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Full Year results & Capital Markets Update

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PRESENTATION

Rasmus Keglberg Haervig, Head of IR

Hello, everyone, and welcome to Ørsted's presentation of our full year 2023 results and our Capital Markets Update. My name is Rasmus Haervig and I'm heading the Ørsted IR team, and we've been very much looking forward to giving you this update. Today, our CEO, Mads Nipper, will give an update on our business plan, followed by our interim CFO, Rasmus Errboe, who will go through our financial plan. That will take roughly an hour, and afterwards we have an hour allocated for Q&A, where both the people who join us here at Gentofte today but also those following online can pose questions. So with that, over to you, Mads, for the presentation. Thank you.

Mads Nipper, CEO

Thank you very much, Rasmus, and a warm welcome to those of you here, and also for all of those who are following us online. We appreciate you dialling in on this. As Rasmus said, it's a very busy earnings day and, therefore, great to have you here in the room. As Rasmus said, on top of, naturally, presenting our 2023 results, we will also, in light of a very challenging 2023, present our updated plan. And we are very aware that 2023 was a significantly challenged year, not just for us but for all stakeholders including investors, due to the developments in our US offshore business and, not least, the very difficult but economically-rational decision to cease development of Ocean Wind 1, and 2 for that matter. That led to significant cancellation fees on top of impairments that we've had to realise, mostly also for that project.

But with that, let me start on the business update, including the outline of both what we have learnt and also what is going to happen from here. So, if we take a look at the summary of what Rasmus and myself will be presenting, there are essentially four components. One is on the 2023 results, where the underlying business results were actually approximately 1 billion above the top end of our guided range, something we were obviously satisfied with. We did see some significant strategic milestones, and also we were within what we had already announced at Q3 in terms of both impairments and the expected cancellation fees for Ocean Wind 1. We are very aware that none of that takes top priority with our investors, but, nonetheless, an important backdrop towards this year review in a much briefer-than-normal format.

What we have done also, and we have worked intensely on that in the last weeks and months, is to ensure that we review very carefully what were the events that led up to the situation we had in our US business, and also especially that led to the very dramatic developments on Ocean Wind 1, leading to terminating and ceasing development of that project. We have analysed that and we have taken learnings that are already implemented or under implementation. We have also done a significant risk review of all of our offshore wind projects, not taking any assumptions that something is under control, but doing a systematic and structured review of what has happened in our portfolio and implementing key learnings from that to further de-risk those projects. We will do that in some detail today. And then, we have conducted a portfolio

review leading to a slimmer but, most importantly, a more focused portfolio with a higher value creation and risk balance.

We will also share with you the backbone of the updated plan that we have, which is a robust business plan that delivers on what we had set it out to do. The core elements of that robustness and also to ensure that we protect a solid investment-grade rating with a strong balance sheet, is that we are reducing and further phasing our CAPEX. We have an accelerated and expanded partnerships and farm-down programme, and we've decided to have a three-year dividend holiday.

And then, also we are reducing both development, but also our fixed costs. And let me dwell on that for a second. This has also led to us, today, announcing that we are removing, during this year, 600 to 800 positions in the company and, today, also announcing that 250 colleagues will leave Ørsted. We are obviously committed to do that in a respectful and fair manner, but it is an important part of our programme to ensure that we further strengthen our competitiveness. All of this will lead to an estimated DKK 1 billion saving in 2026 compared to 2023 on a like-for-like basis.

All of this leads to, and you will hear us say that again, the updated guidance is an unchanged 150 to 300 basis points spread to WACC. This is industry-leading, as I'm sure you're aware, and fully loaded so that it is fully cost-loaded with our fixed cost as well. An unchanged average 14% return on capital employed. A 35 GW to 38 GW of estimated installed capacity by 2030. And that is a reduction, but it is also one that leads to an investment programme which, on a like-for-like basis, is approximately one third. So comparing the 475 billion announced at the capital markets day to approximately 270 billion now is, on a like-for-like basis, reducing for what we spent last year, a third reduction.

And that leads to DKK 39 billion to DKK 43 billion EBITDA by 2030, excluding new partnerships. That is around 8 % average growth. And I will mention that this number would have been around 10 % had we ended in the middle of our guided range for 2023. So the CAGR towards 2030 is, naturally, mathematically lowered because of the higher-than-expected performance of the underlying business in 2023. So this is the backbone and the core messages of what we have for you today, but we'll obviously elaborate on all of these dimensions.

Let me very briefly, again, round up 2023 with the underlying business results. 24 billion of earnings before partnerships and cancellation fees. We did see a 12.9 % return on capital employed, net of cancellation fees and impairments. We did end the year at DKK 26.8 billion impairment, which was a tad lower than estimated, driven by interest rates being lower. And we did end with an almost 50% reduction in our Scope 1, 2, 3 emissions, and also a very significant reduction in our Scope 1 and 2, driven by burning much less fuel in our combined heat and power plants.

The strategic milestones included 4.5 GWs of final investment decision, including the world's largest offshore wind farm, Hornsea 3. We'll come back to that because it is such a big project for the company. But we also saw that there was good progress in some of our selected high priority markets. In this case, exemplified with getting the electricity business licence for the Greater Incheon project of 1.6 GWs, close to a heavy load

centre around Seoul. We did continue our successful farm-down track with two completed transactions. We had good construction progress, and we are nearing COD of both South Fork Wind and Greater Changhua 1 and 2a. And then we broke ground on Europe's largest e-methanol facility, FlagshipONE, and also on our Danish carbon capture and storage opportunity here. That's all I'll say about 2023. Rasmus will come back to a little bit more of the details, including the 2024 guidance, but otherwise, let us turn to some of the events that we have learned, that we have implemented and that will shape the backbone of our plan going forward.

So, what are some of the negative events that have hit us since the capital markets day, and particularly hit our investment capacity? Most notably, unsurprisingly, is the cancellation costs of the ceasing development of Ocean Wind 1. Since this is FFO, this is something that has a material impact on our investment capacity. But we've also seen that the forward prices and, hence, also the expected revenues have come down, and, in select markets just over the last six months, we have seen the forward prices come down as much as 40%.

In terms of the supply chain impacts, there are two impacts mentioned at the bottom. One is general inflation, which has continued, albeit not at the same steep rates, but the more notable impact is that, as part of our risk review, we have increased both our contingencies, but also the pre-commitments we have put in to ensuring that we have back-up capacity for the critical path, or some of the parts of the project execution that would be at risk of leading to more material impacts. That comes at a cost, but it is to be considered an insurance policy against much greater potential impact, so we consider it a positive to be better prepared for that.

And that means it will also form the structure for what I'm going to say for the next 15 minutes, that we have concluded the review of the events in Ocean Wind 1, implemented learnings. We have done a risk review on all of our projects. We have done a portfolio review leading to a smaller but, again, more importantly, focused portfolio. And then we are implementing measures to ensure that we have a strong and robust plan.

And if we, without further ado or further delay, turn to the events of Ocean Wind 1, because this is the most significant impact that hit us in 2023, starting on the left side, what actually happened? So, for context, these projects, so all of our early-stage US projects, have been materially hit over a longer period of time by the generally adverse industry conditions. That is something that has impacted the entire industry. But because these projects were without any kind of inflation indexing, increasing interest rates and significantly increasing CAPEX inflation, which was three to four times as high as consumer price inflation, and even higher in an immature market like the US, it was already a project whose returns were under pressure and who had also lost most of the float in the schedule.

We had chosen, which seemed the right decision at the time, to continue to mature the project, to develop the project and, at the same time, to commit capital into the project with the intent to keep the plant and the committed COD date. With the knowledge we have today, that was not the right decision, because that meant that in a pre-FID project, we were committing very significant capital and, given the events that hit, this was the wrong decision with the knowledge that we have today. On top of that, we had made, also

with the intent to qualify for the tax credits, ourselves dependent on an immature supply chain in the US market. We had high confidence that this was being built, so we were deeply engaged in building new facilities. We were part of actually ensuring that there could be final investment decisions on new-build vessels.

We felt comfortable that this was well on track, but it progressed slower, due to a whole number of reasons such as lack of qualified labour, difficulties ramping up and other challenges that actually hit. And that meant that, overall, and especially over the summer and early fall, we got a number of delays and suppliers that failed to live up to the commitments that meant that, in totality, it was very, very hard hit. And at the time, we found ourselves out of ability to book back-up capacity for installing in 2025. Had we known before, that might have been possible, but at the time we got this knowledge, it was too late, which, as I'm sure many of you have heard us say before, that meant that the project would face such a big delay that we would end up having to re-contract most of the CAPEX at even higher rates. That was what ultimately led to the very difficult but, as I mentioned, economically-rational decision to cease development.

On top of that, we found ourselves, and that is another learning that we're implementing, that even though at the time they didn't seem critical, there were a couple of local construction permits that turned out to be more challenging and a bigger risk for the project than assumed, and we also had a further delay on the air permit for the project, which again posed additional uncertainty. And at the time of the decision, it was also not clear what additional tax credit we would qualify for.

