Investor presentation Q1 2018

26 April 2018

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These statements are not guarantees of future performance and involve certain risks. Many direct and indirect factors may affect future results and developments may therefore differ materially from what is forecast due to a variety of factors. These factors include, but are not limited to, changes in temperature, wind conditions and precipitation levels, the development in inflation, currency, power, gas, coal, carbon, oil and interest rate markets, changes in legislation, regulation or standards, changes in the competitive environment in our markets, security of supply and cable break-downs or other disruptions of operation.

We urge you to read our annual report available on our website at www.orsted.com for a discussion of some of the factors that could affect our future performance and the industry in which we operate.

Should one or more of these risks or uncertainties materialise or should any underlying assumptions prove to be incorrect, our actual financial condition or results of operations could materially differ from that described herein as anticipated, believed, estimated or expected.

Strong operational and financial performance

Highlights – Q1 2018

Performance

- EBITDA of DKK 5.5bn, up 68% on Q1 2017
- Strong operational performance from our Wind Power sites and high income from partnerships
- Improved spreads and higher heat production in Bioenergy & Thermal Power
- Positive outcome of an arbitration related to a gas purchase contract
- Increased EBITDA guidance by DKK 0.5bn, to DKK 12.5-13.5bn
- Green share of generation increased to 68%

Business development

- Submitted bids in German auction
- Connecticut bid submitted beginning of April
- Submitted bid for capacity in Taiwanese grid allocation
- Storage: Acquired UK storage project rights and Burbo Bank Ext. battery close to commissioning

Wind Power market development – Taiwan & US

Taiwan	• Allocation of 5.5GW grid capacity for the period until 2025: – Result of the 3.5GW grid allocation expected end of April – Price auction for the remaining 2.0GW in June 2018
Massachusetts	• Selection of preferred bid or bidders in Massachusetts expected in late May • US government proposes auction of two new leases
New York	• Expecting auction late 2018 or beginning of 2019 • US government explores developer interest in four new leases
New Jersey	• Ørsted to open office in Atlantic City in May 2018 • Expecting auction late 2018 or beginning of 2019
Connecticut	• Submitted bid in the auction for 200MW in April • Expecting to receive outcome from auction in Q2 2018
Rhode Island	• Target of 1GW renewable energy by the end of 2020 • Mandate to procure up to 400MW of renewable energy by the end of this summer

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Wind Power market development – Europe

United Kingdom	• 3rd UK CfD auction expected in spring 2019 • Hornsea 3 consent process moving forward as planned. Will expectedly compete in 4th CfD auction
Germany	• First centralised tender expected in 2021 • Climate protection strategy and action program being discussed by government coalition partners
Netherlands	• Government targets 11.5GW of offshore wind capacity by 2030 • Next tender, Holland Coast South 3 & 4, expected Q4 2018
Denmark	• Government stated a significant focus on offshore wind in order to reach its 50% renewables target by 2030 • New Energy Agreement covering the period post 2020 is under development and is expected to be finalised in 2018 • This could open up for additional offshore wind for construction during 2024-2030

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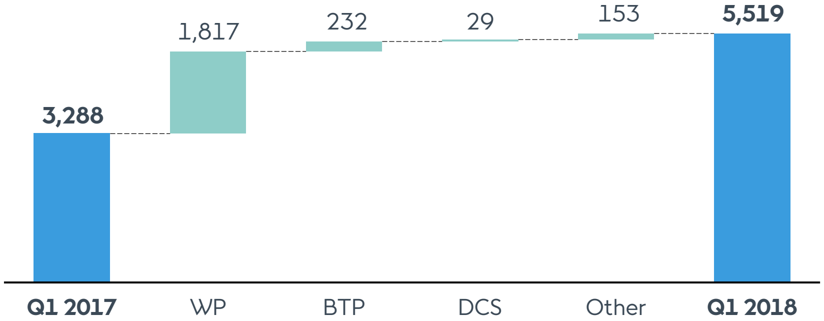
Construction program well in progress

Project	Walney Extension	Borkum Riffgrund 2	Hornsea 1	Borssele 1&2	Hornsea 2	Asnæs CHP plant	Renescience Northwich	Smart meter roll-out
Country								
Asset type								
Capacity	659MW	450MW	1,218MW	752MW	1,386MW	129MW Heat, 25MW Power	120,000 tonnes waste	1 million installations
Expected completion	Q3 2018	H1 2019	2020	2020/2021	2022	2019	Q2 2018	2020
Status	On track	On track	On track	On track	On track	On track	Delayed	On track
Comments	Walney 3: All 40 turbines installed. Walney 4: All 47 turbines installed	15 out of 56 foundations installed. Turbine installation to commence in Q2 2018	23 out of 174 foundations installed. Offshore cable export cable installation on-going	Negotiations and signing of key contracts	Siemens Gamesa turbines selected. Onshore substation construction commenced	Conversion from coal to sustainable wood chips	Construction completed. Commissioning work ongoing	301,000 new meters in use end of Q1 2018

Strong financial performance continued in Q1 2018

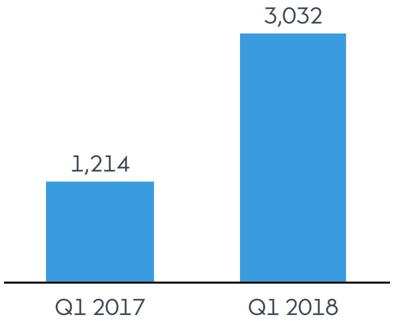
EBITDA
DKKm



EBITDA increased by DKK 2.2bn

- Earnings from operating wind farms up 51%
- Earnings from partnership agreements increased DKK 0.8bn
- Improved spreads, higher heat production due to colder weather and bioconversion of Skærbæk Power Station
- DCS flat on a strong Q1 2017 due to a positive arbitration outcome regarding a gas purchase contract in 2018

