Investor presentation
Q2 2018

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Ørsted to acquire Lincoln Clean Energy and enter the US onshore wind development market

Acquisition

- Investment case with healthy economics based on prudent assumptions about key value drivers and market developments
- Transaction in line with strategy to pursue value creating growth opportunities in other green energy technologies
- Acquiring 100% of equity placing an enterprise value on LCE at USD 580 million[1]
- Recently commissioned portfolio of 513MW, 300MW under construction and a pipeline of more than 1.5GW to be completed by 2022
- US onshore wind market has significant long-term growth potential and expands our presence in a key growth market
- Highly experienced and successful team to execute Ørsted's long-term US onshore wind growth strategy
- Ørsted to add value with financing, execution and procurement capabilities

1. End-of-2018 value

Ørsted's strategic rationale & value creation

Scale	• Balance sheet and procurement
Synergies & transfer of knowhow	• Execution capabilities and complex engineering • Partnership capabilities and offtake solutions
Critical mass in new geographies	• Access to new customers, partners, talent and market insight can provide critical mass to our presence in the US
Multi-technology business platform	• Combining wind, solar, storage and bioenergy to serve future green energy demand
Strategic optionality	• Diversifying for the future energy market

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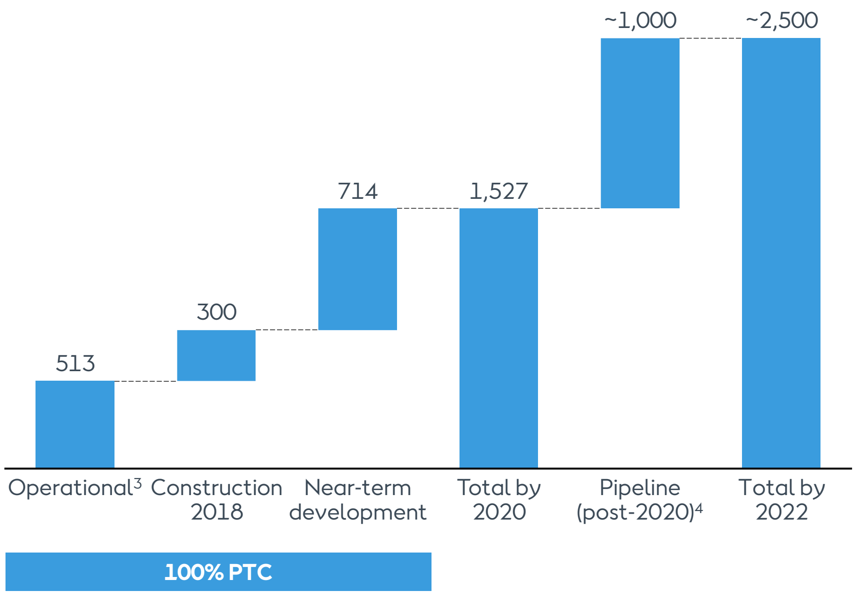
LCE has a 813MW portfolio with secured long-term offtake and more than 1.5GW of pipeline in the US wind-belt region

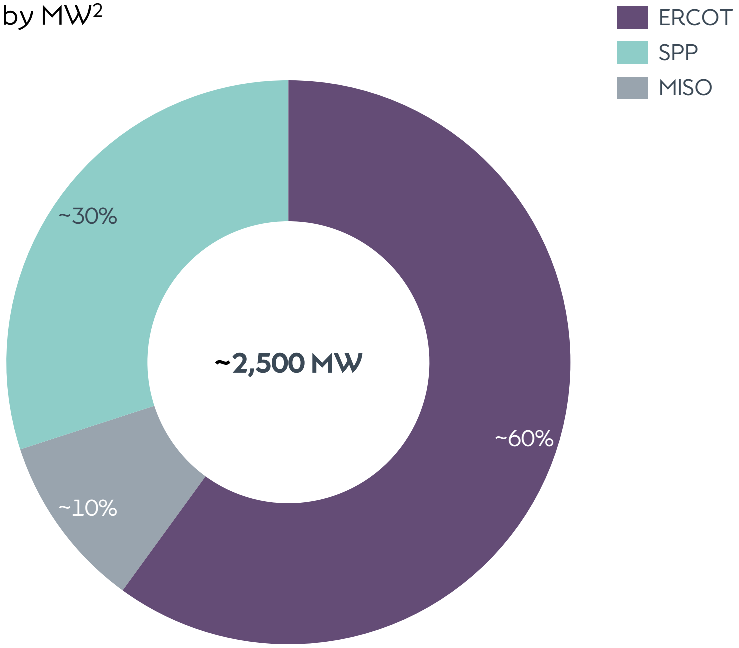
Portfolio overview[1]