More importantly, what have we learned and what are we implementing based on this series of events with Ocean Wind 1? On the supply chain, we have done a significant additional focus on contingency planning, essentially scenario planning of what is it that can go wrong, especially if some of the material risks that we're identifying happen at the same time. You'll be unsurprised to hear that we have already had, for a long, long time, a very diligent work with individual risk. As a matter of fact, our project has, and has always had, a risk register of over 100 risks identified, quantified, and what we need to do to mitigate them.

But it is more in the event of saying what if these happen concurrently, if some of the ones that have critical dependencies happen, we have upped our ability to work with that. And that also means we have upped our ability to more proactively secure, especially, installation capacity well ahead of time so that we can mitigate the most notable impacts of this. That is an absolutely key learning.

We also learned that, especially in newer markets but also when we have new capacity being built, such as new-build vessels, being even closer on the yards, on the manufacturing facilities, to see the projects, do they follow the construction timelines? If not, can we help? Or can we also now, in those cases, do more proactive contingency planning? And then, especially after a period in a very volatile environment, we have also clearly prioritised that we will get only inflation-indexed contracts, especially in markets like the US, where there's a long time from award to actual FID. In a market like the UK, where, by the way, there is inflation protection, there's a much, much shorter timeline between award and FID, so lower risks there.

In terms of the CAPEX and break-away profiles, learnings in that part of our business is a significantly higher scrutiny of pre-FID commitments. We will not again get to a level of pre-FID commitments which we saw in our early-stage US projects, and especially not in Ocean Wind 1. Capital commitments, pre-FID, will be at a totally different level than we saw in these projects, and we have already implemented that, as exemplified with, for example, Ocean Wind 2, which was a newer product. We had much, much, much less committed on that. So this was a learning that was already underway, but we will further scrutinise and further limit the risks of those pre-FID commitments.

Same thing, we want to have all critical local permits in place before we take FID and/or do capital commitments. And finally, we will clearly prioritise projects with a flexibility on the timeline for the COD, because if we do have that flexibility to push a project, one, two years, then this is something that gives us significant additional flexibility, also in terms of how we commit our CAPEX. And that is even better for the off-taker of this power, because it's a lot better that a project gets built a year later than it doesn't get built at all.

And then on the governance and review of the risks, also a few already implemented learnings here. We have always done stage-gate reviews, but we are doing now, in an up way, internal reviews so that teams, expert teams that are outside of the project team, are now scrutinising ahead of the stage gates to ensure that, before we commit any additional resources, we've gone through a challenge session. And on select projects, like we have done for several of our existing projects, we've also had external reviewers who will really challenge and come in and say is a something here that we might not be seeing? We will not do that for every project, because we do strongly believe we have the deepest capability in the company, but we have chosen, and we will continue to choose, that, on select projects, we will do those risk deep dives.

And finally, we have also upped the frequency and the scrutiny with which we, in top management and also the board of directors, take a view of these top risks. And we've already institutionalised, since a couple of months ago, that we do a systematic, project-by-project, top risk review, including pushing for mitigating actions if needed. So with all of these things, we feel a lot more comfortable, not only that we won't run into an Ocean Wind 1-like situation again, but also that our general organisational capability to better and more proactively manage risks is better.

And with that, let me turn to our under-construction portfolio. This is something which is a little bit unusual for a CEO to do but, given the circumstances, the situation we find ourselves in, we find it prudent that I actually take you through a project-by-project review and status on where we are, including what are we more specifically doing and preparing on each of these projects. So if we start with Greater Changhua 1 and 2a and South Fork, those are two projects that are completing as we speak. So we're installing, as we speak, the last four turbines of Greater Changhua 1 and 2a, Taiwan's first really big, significant, scaled offshore wind farm, and it will commission before the end of Q1. And likewise for South Fork, which is the first utility-scale offshore wind farm in the US, and especially also in the state of New York, we have installed ten turbines. We have the 11th loaded and, as soon as the weather permits, it'll go out and finish that construction as well. Both of them expected with a COD with no or limited risks before end of Q1.

Turning to the German programme which, as you may know, consists of two projects, so Gode Wind 3 and Borkum Riffgrund 3. Gode Wind 3 is on plan. We have completed installation of all monopiles. And Borkum Riffgrund 3 is also progressing well, but with a tighter schedule. And that is driven primarily by the supplier of monopiles, a supplier that continues to have some ramp-up challenge. Even though the current plan does not indicate a delay of the project, we are anyway in advanced discussions to secure an extension of the installation vessel to ensure that any further potential delays actually won't hit us.

So this is a project which exemplifies that with this risk, even though the current plan and current messaging from the supplier does not indicate so, we are saying we need to have the prudency, given also our presence on the fabrication side, that the finishing of those monopiles, there is a risk that it gets delayed, and we are prepared to pay that premium. On Greater Changhua 2b and 4, a very important milestone reached. Also within the last few days, we have finished the manufacturing with the offshore substation ahead of time on our yard in Singapore. And also here we do have a compressed but on-plan schedule.

We are also, here, in active discussions to book proactively installation capacity into the beginning of 2026 in the event that the 2025 schedule becomes too compressed. And for those of you who know how dramatic it can be to go into a new installation window, the economic impacts of that are much lower if we already, in due time, actually book and plan that additional capacity. So another example where a tighter schedule leads us to be in advanced discussions to book that.

On Revolution Wind, which was our first very big project to FID on a difficult day for the company, namely on November 1st, we have signed all major contracts. We have, as I believe I also mentioned at our Q3 call, secured a full and 100% backup capacity for the delayed Jones Act-compliant vessel. We have the Scylla, which is a barge solution to install it, by the way, the same solution that we have on South Fork and we have ramped up the installation speed to the necessary level. So we are seeing that installation scope perform.

And we have a very strong focus also here on the monopile delivery, because 20 % of the monopiles for Revolution Wind are delivered by the same European supplier who has the ramp-up challenges that I mentioned for the German programme. We have 13 monopiles being delivered for that project by the supplier, two of them being for the offshore substations. And those are the ones we are prioritising. So instead of just pushing forward, we're saying pull forward those two that are essential for the offshore substations, because then any delay will have an immaterial impact on the project economics, whereas if we couldn't install the offshore substations, we simply couldn't export the power. So this is how we are also working in detail, ensuring that we proactively mitigate and manage some of the bottlenecks that we face.

Hornsea 3 I'll make a special mini-deep dive on in a minute, because it is so big that it wants special attention. Sunrise Wind, which is the first of our three awarded projects, so not yet FID-ed, we have signed most contracts. As I'm sure most of you will be aware, we had bid that into the New York 4, so a rapid re-bid round, where there were three bidders for a quite significant capacity. So we are optimistic about a good outcome of that, without knowing anything, of course.

We are expecting, in Q1, the Record of Decision, which is the key federal permit with all permits being in place no later than over the summer. So if some of you should have the thought about is there any regulatory risk of a potential White House regime change, that should be concluded well ahead of that. And then also, here there's a very strong focus on the monopile delivery, which again was planned to be the majority from a supplier that has ramp-up challenges, but we have de-scoped proactively already now from 84 to 28 monopiles. And that means that two additional suppliers have filled in the remaining capacity, and they are both on track. So we feel that this project, from an execution point of view, is in a good place. And also here, we have partly secured back-up capacity, but are in discussion whether we also, like we have for Revolution Wind, should go for 100% back-up capacity.

On Baltica 2, where we expect FID later this year, that is also a project where we have secured most of the contracts, we have relatively low breakaway costs, assuming that we get an FID not too deep into the year. We have, for prudency, increased the project contingencies without being particularly earmarked for any known bottlenecks in the project. And finally, for Baltica 3, which, as we've always shared, is under reconfiguration, that is still the case because that is the one project that we are still not comfortable will get into our guided range, but we are working hard on it. Otherwise, we need to take stock on that later in the year as to what we want to do with that project, but very limited cancellation fees with that project.

Leaving this slide, two key messages. Most importantly, given the mitigating actions we have taken, the deep dives we have made, we do feel we have a manageable risk profile and that we have a very good insight and have taken the proactive, or are taking the proactive, mitigating actions. And secondly that, with the exception of the two US projects that are both very attractive from a forward-looking returns point of view, the portfolio of Asia Pacific and Europe projects are within the guided range of 150 to 300 basis points spread to WACC, a key piece of information despite the turbulence that we have seen and despite the additional cost for the mitigating actions that we have taken.

Let me turn specifically to Hornsea 3. I won't dwell very long on it but, as we said, this is a DKK 70 billion to DKK 75 billion CAPEX investment, so close to 50 % of the market cap of the entire company. And therefore we thought it would be relevant for our investors to have that insight. Why do we feel comfortable with that risk profile? Starting with the framework conditions, this is a very attractive and well-known regulatory framework, exemplified by the fact that we have the opportunity to bid in the non-CfD capacity for Hornsea 3. This is an attractive opportunity for us to increase the value, and a key component of being able to bring it forward to FID. There's a very short timeline from award to FID, which means that some of the risks we've seen materialise in the US market are very, very small compared to anything we've seen in other parts of the world.