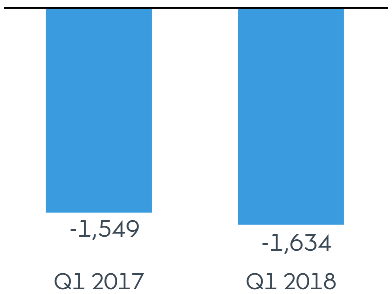
Net profit
DKKm



Net profit up DKK 1.8bn

- Higher EBITDA

Free cash flow
DKKm

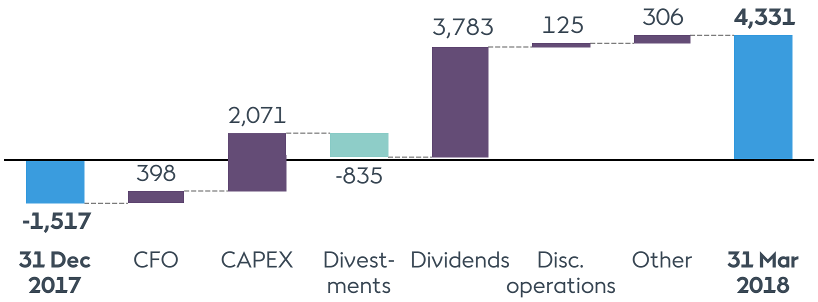


FCF in line

- Higher EBITDA
- Deferred proceeds from farm-down of Walney Ext. of DKK 0.8bn received in Q1 2018
- Paid tax of DKK 3.1bn from early tax payment for 2018 and residual taxes for 2017
- Increase in funds tied up in working capital (DKK 0.6bn)

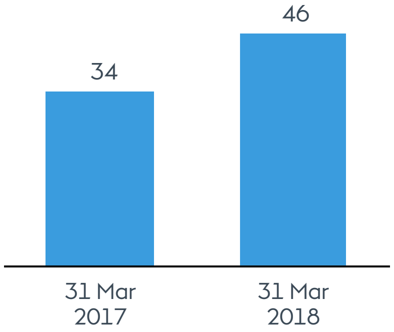
Distribution of dividends & solid financial ratios

Net interest-bearing debt development
DKKm



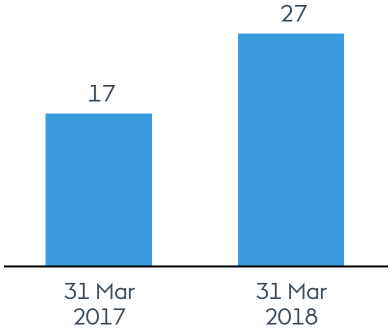
Net interest-bearing debt of DKK 4.3bn
- Negative free cash flow, due to early on account tax payment
- Distribution of dividends to shareholders of DKK 3.8bn

FFO / Adj. net debt
%



FFO / Adj. net debt of 46%
- Credit metric above our target of around 30%
- Increase due to higher FFO

ROCE
%



ROCE of 27%
- Increase mainly due to higher EBIT, which was significantly impacted by the farm-down of Walney Ext. and Borkum Riffgrund 2 at the end of 2017

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Interest rate and inflation risk management

Four risk categories of assets and debt allocation
Illustrative

Fixed nominal

- Fixed nominal revenue assets
- Primarily continental-EU wind farms
- Ideally matched with fixed nominal debt

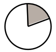
Variable regulated

- Variable regulated revenue assets
- Primarily Power Distribution
- Ideally matched with variable-rate debt

Inflation-indexed

- Inflation-indexed revenue assets
- Primarily UK wind farms
- Primarily matched with equity

Other



- Other, mainly energy price exposed assets
- Matched with equity

Objectives of interest rate and inflation risk management

1. Protect long-term real value of equity by offsetting interest and inflation risk exposure embedded in assets by allocating debt with similar, but opposite risk exposure
2. Cost of funding minimised by actively managing debt portfolio
3. Cost of hedging minimised by using natural portfolio synergies between assets, allowing matching of up to 100% of asset value with appropriate debt

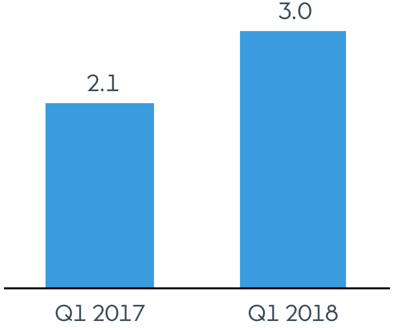
Framework for risk management

- Assets divided into four different risk categories, based on nature of inflation and interest risk exposure.
- Simple risk metrics are used to match assets with appropriate debt within each category
- Fixed nominal-category has first priority for debt allocation, to protect shareholders against inflation eroding the real value from fixed nominal cash flows
- Inflation-indexed revenues reserved to service equity return for shareholders thereby to a large extent protecting the real value of equity against fluctuations in inflation rates

The circles represent an illustrative relative share of the asset PV of FFO.
The shares are exaggerated and show only approximately comparative size of the asset categories.

Wind Power – Strong operational and partnership results

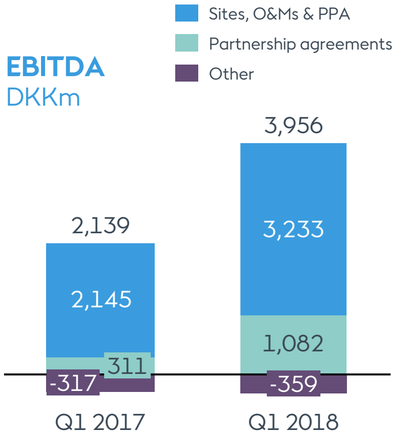
Power generation
TWh



Power generation up 43%

- Ramp-up of generation from Burbo Bank Ext., Race Bank and Walney Ext.
- Higher wind speed (10.3m/s vs. 9.9m/s in 2017. Norm 10.2m/s)
- Higher availability (94% vs. 93%)

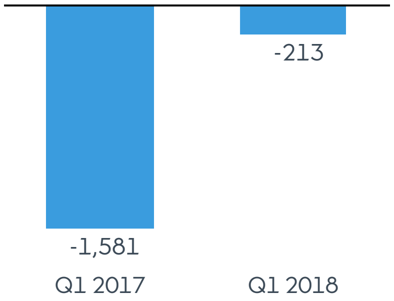
EBITDA
DKKm



EBITDA of DKK 4.0bn

- Earnings from operating wind farms up 51%
- Partnership agreements up DKK 0.8bn due to high level of activity related to Walney Ext. and Borkum Riffgrund 2

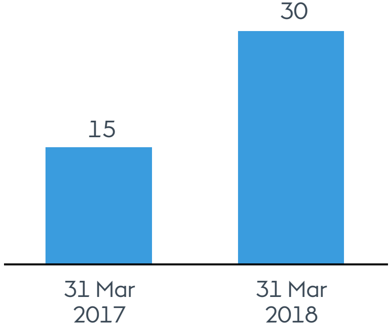
Free cash flow
DKKm



FCF increased DKK 1.4bn

- Higher EBITDA and deferred proceeds from farm-down of Walney Ext. received in Q1 2018
- Partly offset by the early tax payment for 2018 and payment of residual taxes regarding 2017