Capacity in MW



Geographic footprint

% split by MW[2]



1. Potential future capacity based on LCE's existing project pipeline
2. Including long term pipeline
3. Operational portfolio includes 10MW of Solar PV
4. Pipeline eligible for 60% PTC

Lincoln Clean Energy has a strong management team and an impressive development track record

Lincoln Clean Energy

- Experienced management team with substantial development track record
- Utility-scale onshore wind platform with long-term contracted portfolio, best-in-class assets and strong operating track record
- Visible growth through robust development projects
- Lincoln Clean Energy will become Ørsted's scalable development platform for long-term growth in US onshore wind
- Lincoln Clean Energy CEO, Declan Flanagan will report to EVP Ole Kjems Sørensen and join Ørsted's management team

Continued strong strategic progress and underlying performance

Highlights – Q2 2018

- EBITDA of DKK 3.1bn, decline of DKK 1.4bn in line with expectation
- EBITDA from offshore wind farms in operation increased by 8%, despite low wind speeds in Q2
- Green share of generation in Q2 increased from 64% to 80%
- Hornsea 1 divestment now considered likely in H2 2018
- Initiated process to divest Danish power distribution and residential customer businesses
- Awarded a total of 1,820MW offshore wind capacity in Taiwan
- Awarded additional 552MW offshore wind capacity in Germany
- Walney Extension in the UK commissioned ahead of schedule
- The High Court of Western Denmark rules in favour of Ørsted in case concerning the former Elsam
- Postponed commissioning of Renescience plant to H1 2019 due to mechanical challenges

Initiated process to divest Danish power distribution and residential customer businesses

Divestment

- Decision is outcome of strategic review of our downstream business
- Well-run businesses with a high level of customer satisfaction
- Strategic and financial importance will be further reduced in the coming years
- Expect to make a decision before the end of the first half of 2019
- Cash flow from potential divestment included in overall capital planning. Excess capital will be returned to the shareholders
- Rating threshold and overall ratings (BBB+/Baa1) unchanged

Facts on the three business

- The power distribution business, under the subsidiary Radius, has approximately one million electricity customers in the Copenhagen area, North Zealand and parts of central Zealand. The power supply to the customers is ensured by a grid reaching an approximate size of 19,000km
- The residential business sells electricity to approximately 733,000 customers and gas to approximately 91,000 customers. Approximately 40,000 gas customer's boilers are serviced
- The City Light business operates and maintains approximately 160,000 street lights in 15 municipalities in Zealand
- In 2017, these three businesses amounted to 5.6% (DKK 1.3bn) of Ørsted's operating profit (EBITDA) and 9.6% (DKK 6.7bn) of its capital employed

