share.

## Price development for the Ørsted share

The Ørsted share started the year at a price of DKK 436 and closed the year at DKK 689. Prices of comparable European utility companies increased by 32%, and the OMX C25 cap increased by 26% in 2019. The market value of Ørsted was DKK 290 billion at the end of the year. Since the IPO in June 2016, the Ørsted share has generated an aggregate return from share price appreciation and dividends of 204%.

The year's highest traded price of DKK 691 was on 27 December. The year's lowest traded price of DKK 428 was on 2 January.

The average daily turnover on Nasdaq Copenhagen was 447,657 shares. The trading volume increased by 0.1% compared to 2018.

In connection with SEAS-NVE's acquisition of our Danish power distribution, residential customer and city light businesses, SEAS-NVE stated an intention to reduce its shareholding from 9.54% to a shareholding of approx 5% over the coming 12 months. In both November 2019 and January 2020, SEAS-NVE sold shares equivalent to 2.27% of the shares in Ørsted, bringing their shareholding to 5.01%.

## Share capital

Ørsted's share capital is divided into 420 million shares, enjoying the same voting and dividend rights. The company's share capital remained unchanged in 2019. At the end of 2019, the company held a total of 396 thousand treasury shares, which will be used to cover incentive schemes.

## Composition of shareholders

At the end of the year, the number of shareholders had increased by 45% to 42,911 and the majority (65%) lies with Danish owners. The figure on the next page shows the composition of our shareholders by country, specifying the three shareholders each holding more than 5% of the share capital. Approximately 2% of the share capital is owned by retail investors.

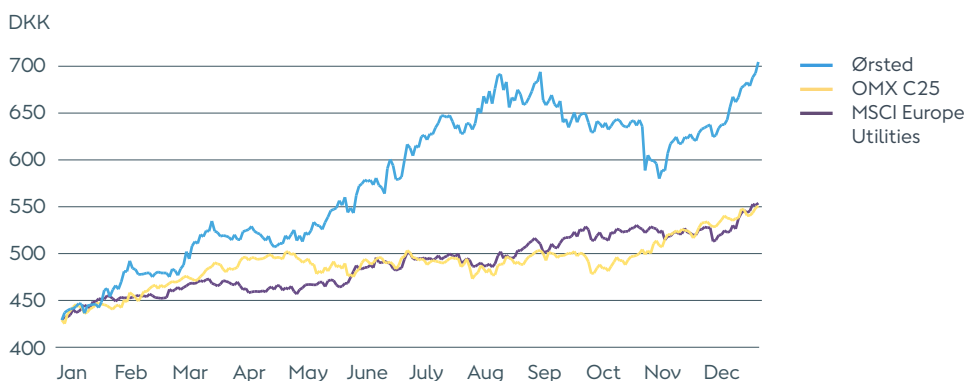
## Annual general meeting and dividends

The annual general meeting will be held on 2 March 2020 in Copenhagen. Dividends for the year are expected to amount to DKK 10.5 per share, corresponding to DKK 4.4 billion and a yield of 1.5% compared to the share price of DKK 689 at the end of 2019.

In 2019, dividends of DKK 9.75 per share were paid for the 2018 financial year, corresponding to a dividend yield of 2.2%.

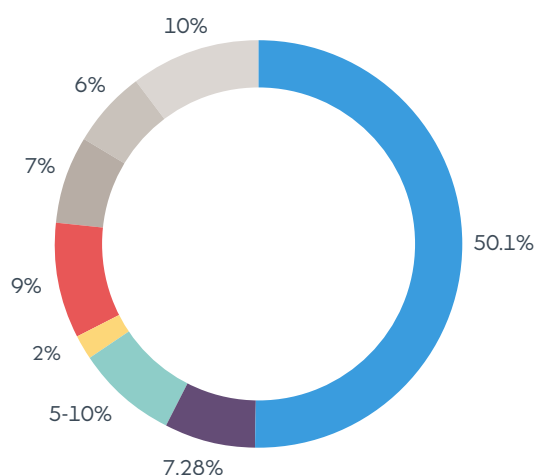
## Share price development in 2019

Ørsted share price compared to peers



### Shareholders at 31 December 2019, share capital and/or voting share %\*

- Danish state (majority shareholder)
- SEAS-NVE, Denmark
- The Capital Group, United States
- Retail investors, Denmark
- Rest of Denmark
- United Kingdom
- Rest of the United States
- Others



\* See note 16 in the parent company financial statements.

### Investor relations

In order to achieve a fair pricing of our shares and corporate bonds, we seek to ensure a high level of openness and stability in our financial communication. In addition, our management and Investor Relations function engage in regular dialogues with investors and analysts. The dialogues take the form of quarterly conference calls, roadshows, conferences, capital markets days and regular meetings with individual or groups of investors and analysts. The dialogues are subject to certain restrictions prior to the publication of our financial reporting.

The Group is covered by 23 equity analysts and 12 bond analysts. Their recommendations and consensus estimates for Ørsted's future financial performance are available at [orsted.com/en/investors](http://orsted.com/en/investors). On this site, you can also download our financial reports, our remuneration report, our ESG and our sustainability reports as well as investor presentations and a wide range of other data.