ROCE
%



ROCE up 15%-point

- Increase was significantly impacted by the farm-down of Walney Ext. and Borkum Riffgrund 2 at the end of 2017

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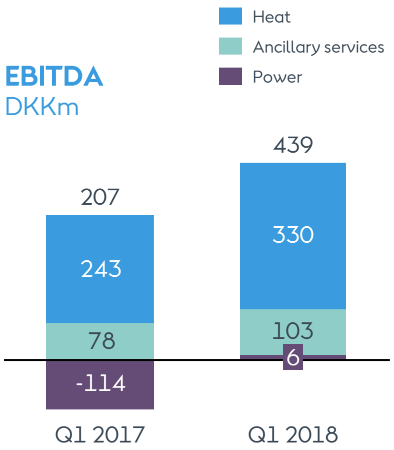
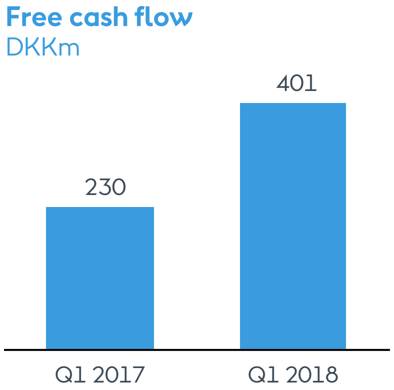
Bioenergy & Thermal Power – EBITDA doubled



EBITDA of DKK 0.4bn

- Improved spreads in Q1 2018
- Higher heat production due to colder weather
- Biomass conversion of Skærbæk Power Station (inaugurated Q4 2017)

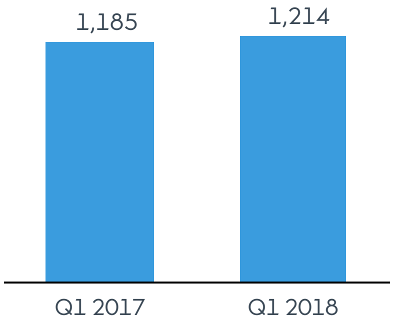


FCF of DKK 0.4bn

- Primarily due to the higher EBITDA

Distribution & Customer Solutions – Positive outcome of arbitration

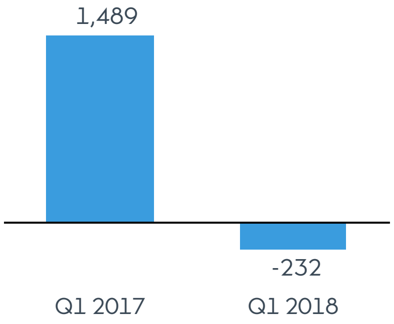
EBITDA
DKKm



EBITDA in line with Q1 2017

- One-off compensation from completed arbitration of a gas purchase contract in Q1 2018
- Higher earnings from our route-to-market for physical power and gas
- Offset by strong earnings from trading of our financial energy exposures in Q1 2017

Free cash flow
DKKm



FCF of DKK -0.2bn

- More funds tied up in receivables from higher sales and higher prices. Receivable from the one-off compensation from completed arbitration in Q1 2018

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2018 EBITDA guidance increased by DKK 0.5bn

EBITDA excl. new WP partnerships

- 2018 EBITDA guidance excluding new partnership agreements increased by DKK 0.5bn to DKK 12.5-13.5bn
- Directional guidance for DCS relative to 2017 changed to lower (from significantly lower)

Gross investments in 2018

- Gross investments expected to amount to DKK 16-18bn

Return on capital employed (ROCE) 2018-2023

- Target average ROCE of 12-14% for the Group in the 2018-2023 period

Financial policies

- Objective is to increase dividends by a high single-digit rate compared to the dividends for the previous year up until 2020
- Objective of maintaining a BBB+/Baa1 rating profile

Capital structure ratio – FFO/Adjusted net debt

- Target ratio of around 30%

Financial targets	Target	Year
Return on capital employed (ROCE)		
Group	12-14%	Avg. 2018-2023
Wind Power	13-15%	Avg. 2018-2023
Distribution & Customer Solutions	9-11%	Avg. 2018-2023
Free cash flow		
Bioenergy & Thermal Power	Positive	2018
Average yearly growth in EBITDA (CAGR)		
Wind farms in operation*	13%-14%	2017->2023

Financial policies	
Rating (Moody's/S&P/Fitch)	Min. Baa1/BBB+/BBB+
FFO/Adjusted net debt	Around 30%

* Hornsea 1 assumed to be farmed down (50%) but no farm-downs beyond Hornsea 1 assumed

Q&A

Conference call

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For questions, please press 01

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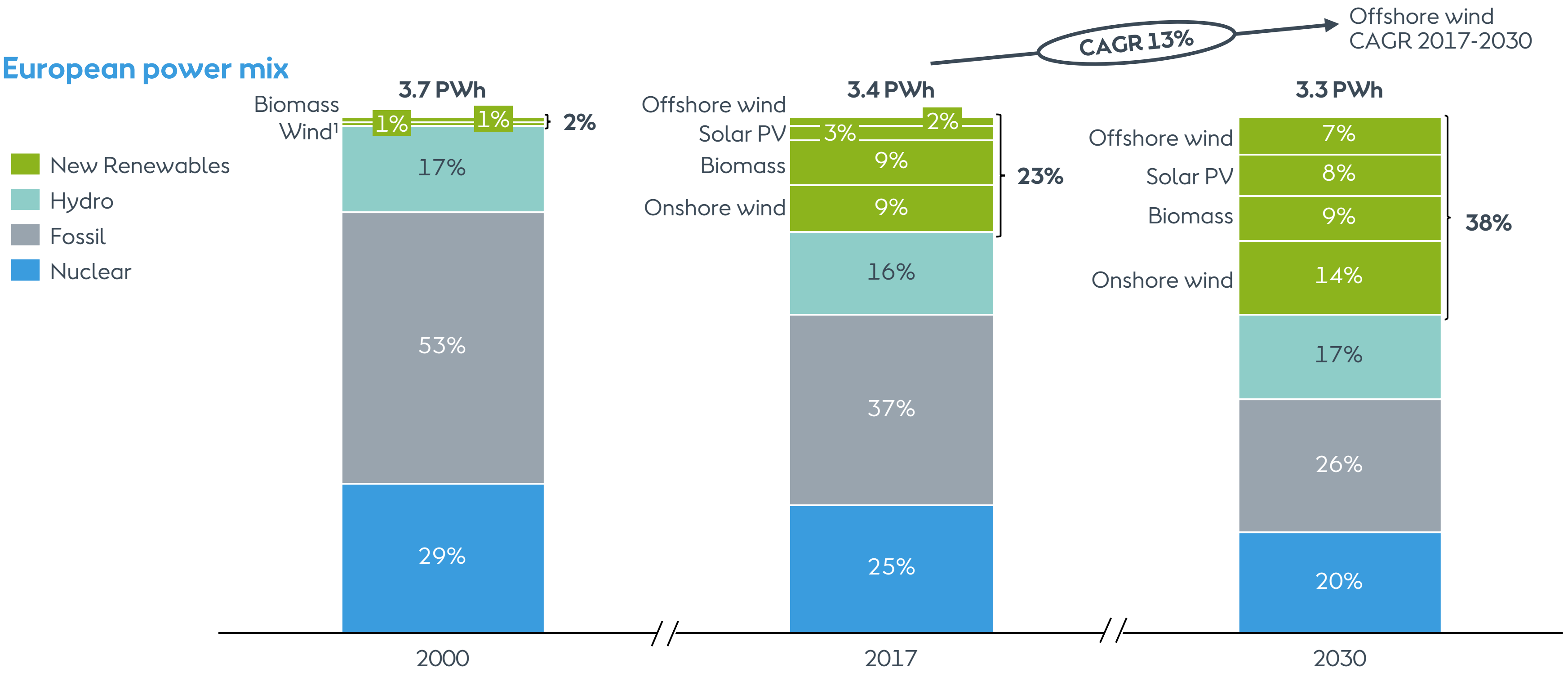
Appendix