All permits are in place, so before we even bid in, we had all permits in place for Hornsea 3. We have CPI inflation-indexed CfD agreements, and we have a well-known and well-developed regional supply chain in Europe. We do have all major contracts in place, and we have very little doubt that the LCOE per megawatt is the lowest of any under-construction project in offshore in the world, because they were secured at attractive levels. We do have a flexibility and float in our schedules. And then we have also ensured that

even though there are two relatively new-build vessels for the project, we are not the first off-taker of those, so some of the teething issues that we may see from new-build vessels will likely be over with when we get them. And we have a contractually-committed start date and a flexible end date. So the installation scope is one where we feel comfortable.

And then on the execution, this is the third project in a row, so Hornsea 1, Hornsea 2 and now this project, it is one where we have a very experienced team, probably our most experienced team, and it is a project, from a cost point of view, which enjoys significant O&M synergies with Hornsea 1 and 2, and, who knows, in a not-too-distant future, also on Hornsea 4.

Turning towards our portfolio review, the three key principles we have used when we have done our portfolio review at the end of last year were, most importantly, value over growth. It is critical for us that we can give a firm commitment that when we prioritise a project for investment, it delivers within our guided range, even if it means lowering our growth ambitions. The other thing is to have a solid capital structure where whatever we do with the totality of our portfolio supports a solid investment-grade credit rating. And finally, with the opportunity set that we see, to ensure that we zoom in very clearly on the highest priority markets, so core markets and a select number of high potential future markets.

And the outcome of that portfolio review, in the briefest possible form, was if we start in the US offshore, which naturally has quite a bit of attention, we still believe that the US holds attractive offshore potential, and we are for now zooming in even more specifically, primarily on the North-East, exemplified not only by hopefully building three projects, including Sunrise pending a positive award in New York 4, but also to continue to develop our Lease Area 500, which is our 4 GW, very attractive piece of real estate outside of New England and New York.

We have chosen to exit some offshore markets. Very important to say offshore, because we still have onshore activity in Spain. But Norway, Spain and Portugal are markets that we are exiting. And also, we are deprioritising further offshore development in a number of markets, including Japan.

Then we have also taken a quite significantly leaner approach to both Power-to-X and floating offshore wind. That is not because we don't believe in those technologies or that they are strategically unimportant, but we are phasing our commitments, both on development and expected CAPEX, to a slower-than-anticipated market development.

So in essence, that means that our commitments, both in terms of capacity but also in terms of the CAPEX commitments we are planning towards 2030, is now at a lower level as an outcome of that portfolio review, driven by this development of the market that is slower. And finally, as we'll come back to, and not least, Rasmus, we are accelerating our partnership and divestment programme.

If we turn specifically to the US, let me only speak to the left-hand side of this slide. One of some of the more specific outcomes, most of them I commented on already, is we have withdrawn our Skipjack OREC

agreement in close dialogue with the state of Maryland and with support, and we are now investigating the most value-creating track forward on that asset.

We have submitted the OREC re-bid for New York, and we have made the agreement with Eversource about a conditional takeover of the project. That is in case of a positive award of the project. In case of a negative award, that, we will still have an intact joint venture, meaning a risk sharing with our partner, Eversource.

We will continue to develop our seabed leases towards the permits so that this is something that, in any event, increases the value of those assets. We will selectively and opportunistically pursue attractive offtake opportunities. So we will evaluate what are some of the upcoming opportunities that come in terms of auctions, but under the very clear condition that these are exactly some auctions that allow the very limited pre-FID capital commitments. Otherwise, they're not attractive to us.

But we are happy to see that not only has New York and New Jersey shown auction outcomes with realistic prices for offshore power, but we're also seeing that the last three auctions that either have been conducted or have been launched do have inflation protection between award and FID, which is critically important for our sustained commitment to the US offshore market.

And then we will, maybe obviously, continue to watch very closely for what are the conditions under which we operate. So is there political support? Is there the support regimes of the Federal incentives? The permitting regime, is that still intact? And also to watch that we see continued realistic offtake prices. But overall, a focused portfolio in the US offshore but still a belief that this is a market that offers attractive opportunities that we will obviously very selectively look into.

Turning towards our CAPEX programme, as I briefly mentioned, on a like-for-like basis, these approximately DKK 270 billion is approximately a third reduction compared to what we presented at the Capital Markets Day.

The split between technologies is roughly unchanged. So around 70% for offshore, which remains by far the most important strategic priority for the company, even though we strategically are still very comfortable with being a company that is on several technologies, including solar, battery technology, offshore and onshore wind.

And if we turn that into what is the consequences for our capacity, well, the key message on this overview that sums up to the approximately 35 to 38 GW of installed capacity is what we believe is a really healthy balance between a high visibility of investments and earnings due to more than 25 GW being either in operation or under construction, and as I mentioned in our offshore portfolio, under construction with projects that are delivering the returns that we target.

But at the same time, we also enjoy what we believe is a good flexibility of these 11 GW to 14 GW of additional capacity, so therefore having the flexibility to deploy capital to the most value-accretive

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opportunities that are there. Right now, we estimate it to be split roughly 50-50 between onshore and offshore, but this is something where we obviously still have a flexibility.

And if we then dive a little bit deeper into offshore, then we have 15.5 GW of operational and awarded capacity. And by the way, the 6.7 GW of under-construction capacity is the most that this company has ever had and also more than any other developer in the world. So we are comfortable that even though we have a plan with a different level than we presented eight months ago, that our offshore leadership is still strong.

We do have 3.7 GW of awarded capacity, but we still consider that flexible, because we have not yet taken FID on these projects. And that also means that, for example, for Baltica 3, if we decide this is not a value-accretive opportunity that delivers the returns we need, we see a significant opportunity to get that in other auctions.

We highlighted a couple of named auctions, such as Hornsea 4, which, in light of the much more realistic administrative strike prices in AR6 in the UK, and likely also AR7, is something where there's an opportunity, we believe, for healthy value creation. And likewise, given the better frame conditions in the upcoming Taiwanese auction, where we didn't bid in the last one, also Changhua 3 is an opportunity that we think could be strong.

But we've not decided that yet, because out of those two, but also out of the well over 20 GW of relatively near-term upcoming solicitations coming, we will simply pick the ones that delivers the most value and has the best risk-return perspective. So overall, an estimated 20 GW to 22 GW of installed offshore capacity.

And on onshore, this is where we have 6.4 GW of operational and under construction. Here, due to the much shorter CAPEX cycles, you will see that what is still ahead of us is a higher share naturally. But this is also an area where we have not only very attractive pipelines of close to 30 GW and some strong and experienced regional teams, we also have, which was particularly important in very volatile markets, a market where the link between CAPEX cost levels and offtake price levels is much shorter, so something that essentially derisks the commercial realities of these projects. But an estimated 5 GW to 7 GW being secured, with a proportional split between Europe and the US

And summing up, before I hand over to Rasmus, this all leads to these updated guidance targets, which I already mentioned in the beginning, but let me reiterate them. An unchanged industry-leading, value-creating target of 150 to 300 basis-point spread to WACC, average 14 % return on capital employed. And please look at the shape of these curves, still with a significant growth, with well over twice as much installed capacity as we have today being installed by 2030, so 35 GW to 38 GW, and then an EBITDA growth of these, with the strong starting point of 23, 8 % average, to DKK 39 billion to DKK 43 billion. And with that, let me hand over to you, Rasmus.

Rasmus Errboe, interim CFO

Also a warm welcome, and good afternoon from me to everybody. For the next 30 minutes or so, I will take you through four things. First of all, I will talk about our earnings results for 2023. Then I will go through briefly the outlook for 2024. Then I will spend the bulk of my time talking about our short-term business plan, so basically 24 to 26. And then finally, I will talk a little bit about our long-term financials.

Despite the significant challenges we have had in the US, and that Mads has also talked about, 2023 was actually a relatively strong year when it comes to the underlying performance of our business around the world. Our EBITDA came in at DKK 24 billion, which was DKK 1 billion above the guidance that we had put out of DKK 20 billion to DKK 23 billion, and also DKK 3 billion above what we did in 2022.

If you take the main drivers behind the result, first of all, our sites EBITDA, so from our offshore business that we look at a lot, came in at DKK 20.2 billion. This was a significant increase, as you can see, relative to 2022, with the main driver obviously being that we didn't have, you can say, the extraordinary hedging effects in 23 that we saw in 22, but also driven by that we saw the ramp-up that we would like to see from our underlying offshore wind business, so with Hornsea 2 ramping up, and also Changhua 1 and 2a. We also had a year with slightly higher wind speeds than we had in 2022, although still below what we call a normal wind year.

On our existing partnerships, the year came in at DKK 900 million, so down DKK 400 million from 2022. The main driver behind the DKK 900 million was that we saw some one-off effects in Q4, where we reversed provisions related to wake and warranties on a couple of our farm-down agreements.