### Selected company announcements in 2019

30 Jan.	Taiwan announces 2019 feed-in tariff.
8 Feb.	Ørsted divests 50% of South Fork, Revolution Wind and two New England offshore wind lease areas to Eversource.
30 Apr.	Ørsted takes final investment decision on Changhua 1 & 2a offshore wind farm.
9 May	Ørsted successfully issues green bonds in the UK.
21 June	Ørsted selected as preferred bidder for New Jersey's first offshore wind farm.
18 July	Ørsted selected as preferred bidder for New York offshore wind farm.
18 Sep.	Ørsted enters into an agreement to divest its Danish power distribution, residential customer and city light businesses to SEAS-NVE.
25 Sep.	Elsam is again acquitted of the competition authorities' claim of abuse. The provision is reversed.
29 Oct.	Ørsted to negotiate divestment of 25% of Ocean Wind to Public Service Enterprise Group (PSEG).
29 Oct.	Ørsted presents update on its long-term financial targets.
5 Nov.	Ørsted issues green bonds in Taiwan.
18 Dec.	Ørsted enters into an agreement to divest its LNG business.

### Share information

ISIN	DK 0060094928220
Share classes	1
Nominal value	DKK 10 per share
Average daily volume	447,657
Exchange	Nasdaq OMX Copenhagen
Ticker	ORSTED
Year high	DKK 691 (27 Dec.)
Year low	DKK 428 (2 Jan.)
Registered share	99.6%
Number of shares	420,381,080 shares
Number of treasury shares	395,619 shares

### Financial calendar 2020

30 Jan.	Annual report 2019
2 Mar.	Annual general meeting
29 Apr.	Interim report for the first quarter of 2020
12 Aug.	Interim report for the first half-year of 2020
28 Oct.	Interim report for the first nine months of 2020

# Selected performance highlights

<b>Income statement (Business performance), DKKm</b>	2019	2018	2017	2016	2015
Revenue	67,842	76,946	59,504	61,201	65,444
EBITDA	17,484	30,029	22,519	19,109	8,730
Depreciation, amortisation and impairment losses	(7,432)	(5,375)	(6,284)	(5,232)	(6,857)
Operating profit (loss) (EBIT)	10,052	24,654	16,235	13,877	1,873
Profit (loss) for the year from continuing operations	6,100	19,486	13,279	12,161	967
<b>Balance sheet</b>					
Total assets	192,860	174,575	146,521	136,489	147,457
Total equity	89,562	85,115	71,837	57,500	51,736
Interest-bearing net debt	17,230	(2,219)	(1,517)	3,461	9,193
Capital employed	106,792	82,896	70,320	60,961	60,930
<b>Cash flow</b>					
Cash flow from operating activities	13,079	10,343	1,023	11,272	7,521
Gross investments	(23,305)	(24,481)	(17,744)	(14,960)	(12,709)
Divestments	3,329	19,950	16,982	9,055	1,982
Free cash flow from continuing operations	(6,897)	5,812	261	5,367	(3,206)
<b>Financial ratios</b>					
Return on capital employed (ROCE), %	10.6	32.1	25.2	24.4	3.6
Dividend yield, %	1.5	2.2	2.7	2.2	-
FFO/adjusted net debt, %	31.0	69.0	50.3	64.2	28.8
<b>Business drivers</b>					
<b>Offshore</b>					
Installed capacity, offshore wind, GW	6.8	5.6	3.9	3.6	3.0
Generation capacity, offshore wind, GW	3.6	3.0	2.5	2.0	1.7
Wind speed, m/s	9.2	9.1	9.3	8.9	9.7
Power generation, TWh	12.0	10.0	8.5	6.0	5.8
<b>Onshore</b>					
Installed capacity, onshore wind, GW	1.0	0.8	-	-	-
Wind speed, m/s	7.3	7.3	-	-	-
Power generation, TWh	3.5	0.6	-	-	-
<b>Markets &amp; Bioenergy</b>					
Degree days, number	2,399	2,526	2,705	2,715	2,621
Heat generation, TWh	8.3	8.8	9.0	9.2	9.3
Power generation, TWh	4.6	6.7	8.2	8.4	7.1
Power sales, TWh	14.7	15.3	31.7	32.9	31.9
Gas sales, TWh	127.1	134.1	136.1	150.4	159.1
<b>People and environment</b>					
Employees (FTE), end of period, number	6,526	6,080	5,638	5,775	5,947
Total recordable injury rate (TRIR)	4.9	4.7	6.4	6.8	9.7
Fatalities, number	1	0	0	0	0
Green share of heat and power generation, %	86	75	64	50	49
Carbon emissions, g CO <sub>2e</sub> /kWh	65	131	151	224	220



**Ørsted A/S**

Kraftværksvej 53  
7000 Fredericia, Denmark  
Tel.: +45 99 55 11 11  
CVR no 36213728

<https://orsted.com/en>

**Group Communication**

Martin Barlebo  
Tel.: +45 99 55 95 52

**Investor Relations**

Allan Bødskov Andersen  
Tel.: +45 99 55 79 96

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