Structural transformation of European power generation



[1] Offshore and onshore wind combined.

 Source: International Energy Agency (IEA), World Energy Outlook 2017; Bloomberg New Energy Finance (BNEF), New Energy Outlook 2017.

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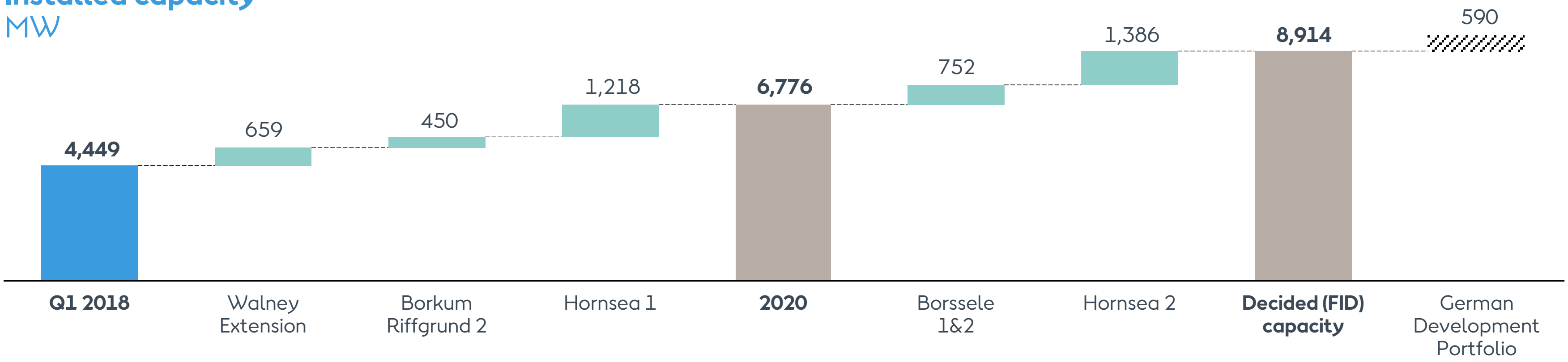
Wind Power build-out plan

Installed capacity
MW



Country	UK	Germany	UK		Netherlands	UK		Germany
Expected completion	Q3 2018	H1 2019	2020		2020/21	2022		2024 (FID expected in 2021)
Turbine	40 MHI Vestas 8MW 47 Siemens-Gamesa 7MW	56 MHI Vestas 8MW	174 Siemens Gamesa 7MW		94 Siemens Gamesa 8MW	Siemens Gamesa 8MW turbine		

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SPA/CA split and timing of CA gains on farm-downs

Wind farm	MW capacity	Commissioning	SPA/CA split	2015	2016	2017	2018e	2019e
Gode Wind 1	330	Q4 2016	SPA	All				
			CA: 75-100%	0-10%	65-75%	20-30%		
Gode Wind 2	252	Q4 2016	SPA					
			CA: 75-100%	55-65%	30-40%	0-10%		
Burbo Bank Ext.	258	Q1 2017	SPA		DKK 0.6bn			
			CA: 75-100%		80-90%	10-20%		
Race Bank	573	Q1 2018	SPA		DKK 2.5bn	DKK 1.4bn		
			CMA: 25-50%			90-100%	0-10%	
Walney Ext.	659	Q3 2018	SPA			All		
			CA: 0-25%			0-10%	80-90%	0-10%
Borkum Riffgrund 2	450	H1 2019	SPA			All		
			CA: 25-50%			0-10%	80-90%	0-10%
Hornsea 1	1,218	2020						

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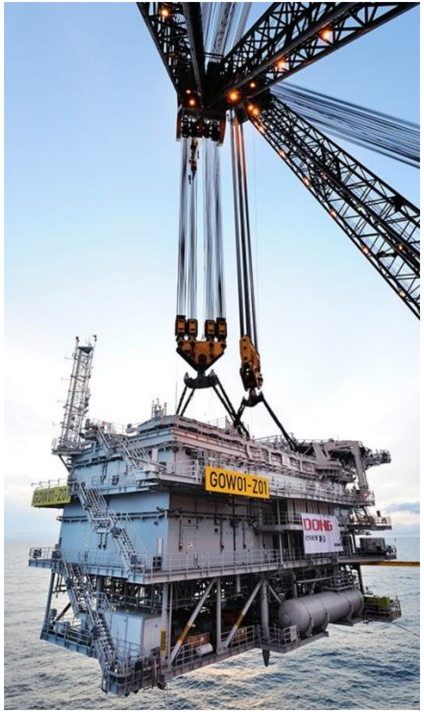
Group – Financial highlights Q1