On onshore, we ended the year at DKK 3 billion, slightly lower than what we saw in 2022, the main drivers being the lower prices that we saw, especially in the UK but also the US, and then slightly lower availability in the US. On the part of our earnings mix that we call Bioenergy and Other, we saw a significantly lower EBITDA contribution in 23 relative to 22 from our CHPs, of course, here also driven by the fact that 23 was a more normal year. So we say it was the lower power prices, but also that we had this relatively high fuel cost going into the spread that we talked a lot about in the last quarters.

Moving on to the outlook for 2024. So the guidance that we come out with today is that we expect EBITDA in 2024 to be between DKK 23 billion and DKK 26 billion, so the midpoint of DKK 24.5 billion, which is slightly above our earnings in 23. Again, this was a relatively good year on the underlying performance.

If we take the biggest drivers that we expect during the year, first of all, on our sites EBITDA, also here, we are pleased to see, and that we expect, that to go up during the year with DKK 1.5 billion, again driven by the ramp-up of our offshore business, again with Changhua 1 and 2a but also South Fork in the US and Gode Wind 3 in Germany.

On our existing partnerships, we don't expect to see these one-off effects that I mentioned before on reversal of provisions, which is why we expect lower earnings in 2024 relative to 23.

On what we call DEVEX and Other, there are two effects to be mindful of. First of all, we have a one-off effect in this number from our internal hours, our internal time spent in relation to the cancellation and the wind-down of Ocean Wind 1. This is something you, for accounting reasons, cannot take in your provision, so that will impact our 2024 earnings. Then we also have an effect where we have decided to be even more prudent on the way we decide to expense our DEVEX from our overhead, so therefore also doing a little bit more expensing, but not something that is driven by an underlying change in our cost base.

We expect a significant ramp-up from our onshore business in 2024, driven by four solar farms coming onstream in the US. And then finally, on our Bioenergy and Other, we do expect DKK 500 million more in 24, basically taking that part of our business back to what we can call a more normalised level, also from a pricing perspective.

Shifting gears, going into the short-term business plan. So based on the events that Mads has talked about, we have spent quite a bit of time looking at our capital allocation principles. And we have three key capital allocation principles for Ørsted, behind me, and we have basically decided to revise two out of the three.

So if we take our FFO to net debt first, with this plan, we target an FFO to net debt of above 30 %, which is commensurate with a solid investment-grade rating. This is up from the threshold of 25 % that we showed at the Capital Markets Day. And we do this because we appreciate the perceived increase in risk from the agencies for offshore wind as an industry, but also for Ørsted more specifically.

We have a very good dialogue with the rating agencies, a good and constructive dialogue. And it is not for me today to comment on whether or not we will be downgraded one notch. But what I can say is that should that happen, then we would, of course, still have a solid investment-grade rating, as we target here today. And just to be absolutely clear that the plan we are putting forward today does not rely on a specific rating of BBB+ or Baa-. We would be able to stomach that with the plan that we are putting forward today.

Also, on the capital structure and the metrics, we believe that we have, with this, found the right balance between a robust balance sheet and valuable growth. So we believe that this metric that we are putting out today with a target above 30% is the right level for Ørsted.

On dividends, we have decided, as Mads also mentioned, to pause dividends for 23, 24 and 25, so with a pay-out in the year after. And we have a target to reinstate dividends for the year 2026, so we'll pay out in 2027.

We fully appreciate and acknowledge the importance of paying out dividends to our shareholders, but we do believe that in the situation we are in as a company, that in order to get the highest degree of short-term visibility on our earnings in this critical period of time between 24 and 26, we believe that a dividend pause is the right thing for us to do. But as said, we target to reinstate dividend again from 26 and onwards.

Finally, on value creation. So this is the part that you can say has not changed. We do believe, though, that with this plan, we are even more confident in our ability to continue to deliver our industry-leading, value-creating target that Mads also talked about. And again, this example that Mads mentioned, that actually

5.8 GW of the 6.7 GW in our offshore constructed portfolio, European and APAC, sits within our guided range as of today.

With these capital allocation principles in mind, we have taken a very comprehensive look at our short-term business plan, and we are putting in motion the following changes. First of all, we have decided to reduce our CAPEX with DKK 35 billion relative to the number that we put out at the Capital Markets Day for this period of time from 24 to 26. There are three drivers in this. There are obviously the project cancellations, so Ocean Wind as an example, but also the reprioritisations, that Mads mentioned examples of markets, and then, finally, phasing of CAPEX.

One word on phasing. The way we think about our offshore wind projects are that at the end of the day, while we of course target and think about a certain year for a COD, at the end of the day, what really matters for us is the value. So whether a project is coming in 28 or 29 is not critical for us. What really matters is that we deliver the project in the best possible way from a value perspective. That also means that we have quite a bit of flexibility in our portfolio in terms of phasing CAPEX.

On our farm-down programme, we are accelerating that a bit relative to what we assumed at the Capital Markets Day, which means that we expect around DKK 15 billion of proceeds more in this period of time than what we assumed at the Capital Markets Day. I will come back to that in much more detail.

On DEVEX, we have also here made a significant reduction. So we have reduced our DEVEX in 24 to 26 in a total of DKK 3 billion. And then finally, on fixed cost, we commit to reducing our fixed cost base by DKK 1 billion, with full year effect in 2026, relative to 23 on a like-for-like basis. So obviously, the points that Mads mentioned earlier today on redundancies is, of course, part of this part of our updated business plan.

Moving on to the right-hand side, and a few words more specifically about our rating metric. The charts here are, of course, illustrative. And the starting point is, as you can see, the 29 % FFO to adjusted net debt that you can see in our annual report today.

The movement that you then see is that during 2024, we will see a significant drop, obviously, in our FFO due to the cancellation fees. And then from there on, we expect FFO to increase steadily over this period of time. And at the same time, we expect our adjusted net debt, you can say from a high point in 24, to stay roughly stable, slightly decreasing in this period of time.

These developments bring us to expect that our FFO to net debt will be significantly below 30 % in 2024. We expect it to be around 30 % in 2025, and then we expect for it to be comfortably above 30 % in 2026. The underlying drivers behind this development is of course also, on the net debt side, the size of the CAPEX programme, the size of the divestment programme, but also very much the robust underlying cash flows from our business.

Moving then on, still within the short-term business plan, a few words on our expected GW growth in this period of time. So there are two take-aways, I think, on this slide, first of all, that despite the changes we are making today, we are still growing with more than 50 % in this period of time in terms of our installed GWs.

And secondly, two thirds of that is coming from assets that are already under construction across offshore and onshore. So it is all the projects that Mads mentioned before, except for Hornsea 3, which is COD-ing in 2027 so not part of this build-up. All the others are, from an offshore perspective.

And then we have an awarded bucket here of 2 GW, where half of that is Sunrise. So should we decide to move forward with that project on the back of a successful outcome of New York 4, then we would have only 1 GW of onshore left in the awarded part of our build-up towards 2026.

In terms of investments, again providing you with a bit more detail than we would normally do for this period of time, we have an investment programme, as said, of DKK 130 billion in this period of time, gross investments. If we take them bucket by bucket.

So we expect to spend DKK 57 billion on our offshore wind farms under construction. So as Mads mentioned, this is a bucket, to me, with a very high degree of certainty, with sufficient contingencies, where we have been through the very detailed review over the coming months. So it's a bucket that I expect to basically be very close to what I'm showing you here, with a high degree of certainty.

The next bucket is the DKK 35 billion on our offshore awarded portfolio. So this is Baltica 2, Baltica 3 and Sunrise. This is a different way of thinking, you can say. As Mads also said, for instance, Baltica 3 is in here. This is a project that we said at the Capital Markets Day we are reconfiguring. That still stands, and there is a scenario where we don't move forward because we don't see the value creation. But that is what we have assumed in the number, that we are moving these projects forward with DKK 35 billion in this period of time.

Then we have set aside DKK 5 billion for other opportunities within offshore. That could be Hornsea 4, it could be Changhua 3, it could be a centralised European tender, obviously projects with a COD way later than what I showed before in 2026, but still projects where we have a bit of headroom to invest also in this timeline.

On onshore, you'll see DKK 25 billion here. This is, to me, different. So here, you only have DKK 5 billion under construction, so DKK 5 billion that has locked in, related to, for instance, the four US solar farms that I mentioned before. And then you have DKK 20 billion in your pipeline.

So these are projects that we have not yet, you can say, locked in, where we have not yet FID'd, so also where we have a relatively high degree of flexibility, also from a CAPEX deployment perspective, but where we are very confident in our ability to deliver this on the back of the onshore pipeline across Europe and US that Mads showed before. And then finally, we plan to spend around DKK 8 billion on P2X and Bioenergy in this period of time.

The result of this is the expected EBITDA development that you can see here. So 23 and 24, I talked about. On 26, the way to think about it here is that we have a high degree of visibility on this number, even though out in time. First of all, roughly DKK 30 billion of the EBITDA in 2026, we expect, will come from assets that are today either in operation or under construction.

Secondly, if you just link this to the wind farms we have talked about, of all of the 6.7 GW of offshore, except for Hornsea 3, which will come in 27, and except for Sunrise under the awarded that will likely come during 2026, all the other wind farms that Mads talked about that are under construction will have full year effects in 2026 in this number, appreciating that Changhua 2b and 4, as Mads mentioned, squeezed a bit in the back end of 2025. So a high degree of visibility.

