Company announcement
No. 23/2021

Ørsted accelerates growth to realise its full potential as a global green energy major

In connection with the company’s Capital Markets Day, the Board of Directors today approved Ørsted’s new strategic ambition and financial guidance.

Over the past decade, Ørsted has built a global market-leading position in renewable energy with a total of 12 GW of installed renewable capacity.

Looking ahead, the global build-out of renewable energy is expected to accelerate significantly, supported by governments around the world committing to ever more ambitious renewable-specific targets to limit global warming. By 2030, the global installed capacity of renewable energy is expected to almost triple. Offshore wind is expected to grow by a factor of 7 and onshore renewables by a factor of 25-3. This massive build-out of renewable energy presents unparalleled growth opportunities for Ørsted.

To continue to lead in the global green energy transformation and realise its full potential as a global green energy major, Ørsted now accelerates its global build-out of renewable energy and sets the ambition to reach approx. 50 GW of installed capacity by 2030. To support this ambitious build-out, Ørsted plans to invest approx. DKK 350 billion in green energy from 2020 to 2027, accelerating average yearly investments by approx. 50 % since the last Capital Markets Day.

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

“Our aspiration is to become the world’s leading green energy major by 2030. With the offshore wind industry’s largest concrete development pipeline, our global development organisation, and our industry-leading commitment to innovation, it’s our clear aspiration to remain the global market leader in offshore wind. In onshore wind and solar PV, with our proven track record in scaling and delivering attractive value and as a top-5 developer in the US, it’s our aspiration to become one of the world’s top 10 players in onshore renewables. In renewable hydrogen and green fuels, we’ve built a strong platform with industry-leading offtakers, and we intend to grow this platform to become a global leader in renewable hydrogen.

With the opportunities we see across all of our segments, we now set the ambition of reaching approx. 50 GW of installed renewable energy
capacity by 2030, more than quadrupling our installed capacity over the next decade.

With this strategic ambition, we’re positioning Ørsted to be a leading player in a future energy system with more renewable energy which will be much more integrated across technologies and tied together by new infrastructure and increased digitalisation.

Being named the world’s most sustainable energy company for now three years in a row, it’s our aspiration to be a globally recognised sustainability leader and to accelerate our efforts to operate our company in an even more sustainable way. That’s why we now set the ambition that no later than 2030, all new projects commissioned must have a net-positive biodiversity impact, fully supporting that the transformation to green energy must take place in a sustainable way and in harmony with nature.

Furthermore, we are today, with immediate effect, announcing a ban on the landfilling of wind turbine blades. Going forward, Ørsted commits to either reusing, recycling, or recovering 100% of all blades coming from repowering or end-of-design-life decommissioning of our onshore and offshore wind farms.

It’s our aspiration to be a leading catalyst for the global green energy transition towards a world that runs entirely on green energy and to be the preferred partner for our customers, local communities, suppliers, and joint venture partners, enabling all our stakeholders to realise the green transformation and its benefits.”

**New ambitions and financial guidance**

Ørsted’s strategic ambition for build-out of renewable energy is raised from +30 GW announced at the Capital Markets Day in 2018 to approx. 50 GW by 2030, of which approx. 30 GW will come from offshore wind, approx. 17.5 GW from onshore wind and solar PV, and approx. 2.5 GW from other renewables, including sustainable biomass, renewable hydrogen, and green fuels. This ambition corresponds to an investment level for the period 2020-2027 of approx. DKK 350 billion of which approx. 80% is expected to be within offshore wind, including renewable hydrogen, and approx. 20% within onshore.

In the period 2020-2027, Ørsted expects a growth in operating profit (EBITDA) from offshore and onshore assets in operation of approx. 12% a year on average, reaching a level of DKK 35-40 billion in 2027. The growth rate assumes that all offshore projects where Ørsted does not already have a joint venture partner are farmed down to a 50% ownership stake.
Ørsted has high visibility on future earnings with approx. 90% on average of Ørsted’s operating profit (EBITDA) for the period 2020-2027 coming from regulated or contract-based activities.

Going forward, Ørsted’s targeted range for the fully loaded unlevered lifecycle spread to weighted average cost of capital (WACC), at the time of bid/final investment decision (FID) whichever comes first, for our offshore and onshore projects will be 150-300 basis points, which is consistent with the implied value creation spread from our last guided return. The targeted rate is not a hurdle rate and, consequently, there could be projects that deviate from the targeted range.

The average return on capital employed (ROCE) for 2020-2027 is expected to be 11-12%.

**Summary of new ambitions and financial guidance**

- Ambition to have installed approx. 50 GW of renewable capacity by 2030.
- Growth in EBITDA from offshore (incl. hydrogen) and onshore assets in operation of an average of approx. 12% for the years 2020-2027, corresponding to an EBITDA of DKK 35-40 billion in 2027.
- Fully loaded unlevered lifecycle spread to WACC: targeted range of 150-300 bps at the time of bid/FID (whichever comes first) for our offshore and onshore projects.
- ROCE: 11-12%, average for 2020-2027.
- Share of regulated or contract-based operating income (EBITDA): approx. 90%, average for 2020-2027.
- Dividend policy until 2025 (unchanged): annual dividend increased with high single-digit percentage.

**The Capital Markets Day**

Today, on 2 June 2021 at 1200-15:30 CEST, Ørsted will explain the new strategic ambition and financial targets and host a Q&A session.

All presentations will be recorded and made available after the Capital Markets Day. The presented material is available now at: [https://orsted.com/-/media/www/docs/corp/capital-markets-day/orsted-cmd-2021.pdf](https://orsted.com/-/media/www/docs/corp/capital-markets-day/orsted-cmd-2021.pdf)

Media Q&A
A joint Q&A session for the media will be held on 2 June 2021 at 16:15-17:00 CEST with participation of members of Ørsted’s Executive Committee.

Dial-in information for media:
Denmark: +45 78 73 78 92
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The information provided in this announcement does not change Ørsted’s financial outlook for the 2021 financial year or the expected investment level announced for 2021.

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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, and bioenergy plants, and provides energy products to its customers. Ørsted ranks as the world’s most sustainable energy company in Corporate Knights’ 2021 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 6,311 people. Ørsted’s shares are listed on Nasdaq Copenhagen (Orsted). In 2020, the group’s revenue was DKK 52.6 billion (EUR 7.1 billion). Visit orsted.com or follow us on Facebook, LinkedIn, Instagram, and Twitter.