FINANCIAL HIGHLIGHTS		Q1 2018	Q1 2017	Δ
EBITDA	DKKm	5,519	3,288	68%
• Wind Power		3,956	2,139	51%
• Bioenergy & Thermal Power		439	207	112%
• Distribution & Customer Solutions		1,214	1,185	2%
Net profit – continuing operations		3,032	1,214	150%
Net profit – discontinued operations		8	1,426	(99%)
Total net profit		3,040	2,640	15%
Operating cash flow		(398)	888	n.a.
Gross investments		(2,071)	(2,502)	(17%)
Divestments		835	65	1,185%
Free cash flow – continuing operations		(1,634)	(1,549)	5%
Net interest-bearing debt		4,331	6,523	(34%)
FFO/Adjusted net debt	%	45.6	34.2	11.4%p
ROCE[1]	%	26.7	17.4	9.3%p



1. ROCE: Last 12 months

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WP – Financial highlights Q1

FINANCIAL HIGHLIGHTS		Q1 2018	Q1 2017	Δ
EBITDA	DKKm	3,956	2,139	85%
• Sites incl. O&Ms and PPAs		3,233	2,145	51%
• Partnership agreements and farm-down gains		1,082	311	248%
• Other incl. A2SEA and project development		(359)	(317)	13%
ROCE[1]	%	29.8	14.9	14.9%p
KEY BUSINESS DRIVERS				
Power generation	TWh	3.0	2.1	43%
Wind speed	m/s	10.3	9.9	4%
Availability	%	94	93	1%p
Load factor	%	55	50	5%p
Installed capacity	GW	4.4	3.6	22%
Production capacity	GW	2.7	2.1	29%

1. ROCE: Last 12 months

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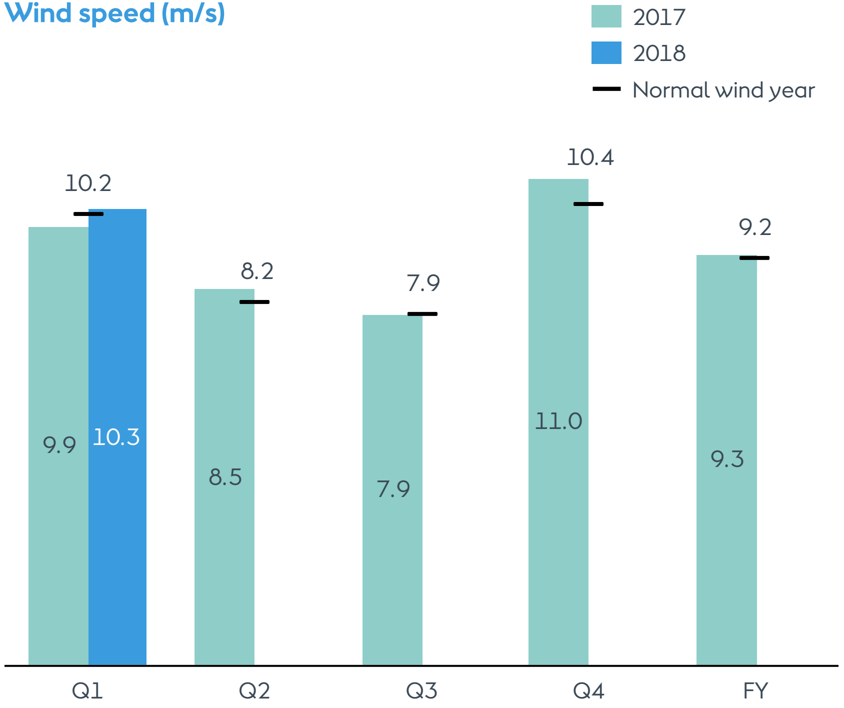
Wind measurement

Change from wind energy content to wind speed

- Wind speed is more intuitively understandable and transparent (meters per second vs. an index)
- Wind speed is based directly on external data sources and can be compared with a historically normal wind year
- Wind speed measurements are weighted on the basis of the individual wind farms' generation capacity and consolidated into a total for Ørsted (the same way as generation)
- WEC was calculated based on our power generation, but was negatively biased as it also included generation down-time like curtailment[1]
- A shift to wind speed will improve the robustness of our wind measurements

Wind speed (m/s)



1. Curtailment is lower power generation in periods where we are prevented by the national system operator from exporting power to the national power transmission system

BTP – Financial highlights Q1

FINANCIAL HIGHLIGHTS		Q1 2018	Q1 2017	Δ
EBITDA	DKKm	439	207	112%
• Heat		330	243	36%
• Ancillary services		103	78	38%
• Power		6	(114)	n.a.
Free cash flow		401	230	74%
KEY BUSINESS DRIVERS				
Heat generation	TWh	4.8	4.2	14%
Power generation	TWh	3.3	3.2	3%
Degree days	#	1,417	1,244	14%
Power price, DK	EUR/MWh	36.9	31.0	10%
Green dark spread, DK	EUR/MWh	2.3	(1.6)	n.a.

DCS – Financial highlights Q1

FINANCIAL HIGHLIGHTS		Q1 2018	Q1 2017	Δ
EBITDA	DKKm	1,214	1,185	2%
• Distribution		432	468	(8%)
• Sales		5	22	(77%)
• Markets		794	631	26%
• LNG		(17)	64	n.a.
ROCE[1]	%	12.7	44.2	(31.5%p)
KEY BUSINESS DRIVERS				
RAB Power	DKKm	10,623	10,648	(0%)
Gas sales	TWh	42.5	41.5	2%
Power sales	TWh	11.5	10.1	14%
Distribution of power	TWh	2.4	2.3	4%

1. ROCE: Last 12 months

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Differences in Business Performance EBITDA and IFRS EBITDA

DKKm	Q1 2018	Q1 2017
EBITDA – BUSINESS PERFORMANCE (BP)	**5,519**	**3,288**
BP adjustment in respect of revenue for the year	(110)	929
BP adjustment in respect of COGS for the year	(124)	(374)
EBITDA – IFRS	**5,285**	**3,843**
Total BP adjustments for the year comprise:		
MtM of financial and physical hedging contracts relating to other periods	(278)	478
Reversal of deferred gain (loss) relating to hedging contracts from previous periods, where the hedged production or trade is recognised in BP EBITDA for this period	44	77
TOTAL ADJUSTMENTS	**(234)**	**555**