Farm-downs. This is a topic that I feel strongly about. We have worked with farm-downs in Ørsted for more than a decade. We developed this model a long time ago, and it is an integral part of the way we do business. It is not something that we have invented for the day. This is something we have been doing every day for a decade.

When we look at our farm-downs, we basically always look at three different elements when we assess whether or not to move forward with a farm-down. We look at value creation, we look at risk diversification, and we look at capital recycling.

Specifically on value creation, we have taken prudent assumptions in the plan that we are putting forward. Robustness is key, which means that there will likely be farm-downs in this programme where we will have an NPV retention below 100, if you go back to the previous numbers. But what we commit to is that for each and all and every farm-down, we expect for them to be accretive from a returns perspective.

On the right-hand side of the slide, we have listed two, you can say, buckets of how we do farm-downs. First, there is the traditional way, where we go from 100% to 50%. Typically, we pro rata consolidate. And we can do it either as an EPC wrap around FID, or we can do it as a shared risk, where we take the partner in slightly earlier. Examples of this in the plan would be Hornsea 3, it would be Changhua 4 and also US onshore. US onshore will likely not be pro rata consolidated though.

The other bucket of the programme is where we are doing things slightly different from what we have done before. So this is a bucket where we assume that we, or where we are exploring going below 50%, so very likely to 25%. I have listed three examples that we have assumed in the plan, where we will do this. It is Revolution Wind, it is South Fork and also West of Duddon Sands on the West Coast of the UK.

Again, when we look at this, we look at all the criteria on the left and assess where to go to 50%, where to go to 25%. And these are examples, for instance in the US, where we believe that also from a regional footprint and also risk perspective that this is a good assumption for us. There will also be elements of the plan where we could go all the way to zero, for instance, a lease or the like, but that is not a very big part of our programme.

In terms of proceeds and the magnitude of this, the total expected proceeds from 24 to 26 is, as you can see, between DKK 70 billion to DKK 80 billion, which is up from what we have been doing in the last three years. We have put the number here just to give you a sense of the magnitudes.

Again, at risk of belabouring the point, we are very well advanced on many of these farm-downs, which is also why we are confident putting out a relatively firm number here. So as we speak, we have 12 ongoing dialogues, from early to very advanced, dialogues we have started also well before the CMD, and where we have a very good feeling for the way forward.

Finally, a few words on the long-term financials. So the DKK 130 billion, all the way to the left there, I have talked about. So this is the bucket with a relatively high degree of certainty, contingencies but also some flexibility in parts of that bucket.

The DKK 140 billion is, to me, a different story. That is from 27 to 2030. This is where we have a very high degree of flexibility, where we can be razor-sharp in going for the right and most value-creating GWs in this period of time in the back-end of the decade.

And then the third point on this slide, and the last one, would be, Mads also showed this but just reiterating, that we will continue to deploy the vast majority of our CAPEX into offshore wind. The plan we are presenting today is not a strategic shift. We have revised the plan, but the fundamental strategic view we have is unchanged, and also the split between technologies, as you can see.

Finally, on the sources and uses, and again comparing a bit to the Capital Markets Day. So if we take the sources column first, at the Capital Markets Day, we assumed that 40% of our sources would come from the cash flows from operations. In this adjusted plan, the number is 50%. In other words, we rely more on our relatively safe underlying cash flow under the sources part.

On partnerships and divestments, the 35%, that is the programme that I talked about before. So in the whole period towards 2030, that is DKK 115 billion, split, with DKK 70 billion to DKK 80 billion in the first period of time. If you compare it to the Capital Markets Day, it is on average DKK 16 billion of proceeds in this period of time. At the CMD, the number was DKK 20 billion. So it is a smaller programme.

And on the tax equity, we assume 10% of our sources to come here. At the Capital Markets Day, we assumed 15% of a significantly higher number. So here, we are actually going below 50% of the proceeds that we assumed at the Capital Markets Day from tax equity, not because we don't believe in the tax equity market in any way, we do, we are well advanced in the projects we have, Revolution Wind as an example, but simply because also as a result of the portfolio decisions we have taken in the US.

And then the last point on the sources side. We are not relying on external debt to even close to the same extent in this plan relative to the one that we presented at the Capital Markets Day. In fact, we don't expect to issue senior debt until 2028 in this period under this plan, which is again a very different assumption relative to the Capital Markets Day.

And then on the gross investments, the DKK 270 billion that Mads talked about, and then again on hybrid coupons and dividends, roughly DKK 50 billion here assumed, split roughly equal between dividends on the one hand side to our shareholders and then hybrid coupon payments and minority dividends on the other side. And again, the underlying assumption is that we will reinstate dividend in 2027 for the accounting year 26. With that, I will hand it back to Mads to wrap it up.

Mads Nipper, CEO

Thanks a lot, Rasmus. Yes, and I will do that again in an expedient way. We want to get to your questions. But let me just sum up what is the situation we have announced, coming from a very challenged year, where we clearly take accountability for the significant adverse developments that we know have been painful.

We are in an industry that we are convinced will be attractive, and we are seeing some really strong signs that offshore could well be on its way back to become an even more scalable industry. We are, and will remain, despite the lower ambition, a clear industry leader.

We have put forward a plan that we believe is very realistic. It is a value-creating plan, and it is a plan where we have learnt from the events to also better and more proactively manage the risks that will still be an inherent part of operating in our industry.

We are convinced that our capability set, despite a challenging year, both on EPC, on farm-downs and other, absolutely critical parts of being successful in the industry, are still clearly industry-leading, and we are adjusting and adapting our operating models and slimming our company to be even more focused on leveraging those capabilities.

And then, last but not least, the quality of the pipeline and the opportunity set, so both the proprietary assets that we have in core and high potential markets, but also the opportunity set to be most selective on where are the most value-creating opportunities, is something we believe remains very attractive both towards 2030 but also beyond. And with that, let us rearrange up here and get your questions. Thank you.

Q&A

Kristian Tornøe, SEB

Thank you. Kristian Tornøe, SEB. Mads, in your presentation, when reflecting on the problems with Ocean Wind 1, you said that you need to secure installation capacity earlier. But then you also say that you are not going to tie up capital before FID to the same extent. To me, it sounds slightly contradictory. So can you just elaborate on how you can balance those two elements?

Mads Nipper, CEO

Yes, and thank you, Kristian, and sorry if that was the way I expressed it. So ensuring installation capacity earlier is not the case. That is something we are doing in case we see an under-construction on an already awarded project runs into challenges. That is where we will proactively ensure that we either extend or book new installation capacity in case there is a risk of a slip.

But we are prepared. Because we will prioritise projects that have a more flexible COD deadline, we are actually prepared to take less firm capacity secured in order to get a lower capital commitment at FID than we did before. So pardon me if I left that impression, because you're absolutely right, those would be very difficult to marry.

Harry Wyburd, Exane BNP Paribas

Hi, everyone. Thanks very much for the presentation. I'll obviously keep it to one. Can I ask, why did you ultimately decide to go down the dividend and cost cuts and CAPEX cut package rather than the capital raise package?

And I guess it goes slightly against the grain of the backward-looking situation, but I suppose industry fundamentals are showing some signs of improving. How much headroom do you have if some of the additional opportunities that you mentioned in the presentation, Hornsea 4 and many of the other auctions, how much headroom do you have if those prove to be more abundant and attractive opportunities than you had expected?

So do you have some room in the balance sheet maybe after 24/25 to see more aggressively some of those opportunities? Or would you effectively immediately have to go back to raising capital if you wanted to expand the growth envelope? Thank you.

Mads Nipper, CEO

Yes. Thanks a lot, Harry. So why we chose this route? We have evaluated a lot of different scenarios for what is both the best plan in terms of size of the plan, but also in terms of what are the levers that we can pull. And we did, of course, assess all opportunities and came to the relatively clear conclusion that with this route of CAPEX, OPEX, DEVEX phasing and savings, with the dividend holiday, and with also an accelerated farm-down programme, that this was a more attractive route than raising fresh equity.

There will not be a limitation that we would have to raise new equity to bid into new opportunities. We still consider that with this 5 GW to 7 GW flexibility that we have in offshore, that we will be able to go for the most value-accretive opportunities.

And even though you're absolutely right, we are seeing good signs in the industry that there are coming more realistic prices, we do believe this is exactly the right plan that will make us able to select the most attractive opportunities, rather than jumping on to accelerating growth. So we're sticking and will stick firm to the plan we have and to simply picking the most value-accretive projects that we have.

Lars Heindorff, Nordea

Yes. Thank you. Lars Heindorff from Nordea. It's much appreciated you've been more clear now about both the CAPEX programme and particularly, I think, clear on the impact on the farm-downs, so we can do some gross and net calculations. But on the EBITDA targets for 2030, the DKK 39 billion to DKK 43 billion, what would that be if you don't do any farm-downs?

