

**Company announcement
No. 02/2020**

Annual report 2019

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

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Today, Ørsted's Board of Directors approved the annual report for 2019. Operating profit (EBITDA), excluding new partnerships, increased by 17% to DKK 17.5 billion, thus exceeding our expectations at the beginning of the year as well as our most recent guidance of DKK 16-17 billion.

30 January 2020

Earnings from offshore and onshore wind farms in operation increased by 30% to DKK 14.8 billion in 2019 driven by ramp-up of generation from new offshore wind farms and a full year with contribution and ramp-up in our onshore wind business. In addition, our year-on-year development was positively impacted by higher earnings from our trading activities and the reversal of a provision related to the Elsam competition case. This was partly offset by the increase in provisions related to our LNG activities, higher project development costs and a temporarily negative effect from our gas at storage due to the substantial drop in gas prices during 2019. In 2018, we also had a positive outcome of a gas sourcing arbitration case which was not repeated in 2019.

The increase compared to our most recent guidance was mainly due to strong offshore generation in December, better than expected performance from our trading activities, less negative effect from the value of our gas at storage and lower costs across the group. This was partly offset by the provision related to our loss-making LNG activities, which we signed an agreement to divest in December.

Net profit amounted to DKK 6.1 billion, and return on capital employed (ROCE) came in at 10.6%.

Our credit metric, FFO/adjusted net debt, ended at 31%, in line with our financial policy of being around 30%.

The Board of Directors recommends a dividend of DKK 10.5 per share (DKK 4.4 billion in total), up 7.7% and in line with our dividend policy.

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.

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, and bioenergy plants, and provides energy products to its customers. Ørsted ranks #1 in Corporate Knights' 2020 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 6,500 people. Ørsted's shares are listed on Nasdaq Copenhagen (Ørsted). In 2019, the group's revenue was DKK 67.8 billion (EUR 9.1 billion). Visit oredted.com or follow us on Facebook, LinkedIn, Instagram and Twitter.

Henrik Poulsen, CEO and President of Ørsted, says:

"2019 was a great year for Ørsted with continued strategic progress and global expansion. We achieved a very satisfactory operating profit (EBITDA), and the green share of our heat and power generation increased to a new high of 86%.

We reached significant milestones by winning two large-scale offshore projects in the US. We were awarded 1,100MW with our Ocean Wind project in New Jersey and 880MW with our Sunrise Wind project in New York. With these awards, we have secured a US offshore wind portfolio with a total capacity of 2.9GW to be completed towards 2024. In addition, we have up to 4.5GW of lease rights which can be developed for future offshore wind projects in the US. The Sunrise Wind project will be constructed together with our partner Eversource. For Ocean Wind, we are in exclusive negotiations with the Public Service Enterprise Group (PSEG) regarding a joint venture agreement to acquire 25% of the project.

In the UK, we commissioned Hornsea 1, the world's largest offshore wind farm with a capacity of 1,218MW. We passed further milestones when we inaugurated phase two of Taiwan's first-ever offshore wind farm Formosa 1, and when we commissioned the onshore wind farm Lockett in Texas in the US.

During 2019, we took final investment decision (FID) on a number of projects. In Taiwan we decided to build the 900MW offshore wind farm Greater Changhua 1 & 2a, and we decided to build the onshore wind farms Sage Draw (338MW), Plum Creek (230MW) and Willow Creek (103MW) as well as the combined solar (420MW) and storage (40MW) project Permian Energy Center in the US.

We signed an agreement to divest our Danish power distribution (Radius), residential customer and city light businesses to SEAS-NVE. The agreement ensures an attractive transaction for Ørsted's shareholders and provides a good future home for the customers and our highly skilled employees. We will use the proceeds from the divestment to continue our global investments in green energy. We expect that the transaction will be closed in the first half of 2020.

To further focus our activities, we entered into an agreement to divest our LNG activities to Glencore and initiated a process to divest the majority of our B2B sales business.

We remain strongly committed to our vision of a world running entirely on green energy and will continue to work hard to help limit global warming and its impact on biodiversity and global living conditions for current and future generations."

Financial key figures for Q4 and 2019:

DKK million	Q4 2019	Q4 2018	%	2019	2018	%
EBITDA	4,613	19,206	(76%)	17,484	30,029	(42%)
Profit (loss) for the year from cont. operations	925	15,160	(94%)	6,100	19,486	(69%)
Profit (loss) for the year from discount. operations	(29)	34	n.a.	(56)	10	n.a.
Profit (loss) for the year	896	15,194	(94%)	6,044	19,496	(69%)
Cash flows from operating activities	4,816	7,565	(36%)	13,079	10,343	26%
Gross investments	(8,816)	(14,916)	(41%)	(23,305)	(24,481)	(5%)
Divestments	402	18,749	(98%)	3,329	19,950	(83%)
Free cash flow	(3,598)	11,398	n.a.	(6,897)	5,812	n.a.
Net interest-bearing debt	17,230	(2,219)	n.a.	17,230	(2,219)	n.a.
FFO/adjusted net debt	31%	69%	(38%p)	31%	69%	(38%p)
ROCE	11%	32%	(22%p)	11%	32%	(22%p)

Outlook 2020

EBITDA (business performance), excluding new partnerships, is expected to be DKK 15-16 billion in 2020 compared to DKK 17.5 billion in 2019. The decline relates to earnings from existing offshore wind partnerships which amounted to DKK 3.8 billion in 2019, but are expected to be very limited in 2020.

Gross investments for 2020 are expected to amount to DKK 30-32 billion, reflecting a high level of construction activity related to offshore and onshore wind and solar PV projects.

For further information, please contact:

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Conference call

In connection with the presentation of the annual report, a conference call for investors and analysts will be held on Thursday, 30 January 2020 at 14:00 CET.

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The conference call can be followed live at:
<https://edge.media-server.com/mmc/p/v6offu8x>

Presentation slides will be available prior to the conference call at:
orsted.com/en/Financial-reports-and-presentations

The annual report is available for download at:
orsted.com/en/Financial-reports-and-presentations