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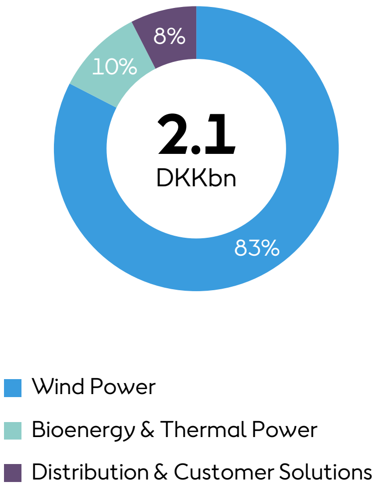
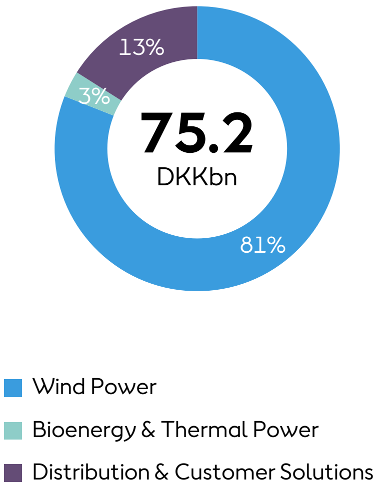
Investments

GROSS AND NET INVESTMENTS (DKKm)	Q1 2018	Q1 2017
Cash flow from investing activities	333	(1,026)
Dividends received and capital reduction, reversed	(1)	-
Purchase and sale of securities, reversed	(1,569)	(1,401)
Loans to associates and JVs, reversed	8	1
Sale of assets and companies reversed	(842)	(76)
GROSS INVESTMENTS	**(2,071)**	**(2,502)**
Transactions with non-controlling interests in connection with divestments	(7)	(13)
Sale of non-current assets	842	76
TOTAL CASH FLOWS FROM DIVESTMENTS	**835**	**63**
NET INVESTMENTS[1]	**(1,236)**	**(2,439)**

Gross investments per business unit
Q1 2018



Capital employed per business unit
31 March 2018



1. Net investments are defined as the effect on Ørsted's net debt from investments and acquisitions and disposals of enterprises

FFO/Adjusted net debt calculation

FUNDS FROM OPERATIONS / ADJUSTED NET DEBT (DKKm)	Q1 2018[1]	FY 2017	Q1 2017[1]	FY 2016
EBITDA – Business Performance	**24,750**	**22,519**	**15,311**	**19,109**
Interest expenses, net	(761)	(629)	(418)	(402)
Reversal of interest expenses transferred to assets	(703)	(754)	(640)	(574)
Interest element of decommission obligations	(188)	(194)	(174)	(172)
50% of coupon payments on hybrid capital	(320)	(320)	(320)	(320)
Operating lease obligations, interest element	(67)	(234)	(307)	(194)
Adjusted net interest expenses	**(2,039)**	**(2,131)**	**(1,859)**	**(1,662)**
Reversal of gain (loss) on divestment of assets	(10,766)	(10,835)	(2,634)	(2,940)
Reversal of recognised lease payment	873	885	815	746
Current tax	(2,967)	(2,447)	(3,858)	(3,665)
FUNDS FROM OPERATION (FFO)	**9,851**	**7,991**	**7,775**	**11,588**
Total interest-bearing net debt	**4,331**	**(1,517)**	**6,523**	**3,461**
50% of hybrid capital	6,619	6,619	6,624	6,624
Cash and securities, not available for distribution	628	749	1,066	953
Present value of operating lease payments	5,886	6,095	5,391	3,986
Decommission obligations	4,998	4,751	3,783	3,649
Deferred tax on decommissioning obligations	(839)	(797)	(650)	(627)
ADJUSTED INTEREST-BEARING NET DEBT	**21,623**	**15,900**	**22,737**	**18,046**
FFO / ADJUSTED INTEREST-BEARING NET DEBT	**46%**	**50%**	**34%**	**64%**

1: Last 12-months

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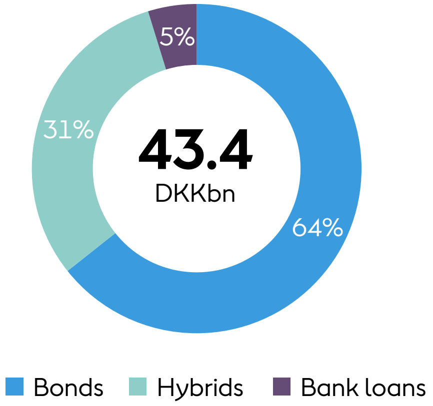
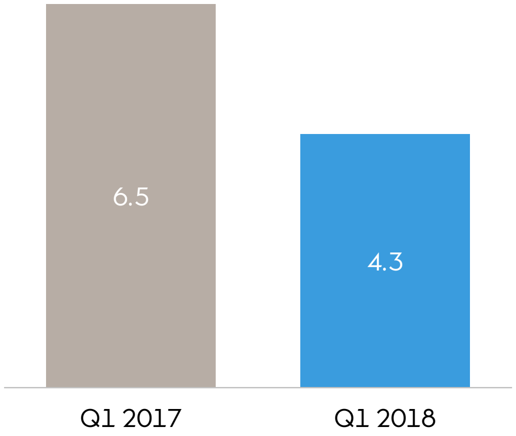
Debt overview

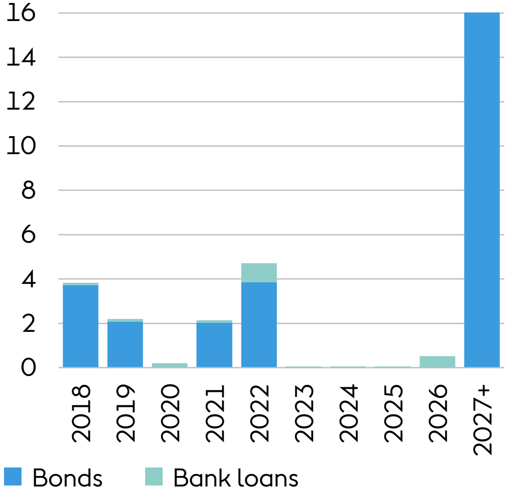
Gross debt and hybrids
Q1 2018



Net debt
DKKbn



Long term gross debt maturity schedule Q1 2018, DKKbn



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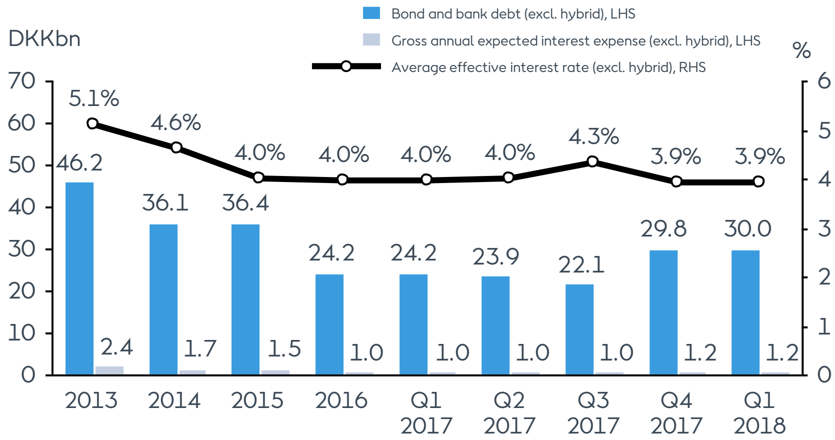
Interest rate risk and funding costs