Rasmus Errboe, interim CFO

As I'm sure you would appreciate, that is not a number that I'm going to give you, because the guidance that we gave, Lars, is including existing partnerships, as you know. So we have not taken in the new partnerships. So if we were to do a big farm-down in 2030, that would not be part of it. But we don't guide separately with or without existing partnerships. I think the data point that I gave you on 2026, I think, would be helpful, where I basically said that roughly DKK 30 billion is excluding existing partnerships. So we gave you a little bit of a one-off on that one to be very transparent about the 24 to 26 period of time.

Deepa Venkateswaran, Bernstein

I guess my one question is your accelerated divestments. Previously, for farm-downs, you have the principle of maintaining NPV neutrality. Now you've lowered that to say it needs to be return accretive, which clearly any farm-down would be.

So I'm just wondering whether the shift is because your programme is bigger now. Is it because of the interest rate environment? And is there a slightly higher risk in this plan, just that the scale of divestment is higher relative to the old one? So how would you maybe give us a bit more reassurance? Because I think this is the only part of the plan which maybe is slightly different from the old one. I think all the other measures seem very clearly reducing risk.

Rasmus Errboe, interim CFO

Thank you very much, Deepa. And you are right that we have previously talked about, you can say, around 100. But remember that this is only one of the metrics that we look at when we do the farm-downs. That has always been the case. So we are looking at capital recycling, and we also are looking at risk sharing.

And in terms of the overall, you can say, risk to the programme, I would argue that the risk has not gone up on the programme relative to what we assumed at the Capital Markets Day. In fact, I would argue that there is more certainty on our ability to deliver on this programme. It is objectively smaller.

I saw your note. You are, of course, right that the ratio between gross and net investment is changing a little bit here, because we do accelerate in the front-end years, but it is not a bigger programme. And with the flexibility we have given ourselves also on, in some cases, going to 25 %, we have a very high degree of flexibility in the programme so that we can go for the most value-accretive opportunities and also course correct within the perimeters we have set along the way.

Rob Pulleyn, Morgan Stanley

Well, thank you very much, and yes, thanks for the presentation. I'd hoped you could just revisit slide eight in terms of what went wrong. And the key question here is, could you elaborate what happened in the risk management such that you seemed to have two very late-notice disappointments from suppliers on foundations and vessels during 2023, which, of course, was very surprising for a developer with such a strong track record such as yourselves?

And secondly, and again building on the comments you made with the slide, Mads, if you would, what further confidence can you give everyone in the market that whatever went wrong last time, the risk management with the supply chain, will not be repeated? This seems effectively critical to, of course, the future delivery of all of these projects, especially those in new markets, like the US. Thank you very much.

Mads Nipper, CEO

Yes. Thank you very much, Rob. You're right that at the time and over the summer, we knew that Ocean Wind 1 was a project that had always suffered many of the headwinds and was exposed to a schedule which was already under pressure.

But at the time when we got the information, that first 20 monopiles and then a significant additional delay on a vessel, this was something which was new information to us. And that is where we're saying the monopile facility was new, but during the conversations we've had with the supplier, we were not led to believe that this was an impact that was likely to happen to this scale.

And then I think where we are learning is that when these things happen at the same time, and there, I'm not blaming any suppliers, because that is where we need to update our risk management framework, is exactly to simulate what happens if we have a vessel delay and a foundation delay pretty much concurrently. And this is what we are now significantly upgrading, and doing it also well before it is likely that we would have the visibility, saying, if this happens, then we have the ability to mitigate those.

And I think the example that we are doing now in Sunrise, pending a positive outcome of New York 4, where we are proactively descoping from 84 to 28 monopiles, even though the supplier says that we still believe in the plan, that's an example of how we are learning from that, even though it comes at an additional cost, which is also why we've increased the contingencies. So this is an example.

And if I understand your second question correctly, that is exactly how we'll avoid those. So a combination of simulating what will happen if some of these big risks happen, both worse but also more concurrently than what we had assumed in our previous risk register, and on top of that, then to more proactively say, in better times, when the capacity for booking back-up or mitigation capacity is still there, what is it we can do, and at what cost does that come?

That is why we believe you should feel more comfortable in an industry where we won't pretend that it's fully stable or without risks. It is not. Everybody who says something different is not telling the truth. But it is

about how do we up our risk management to much more proactively handle situations that are still, in many cases, volatile.

Alberto Gandolfi, Goldman Sachs

Thank you, and thanks for the presentation and for your patience. I have a question in two parts, a bit convoluted. But I was trying to understand, a bit more in detail, the relationship between FFO CAPEX and EBITDA. If I'm not mistaken, your FFO in 24-26 is going to be fairly similar to your CAPEX, and you pay no dividend.

So am I right in understanding the company is free cash flow negative a bit, but we should not expect a meaningful increase in the net debt by 2026? If you could provide a net debt guidance, it would probably end the debate here, because I think the consensus number you sent around has more than DKK 100 billion for net debt for 2026, in consensus. I suspect that will be much less. So that's the first part of the question.

The second part of the question. It seems to me that the EBITDA guidance reduction is less than proportional to the CAPEX reduction. So could you maybe elaborate on what power price assumption you used, or are you simply giving in on the least profitable projects and, therefore, what you are developing has better returns and that explains why the EBITDA doesn't go down as much as the CAPEX? Thank you so much.

Rasmus Errboe, interim CFO

Thank you very much, Alberto. So if we take them one by one, you are certainly right that... I assume you are referring to the adjusted net debt used for the FFO to net debt metric. You are certainly right that DKK 100 billion in 2026 is off. If you look at the chart, the underlying result of what we are putting forward here in terms of cash flows will be that we expect to be roughly net cash flow neutral in this period of time.

So if you look at the gross investments, and if you look at the divestment programme, and if you look at our underlying FFO from our EBITDA, that will be roughly neutral, expectedly, in this period of time from 24 to 26, which will then obviously have the effect that you will not see an increase in adjusted net debt in 2026. We expect it to be slightly lower than what we will have in 2024.

On your point on EBITDA guidance, you are right, and you are also right in your assumption that this is not us who have fundamentally changed our view on power prices, as an example. This is us basically having looked at our entire portfolio and then, you can say, being left with the most robust projects also from a value perspective.

Lars Heindorff, Nordea

Yes, thank you. It's Lars Heindorff from Nordea. A question regarding, I think, Mads, you said in your presentation that you have been going through the entire supply chain. And one of the things you mentioned was that in terms of installation vessels, you have a fixed starting date, and you have an open ending date. These vessels doesn't come cheap these days. What does that do to the cost of these projects? Does that have any impact on the CAPEX per megawatt spend or anything like that?

Mads Nipper, CEO

No. No, it does not, Lars. What has an additional cost, and in many cases also a meaningful additional cost, is in the situation where, for example, with Revolution, we actually have two parallel contracts. So we have a contract with a Jones Act-compliant vessel which we don't have certainty as to when we will get, unfortunately. We know it's delayed, but we still don't have a fixed certainty. So we've actually had to now, we have chosen to now contract the full scope with an additional vessel.

That, of course, costs a lot of money. But negotiating these contracts typically, also being still by far the biggest contractor here, is something we can do at relatively limited cost, and also ensuring for risk management purposes that we are not the first ones to get it, which has been painful in the US.

Peter Bisztyga, BofA

Yes, hi. Good afternoon. So I just wanted to ask about US policy risk. The market's clearly concerned about the potential impact of another Trump administration. The Republicans have been quite vocal about wanting to repeal parts of the IRA, about the unnecessary support for mature technologies like onshore and solar. We also know from the previous Trump administration that there were a lot of bureaucratic obstacles thrown in the way of offshore wind, which he clearly doesn't like as a technology.

So I just wanted to hear a little bit about how you have thought about that in your risk management process and assessment, given that actually you still have quite a lot of your forward-looking CAPEX, both onshore and offshore, in that region. Thank you.

Mads Nipper, CEO

Yes. Thanks a lot, Peter. So most importantly, because Trump has been quite vocal about his dislike for offshore wind, a couple of comments to that. And where we have put most focus is in ensuring that of the awarded portfolio, including a potential Sunrise positive outcome, that there is no risk to a situation that was like what we found ourselves in under the previous administration, that Bureau of Ocean Energy Management was almost stripped of resources, and therefore close to a standstill on permitting.

We will have the necessary federal permits in place, which we consider the biggest risk in case of a Trump administration. And by the way, the support in the States that we are prioritising are all Blue states with significant momentum and ever-increased ambitions behind offshore, and also a willingness to pay the price. So most importantly for us is that it doesn't introduce a significant retrospective risk to any of the projects we have, neither in onshore and offshore. And we believe that is not the case.

In terms of future projects, starting again here also with offshore, is that if we end up bidding in... It could be, for example, into New England. There's a combined New England solicitation from Rhode Island, Massachusetts and Connecticut, which, by the way, also all offer inflation protection.

If we do that, then we would obviously ensure that we mitigate any commitments to be proactively prepared for the risks that might come both on federal support but especially also on permitting. And in

case we do that, we will also take a look at how dependent do we want to make ourselves on some of the local tax credits for local manufacturing versus taking a more stable global supply chain.

And on onshore, like we talked about, we are not under any pressure to fast forward any of those decisions. But should we be in the situation where, against our expectation, I would say, that there will be, in terms of a regime change, a meaningful negative impact to the Inflation Reduction Act support for onshore, we have ample opportunity to redeploy that into also European opportunities, where we also have a very strong pipeline. So we are not concerned about the overall technology mix, and we will take a cautious approach to ensure that we are not exposed unnecessarily in case of a regime change.

Mark Freshney, UBS

Hello. Thank you for taking my question. Rasmus, if I could ask on the credit rating agencies. Clearly, you would have been in a strong dialogue with them in recent days. And is it fair that we can expect them to come out... Notwithstanding what you said about being able to manage BBB or operate at BBB, but is it fair to say that we can expect them to come out and affirm you at BBB+?

And just further to that, clearly, cutting the dividend or passing the dividend for three years is a massive positive message to the credit community. Can you rule out restoring the dividend earlier, should your plan be exceeded or executed well? Thank you.

Rasmus Errboe, interim CFO

Thank you very much, Mark. As said, it is not the right thing for me today to speculate on potential outcomes from the rating agencies. As you also mentioned, we have had a very good and a very robust dialogue. And of course, both S&P and also Moody's have of course been out ahead of today also with a negative outlook and a credit watch on our ratings.

So, of course, a scenario where we will be downgraded with one notch is of course a real risk. And as said, we can stomach that very much in our plan. And also with the targets that we are putting out going forward, where we are not committing to a specific rating, but where we are committing to a solid investment rating is obviously also, you can say, should be seen in that context.

In terms of your question on whether we can decide anyway to pay out dividends early on, that is not our expectation. We believe for the reasons that I mentioned that we benefit as a company from the visibility that we gain from not paying out dividends in the period 24 to 26. It is tied to the plan that I have been through today. It all basically comes together in a robust plan. So, that is not our expectation in any way.

Jenny Ping, Citi

Hi, thanks very much. Just one on Ocean Wind 1, please. You've talked previously about the 8 to 11 billion cancellation costs and the potential to reuse some of the equipment there in some of the other sites that you're developing. Can you just give us an update on where you've got to on that and to just gauge as to the likelihood, the possibility of that number coming down? Thank you.

Mads Nipper, CEO

Yes, happy to comment on that, Jenny. So the overall conclusion is we are still within the total range that we set forward. So, the 9 to 11 are including what we had done in the impairments, 15 to 18 in total cancellation costs. We are still within that range. This is a very complex matter to cease development and to get out of these contracts. There is a total of approximately 270 contracts. So, it's a massive undertaking for our company.

We are still in the midst of technically evaluating. We have terminated most contracts. But we are still evaluating some and we have one positive example of the cables being reused in an expected future project. But it is not right to indicate anything different than we will stay within the range of 15 to 18.

Rasmus Errboe, interim CFO

And maybe one comment, Jenny, on the 8 to 11 also. So bearing in mind now that when we have ended the year and looked at it, we end at an EBITDA provision of 9.6 billion. So that is the part that you can say, that you can compare to the 8 to 11.

And then in terms of cashout. Then of course, you will see the cashout effect of the 15 billion, so the cancellation fees that currently stand at that level. You will see that cashout effect during 2024, which is then again what you see in our FFO to net debt.

James Brand, Deutsche Bank

Good afternoon and thank you for the presentation. It's very helpful. I had a question on farm-downs that might be a two parter. Firstly, you gave some examples of the farm-downs that you could do which involve the onshore in the US, but then all new offshore projects, or under construction projects.

I was just wondering whether you could consider selling down a bigger stake in offshore projects that are already operational? I see a lot of them you've already gone down to 50%, but could you go down to a 25% stake in existing onshore projects? That's the first part.

And then you mentioned that there are two models for the farm-downs. One in which you keep all the construction risk and provide guarantees on one on which you share risk. In the past you've been a lot more keen on keeping the construction risk and maximising the farm-down. Are you suggesting that you might be more open in the future to having a higher proportion of farm-downs where you share the risk? Thank you.

Rasmus Errboe, interim CFO

Thanks, James. First of all, your first part on whether we could see ourselves selling down a bigger stake in an operating offshore wind farm. You are right that we could. And that is, for instance, what we have assumed in the plan with West of Duddon Sands where we go from 50 to 25%. And that is a project that is in the UK West Coast. And we have looked at our entire portfolio. And as an example we believe that that is well-suited for a further farm-down from an accounting perspective, but also from an operational and strategic perspective, looking at how that ties to other assets in terms of how we do our business.

So we have been through our entire portfolio. But you should not expect a lot of that in our plan. On the second part of your question on the balance between shared risk and an EPC wrap. We have not assumed a fundamental shift in one way or the other relative to where we have been before. We still believe that it is right for us to have both opportunities in the pocket if you will.

When we do our farm-down programme, we look at the investor pools, we look at the liquidity, we look at the appetite. And in some cases, in a certain market, it can be better for us to target a slightly higher return requirement. And that then typically brings you to a shared risk. Which obviously then also means that the partners share more of the CAPEX earlier on and so on. So, no, there is not a fundamental shift away from our wrap, which we still believe in many cases makes sense.

Marc Ip Tat Kuen, Berenberg

Hi guys, thanks for taking my question. It's on Hornsea 3. So you said that when taking up FID it's at the low end of the value creation range. And also understand that that's dependent on securing uptake in allocation round 6. Can you talk more around the assumptions on that decision? For example, what percent chance have you put that you'll win uptake there? And also what happens if you don't get uptake in AR6? Does it just fall outside of the value creation range? Thank you.

Mads Nipper, CEO

Yes, I'll be happy to comment on that. You'll understand that we cannot comment specifically on the assumptions that we have taken here. But it is the full share that is not covered by the CFD. And that also means that we are assuming, we have prudent assumptions behind it. So we're not leaning in too aggressively. But given the new administrative strike price, our confidence level that Hornsea 3 will be competitive and given the failed allocation round 5, which was already at £40, £44, £45. Then our level of comfort that it will be with a price that is within our assumed value creation is solid.

Kristian Tornøe, SEB

I assume Hornsea 3 it's a pretty big chunk of this 72 to 80 billion you expect in near-term farm-down proceeds. Can you help us with the base case assumption of the timing? Should we assume this to be in 2025 or...?

Rasmus Errboe, interim CFO

Yes. I fully understand the question and I of course also understand that when you do your model it is a relatively big deal whether you put it in one year or the other. The guidance I will give you on that one, because it is a very, very big chunk, is that you should expect that we do it during 2025.

Ahmed Farman, Jefferies

Yes, hi, and thank you for the presentation. My question is on slide nine where you provided a very helpful overview of the various projects. But in your comments you referenced timely focus on monopiles delivery a few times for a couple of projects. I was just wondering if you could give us a little bit more granularity on the scale of the issue, what is the contingency planning and the economic cost associated with it? Thank you.

Mads Nipper, CEO

Thank you very much, Ahmed, very happy to. So this particular supplier is a Danish based supplier who are having ramp up challenges. The welding issues that were there are being solved now. It's more the finishing in the coating and so on that's happening. And that additional capacity is being brought on. So, we have a confidence that this is not a structural issue, but rather an issue where there is a ramp up challenge, where there is a plan that is just right now a relatively stretched plan for that particular supplier.

We are seeing that alternative suppliers, including both our existing suppliers such as Steel Wind and Haizea. But also new suppliers that we are developing to be able to ramp up in capacity have a very high degree of solidity. So if your underlying question is is the structural and more fundamental issue about the industry's ability to ramp up on monopiles, the answer is no.

But we find ourselves in a situation where on that awarded portfolio, until the descoping, we had a relatively high concentration risk, which is what we are descoping now. And as I mentioned under Revolution Wind, also ensuring that we prioritise the ones that are most critical for the timely completion of the projects.

In terms of economic impact, this is not a massive impact. It is not as... Because if we descope, we will also change the contract with the existing supplier, whereas if we double book to Lance's question from before, if we double book special capacity, that is expensive. But if we descope from one supplier to another because that supplier has ramp up challenges, there is typically a relatively marginal impact in terms of the project economics on those decisions.

Klaus Kehl, Nykredit

Yes, hello, gentlemen. First a very, very simple question. You talk about gross investments of 270 billion towards 2030. But just to be clear, then you want to make divestments of around 100 million. So the net number is around 170 million. Is that correct?

Rasmus Errboe, interim CFO

Yes, 155.

Klaus Kehl, Nykredit

Okay, great. And then perhaps a bit more of a tough question. Obviously you are lowering your EBITDA guidance for 2030 due to cancellations. But also due to this lower power price. So what's the risk if the power price drops another 20 %? And in this context, and maybe it's a bit unfair to ask this question, but does it make sense to have 2030 targets given that you don't know what the power price will be in 2030?

Mads Nipper, CEO

I'll be happy to comment on that. Bear in mind, Klaus, that we still, despite the impact on our investment capacity due to the forward prices, the way we operate with our revenue line is still primarily to have a high degree of fixed and contracted revenue. So these around 80 %. And even though we did change our heading framework to go from a traditional five year staircase, now we went to one where depending on the power

price and the outlook to hedge somewhere between 0 and 70% of the remaining shorter term expected production.