Effective funding costs – gross debt
(excl. hybrid)



- Funding costs reflect existing bonds issued during period from 2009 to 2017
- Marginal funding cost is much lower
- Liability management activities during recent years focused on short end of maturity profile

Key risk figures Q1 2018
(excl. hybrid)

	Cost of debt (%)	*Modified duration (%)*	*Avg. time to maturity (years)*
Bond loans	4.1	7.9	9.8
Bank loans	0.3	0.3	6.7
Total	**3.9**	**7.4**	**9.6**

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Hybrid capital in short

Hybrid capital can broadly be defined as funding instruments that combine features of debt and equity in a cost efficient manner

- Hybrid capital encompasses the credit supportive features of equity and improves rating ratios
- Perpetual or long-dated final maturity (1,000 years for Ørsted)
- Absolute discretion to defer coupon payments and such deferrals do not constitute default nor trigger cross-default
- Deeply subordinated and only senior to common equity
- Without being dilutive to equity holders (no ownership and voting rights, no right to dividend)

Due to hybrid's equity like features, rating agencies assign equity content to the hybrids when calculating central rating ratios (e.g. FFO/NIBD)

The hybrid capital has increased Ørsted's investment capacity and supports the growth strategy and rating target

Ørsted has made use of hybrid capital to maintain our ratings at target level in connection with the merger with Danish power distribution and production companies back in 2006 and in recent years to support our growth in the offshore wind sector

Currently, Ørsted has fully utilised it's capacity to issue hybrids (S&P has the strictest limit of 15% of total capitalisation)

HYBRIDS ISSUED BY ØRSTED A/S[1]	PRINCIPAL AMOUNT	TYPE	FIRST PAR CALL	COUPON	ACCOUNTING TREATMENT[2]	TAX TREATMENT	RATING TREATMENT
4.875% hybrid due 3013[3]	EUR 500m	Hybrid capital (subordinated)	July 2018	Fixed during the first 5 years, first 25bp step-up in July 2023	100% debt	Debt – tax deductible coupon payments	100% debt
6.25% hybrid due 3013	EUR 700m	Hybrid capital (subordinated)	June 2023	Fixed for the first 10 years, first 25bp step-up in June 2023	100% equity	Debt – tax deductible coupon payments	50% equity, 50% debt
3.0% hybrid due 3015	EUR 600m	Hybrid capital (subordinated)	Nov. 2020	Fixed during the first 5.5 years, first 25bp step-up in Nov. 2025	100% equity	Debt – tax deductible coupon payments	50% equity, 50% debt
2.25% Green hybrid due 3017	EUR 500m	Hybrid capital (subordinated)	Nov. 2024	Fixed during the first 7 years, first 25bp step-up in Nov. 2029	100% equity	Debt – tax deductible coupon payments	50% equity, 50% debt

1. All listed on Luxembourg Stock Exchange and rated Baa3 (Moody's), BB+ (S&P) and BBB- (Fitch). 'The Green hybrid is furthermore listed on the Luxembourg Green Exchange (LGX)
2. Due to the 1,000-year structure
3. In November 2017 we issued the 2.25% Green hybrid in order to refinance the 4.875% hybrid on the first par call in July 2018. The 4.875% hybrid is therefore treated as debt (both accounting and rating treatment).

Benefits of hybrid capital

Hybrid capital is an attractive form of financing for corporates:

- Provides strength to the balance sheet at relatively attractive terms (tax deductible)
- Supportive to credit ratings
- WACC efficient instrument to enhance financial flexibility
- Non-dilutive source of quasi equity capital

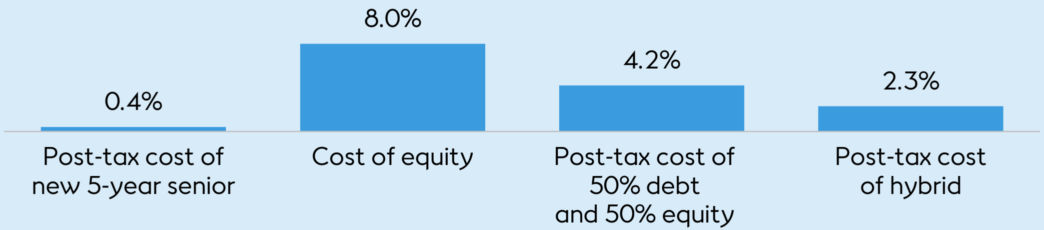
The issuance of hybrid capital is significantly cheaper than issuing proportional amounts of debt and equity

Illustrative example – current example

ASSUMPTIONS

Pricing for a hybrid with first call in year 5:	3.0% (pre-tax)
Post-tax cost of hybrid = 3.5% * (1-22%)	2.34%
Pricing for a 5-year senior bond of 0.5% (pre-tax)	
Post-tax cost of senior = 0.5%* (1-22%)	0.41%
Cost of Equity:	8%

RELATIVE COST ANALYSIS



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November 2017 - EUR hybrid and Senior transactions

	Hybrid	Senior	Liability Management
Tenor/Target Notes	1000NC7	12 years	6.500% due 2019 4.875% due 2021 2.625% due 2022
Size/Amount Tendered	EUR 500m	EUR 750m	EUR 198.7m
Coupon	2.250%	1.500%	-
Investor Demand	EUR 2.4bn	EUR 1.6bn	-
Key Highlights	• First Green Hybrid from a Nordic corporate • Third ever EUR Green Corporate Hybrid • Lowest ever coupon/yield/ spread for Nordic Corporate Hybrid irrespective on tenor	• Ørsted's lowest ever coupon • First senior bond issuance since 2012 • Lowest ever coupon/yield/spread for Nordic BBB rated corporate in the 12 years tenor	• Successfully achieved to replace "Brown Bonds" with new "Green Senior Bonds" • Weighted average success rate of ca. 17% • Lowered refinancing risk by managing upcoming maturities early
Green Aspects	• The Hybrid and Senior transactions were our first bonds issued in a Green format • The net proceeds of the issuance will be used for eligible green projects and activities that promote climate-friendly and other environmental purposes in line with our Green Bonds Framework • Second opinion with a Dark Green shading was attained from CICERO • First Green Bond Investor Letter describing the first allocation to green eligible projects is available at orsted.com		

Ørsted has issued Green Bonds

The Green Bond Principles 2017

In November 2017 Ørsted issued a Green senior bond with maturity 2029 and a Green hybrid bond with maturity 3017.
Ørsted's Green Bonds Framework follows the four pillars of the ICMA Green Bond Principles 2017

Use of Proceeds

- Acquisition, development and construction of new Eligible Projects
- Renovation, upgrade of existing Eligible Projects

Ørsted Eligible Projects

Offshore wind farms & other renewable energy production types	Bioenergy	Energy storage, smart grid & other energy solutions

- Nuclear or fossil energy generation projects are excluded

Project Evaluation and Selection Process

- Projects will be evaluated, selected and prioritized by the Sustainability Department in consensus with the Treasury Department
- Prioritized projects will, on a quarterly basis, be presented to Ørsted's Sustainability Committee for final approval
- Only projects fulfilling the eligibility criteria will be financed using green bond proceeds

Management of Proceeds

- Proceeds has been transferred to a separate "Green Account"
- On a quarterly basis, funds from the "Green Account" will be allocated to eligible projects (upon approval of Sustainability Committee, and based on previous quarter expenditures)
- The unallocated balance will be placed in liquidity reserves and managed in accordance with Ørsted's Investment Policies

Reporting

- The first annual Green Bond Investor Letter is available at our homepage together with Ørsted's Green Bonds Frame work and Second Opinion
- The internal tracking method and allocation of funds has been verified by PwC

°C | °CICERO Dark Green

Ørsted's Green Bond Framework has been reviewed by CICERO and received a ***Dark Green shading***

Ørsted

Financing strategy

We have a centralised financing strategy as customary for vertically and horizontally integrated European energy utilities.

The strategy supports:

- A capital structure supportive of our BBB+ rating ambition
- Concentration of and scale in financing activities
- Cost efficient financing based on a strong parent rating
- Optimal terms and conditions and uniform documentation
- Transparent debt structure and simplicity
- Avoidance of structural subordination

All cash flow generated by our subsidiaries supports the creditworthiness and rating of and thus the debt taken up by the Group parent.

The financing strategy optimizes the effect of a fully integrated group cash pool where cash at practically all of the Group's more than 150 subsidiaries are made available for the Group's financing and liquidity purposes.

Financing of activities at subsidiary level is provided by the Group parent in a standardised and cost efficient set-up involving very few resources at Business Unit and Corporate Treasury.

Widespread use of project financing is not considered cost-efficient and dilutes the creditworthiness of the Group parent.

Ørsted

Currency hedging principles

- The purpose of our currency risk management is to reduce the Group's currency risks over a 5-year horizon
- The main principle is to hedge FX exposure once it is deemed relatively certain that the underlying cash flows in foreign currency will materialise
- Thus, FX risk is hedged concurrently with the hedging of energy price risk
- FX risk related to divestments and investments are hedged once the amount is relatively certain
- Hedging of ROC and CfD income deviates from main principle and follows a staircase model (see next page). GBP therefore constitutes a strategic risk
- Management of currency risks is centralised at Ørsted to obtain netting advantages

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Hedging of FX and power risk in Wind Power

Construction and farm-downs – Hedging of FX

Decision gates

Pre-FID
100% share

- Early hedging of large DEVEX items on a 100% basis

Final Investment Decision
100% share

- Build up of hedges of transmission asset
- Hedging CAPEX of generation asset
- Hedging revenue at staircase

Farm-down mandate
50% share

- Acceleration of hedges for partners share of transmission asset
- Hedging of highly certain part of generation asset divestment proceeds
- Hedging revenue at staircase

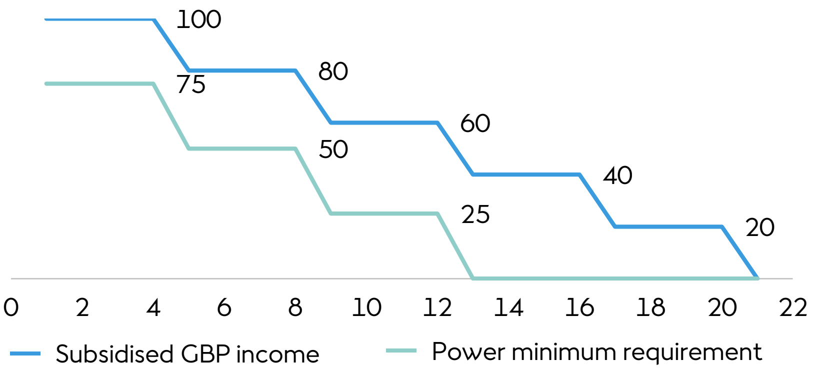
Signing farm-down
50% share

- Hedges fully established for sale of project shares and construction gains

Commercial Operations

- Ongoing hedging of operational net cash flow reflecting permanent share of production (50% share)

Commercial Operations – Hedging of FX and power



Rolling operational hedging process on monthly/quarterly basis:

- ROC/CfD hedges are target hedge ratio
- The power hedge ratio is a minimum requirement, and power related FX exposures are included in FX exposures and hedged when the underlying power price is hedged (no power hedge during CfD period)

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New income cap on power distribution RAB as expected

Revenue expectations are maintained at same level after the new income cap order is enacted

Main elements in new regulation

- 5-year income cap with following elements

Cost Cap	Operational expenses and depreciations Starting point is average of costs in 2012-14
Return Cap	New investments based on market based WACC Existing RAB continues with LBR+1 return
Adjustments	Change in activity level, change in tasks, price indexation
Net loss	Starting point is average of costs in 2014-16
Quality of supply	Possible penalty for efficiency requirements and low quality of supply

- Recalibration of income cap between regulation periods

Still some uncertainties regarding the future income caps

06/2018 – DERA: determination of income cap 2018

12/2018 – DERA: benchmark model

DERA income cap setting	Radius' income cap is set annually by DERA on the basis of the new income cap order.
Individual efficiency requirements	Individual efficiency requirements are set annually reducing the income cap. The efficiency requirements are accumulated within the regulation periods. Individual efficiency requirement for 2019 are set in December 2018.
Quality of supply	The income cap will be reduced annually with a 1-year effect if a certain level of quality of supply is not met. A new model for setting levels of the quality of supply is to be introduced during the first regulation period.

1. WACC currently estimated at approx. 3.5%

Ørsted

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