We are in a situation where our total net exposure to power prices near-term, so the EBITDA impact is much more limited. And if you take, for planning purposes, that we on average hedge 50 to 60%, then the nearer term exposure of that is actually quite limited. Maybe just in the high single digit exposure of our total revenue lines. Whereas in case of the remaining, it is fixed for the majority of it, even inflation index.

So we are mainly thinking about this in terms of our investment capacity. If the forward prices come down, which is why we have also built in quotient with the top 30 % and from 26 even quite a bit above 30 % in our FFO to net debt metric. Whereas we actually do feel relatively comfortable by giving that range for 2030 or 39 to 43 billion DKK.

Rasmus Errboe, interim CFO

We agree. And remember, as we also talk about that the power prices have gone down with 40 % in 2024, since our Capital Markets Day, in the markets that we're in. And 30 % for 2025, so it is a relatively dramatic decrease that we have seen in the last 6 months in Denmark, UK and Germany.

David Paz, Wolfe

On your assumed values and timing. For instance, do you have 70 to 80 billion DKK in 24 to 26? So what premiums on average are you assuming and have you? And I think you specified some specific incremental farm-downs beyond 50 %, including South Fork and Revolution. Would those be in conjunction with Eversource's pending sale, or is that separate and expected some time later, but before 2026? Thank you.

Rasmus Errboe, interim CFO

Yes, thank you, David. Two questions. The first one in terms of what we assume on premiums, that is not something that we give away. As I'm sure you will appreciate within this area when you are doing M&A and are making deals. That is of course very sensitive information. So as much as I would like, that is not something I'm comfortable giving away.

On your comment on Eversource, whether our divestment of the assets that you mentioned will be in conjunction with this, it is not for me to comment on Eversource's sales process. I know that they have an earnings call coming up on the 13th of February where I would expect for them to give an update also on their ongoing processes. But we have a very good collaboration with them in everything we do. And therefore you can of course assume that we have a good feel in both of us for what is going on in our farm-downs.

Martin Tessier, Stiffel

Yes, good afternoon. Thank you for this presentation. The first one relates to slide eight where you indicate that you want to avoid high capital commitments and that you don't want to repeat mistakes. Could you

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just provide us with some specific numbers in terms of the amount of CAPEX that you want to spend before FID? Is it 10%, 20%, 30% of the total investments cost of the project?

And the second question relates to Hornsea 3, unless I missed it, can... You are trying to secure 25 % of the capacity in the corporate PPAs. I have not heard anything on this during the presentation. So maybe just provide us with an update on this topic. Thank you.

Mads Nipper, CEO

Thank you, Martin. Probably due to a bad connection and relatively poor hearing. It was a little bit difficult to hear your questions. So please shout if I'm answering different questions than you asked.

So you were talking about what percentage of CAPEX would we commit ahead of FID. And I can't give you a very specific number, but it would be significantly reduced and much more to the tune of a maximum of... This is not a threshold or any specific, but much more to the tune of 10-ish% than we would do, for example, on Ocean Wind 1 where we were at a totally different level, much closer to 30 to 50%. So a dramatic reduction.

And on Hornsea 3, that's where I believe a greater risk of not hearing a question. If you heard it, please answer it.

Rasmus Errboe, interim CFO

What I think I heard, Martin, was that you asked whether we are expecting to do corporate PPAs potentially on 25 % of Hornsea 3, is that correct?

Martin Tessier, Stiffel

Yes, exactly.

Rasmus Errboe, interim CFO

And our expectation is that we will not do that. Our expectation is that we will go in to AR6 as Mads mentioned before. We do believe we will be a price tag on that auction. But of course, the beauty in the UK here is that you do have a high degree of flexibility in the way that it is set up. So we would have an opportunity to do a corporate PPA should we decide to instead of if we have against expectation not successful in AR6. But our base assumption is clearly AR6.

Ide Kearney, Pictet

Hello. Thanks for taking my question. Could I just ask about your cash flow, because it was a bit weak in the fourth quarter and I wanted to know what drove that. Specifically I think your net debt increased by just over 4 billion in the quarter. And similarly, I know you have said by 2026 your net debt should be flat. But can we get a bit more granularity in what to expect from next year?

The reason I'm asking this is that it looks to me like this year you reduced your hedge book, which probably added quite significantly to your cash balance, because it's a collateral release. And obviously working capital was also lower as well. So can you give us an idea of what sort of underlying cash flow in 2024 will look like? And also because I believe you're going to have significant cash costs in relation to Ocean Wind. Thanks.

Rasmus Errboe, interim CFO

Thank you, Ide. We would have to come back to you on some of the details of your question. And as you know, we don't guide on our cash flow, we guide on the metrics that we have talked about today. So that goes for the part of your question that relates to 2024.

And you are right that in terms of the impact on our cash flow for 2023, we have had a very positive effect on our cash flows relative to 2022. That we have reversed these margins booked for our hedging programme where obviously with the power prices dropping, that is no longer the case. So there is a significant positive effect in our cash flow from that. But the further details, we would have to come back to you on.

Ide Kearney, Pictet

Was it around 4 billion from that?

Rasmus Errboe, interim CFO

A bit more.

Ide Kearney, Pictet

Okay. And another, so your working capital. I noticed that there was sort of a reduction in receivables. So you had some success with getting paid. But of course this is something that they could start to look for next year, and that's why I wondered. And as I said in Q4, we could see actually an increase in the cash burn.

Rasmus Errboe, interim CFO

Yes. At the risk of repeating myself, we have to come back to you on that. And one point only saying is that a part of the programme that we're looking into for 24 to 26 is also supply chain financing. And you will see that in the ratio on our... Or you will see that in our working capital. But it is not a very massive effect on our cash flows.

Mark Freshney, UBS

Hello, thank you for taking my questions. Rasmus, if you're not successful in the Sunrise rebid, what would be your total expected cash costs? Because clearly that project would probably miss many windows. So if we could get a number for that.

And secondly, you have spoken in your investor letter, Mads, a year ago about hedging the power exposure for renewables which is mainly UK RO assets. Clearly power market conditions have changed in the last few weeks and some companies have reported it a lot more difficult to make money in that market. I'm just

wondering what you're seeing for current trading in the UK market and whether it works for or against your exposure through UK RO assets. Thank you.

Rasmus Errboe. Interim CFO

Do I take the Sunrise one? So, Mark, if we first take the, you can say the impairment part of your question and then the cash afterwards. So, if the impairment note, 3.2, where we have basically listed what our assumptions are on Sunrise going into New York 4 and should we win. In that scenario we will, as I stated there, we expect to reverse our impairment with 1.8 billion with today's assumptions by the end of the year.

And we have also stated that should we lose, which is something that we ascribe a 25, we have 75, 25% probability when we did the annual report. Then you will see an impairment on Sunrise of, we note, we write 5.5 billion. And that of course comes through that the way we have our forward looking value for the impairments testing now is a probability weight of a win and a lose scenario.

In terms of your... The way I understand your cash comment is that you are probably referring to the cancellation fees. And on Sunrise we have based on the learnings that we have done on Ocean Wind, as mentioned before, having been through 270 contracts, etcetera.

We have also scrutinised the cancellation fees on Sunrise. And we do expect that due to that, but even more due to the fact that time has passed since we came out with Q3, we now expect in the unlikely scenario that we lose, we do expect today cancellation fees of expectedly 6 billion to 7 billion DKK. So that would be obviously on the PNL in that scenario should we decide to cancel the project.

There is also other scenarios should we not be successful. That is something that we would have to assess together with our partner, Eversource. Because the deal we have made with Eversource basically enters into effect if we are successful in Sunrise, New York 4.

Mads Nipper, CEO

And to your second question, Mark. And here... So when we are hedging our power price exposure, we are fundamentally not with our current strategy hedging that to primarily... To make money on that. But to secure some of the floor in our production. So therefore, what we are seeing now is that this is certainly still something that is possible. It's a liquid market.

So in terms of speculative trading, this is not a core part of our strategy. And we are seeing that it is still indeed possible to do the hedging that we deem right with our new framework of 0 to 70 %.

Jenny Ping, Citi

Thanks very much. Just on your dividend. Obviously holiday until 2026. Can you elaborate on how you're thinking about the dividend beyond 2026? I think there's a footnote in your presentation about payout, some colour on that would be great. Thanks.

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Mads Nipper, CEO

Yes, we can do that. So, what we are saying, also referencing to the previous question, we are having a planned three-year dividend, we're targeting to reinstate that at a meaningful level. And that is what we target and that is what we will do. We cannot get too close to what we're assuming, but it would be at a meaningful level.

Rasmus Keglberg Haervig, Head of IR

Great. That concludes the presentation and Q&A. Mads, over to you for final remarks.

Mads Nipper, CEO

Yes. And I'll just again thank you very much for, as always, great questions. But also thank you very much to everyone in the room who had come here. And we will now focus in management and board on executing a plan that we very strongly believe in. Have a safe day. Thank you.