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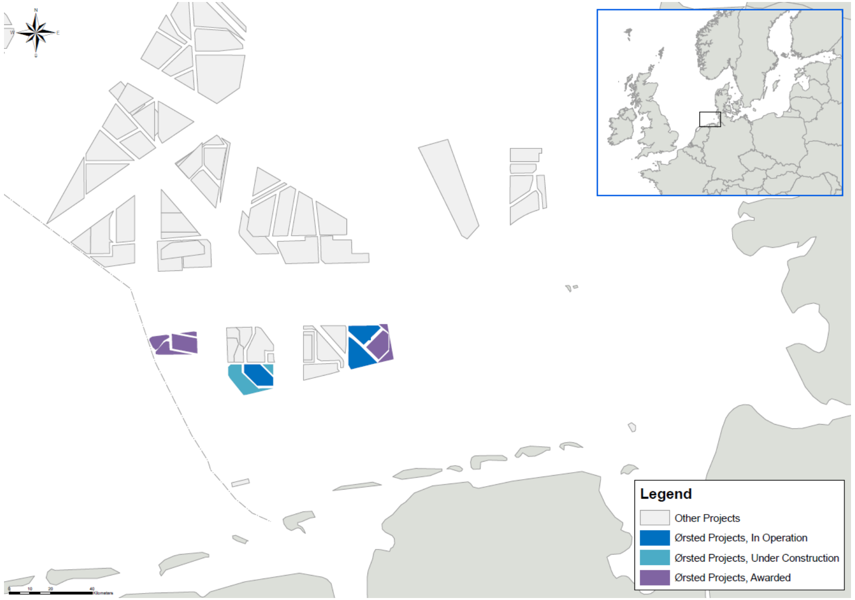
Germany - Awarded the right to build another 552MW

1,142MW awarded in the two transitional auctions

- Awarded the right to build another 552MW in second auction:
  - Borkum Riffgrund West 1 with 420MW at a price of EUR 0 per MWh. Cluster 1 now reached the maximum size of 900MW
  - Gode Wind 4 with 132MW at a price of EUR 98 per MWh. The Gode Wind 3 & 4 cluster will have a capacity of 242MW at a weighted average price of EUR 81 per MWh
- FIDs expected to be taken in 2021, with expected commissioning in 2024/2025
- Fundamental value drivers behind bid were the same as in last year's auction
- High expectations to 10-12MW platforms. Competitive technologies and pricing will provide robust business case
- Potential for a 13-15MW platform, which could further improve business case
- Corporate PPAs being pursued

German North Sea projects



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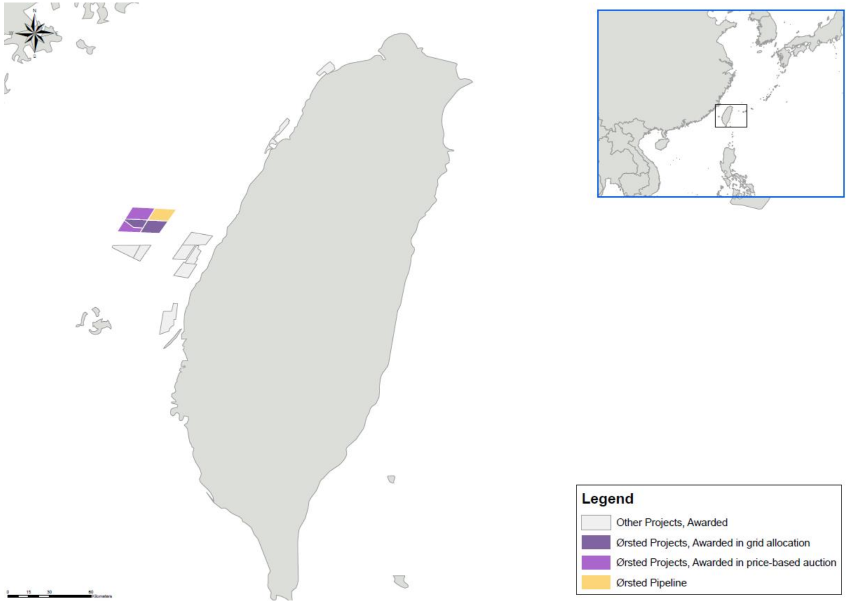
Taiwan - Awarded a total of 1,820MW capacity

Greater Changhua projects – 1,820MW awarded

- 900MW awarded in grid allocation in April. Projects expected to be completed in 2021, subject to FID in 2019
- 920MW awarded in price-based auction in June. Projects expected to be completed in 2025, subject to FID in 2023. Winning bid price was TWD 2,548/MWh (approx. EUR 72.3)
- Next steps for the first 900MW are to obtain establishment permits and secure feed-in-tariff by signing a PPA with Taipower
- Successful FID and Financial Close of Formosa I phase II
- Strong platform secured for continued growth in Asia-Pacific
- Key drivers for bid in price-based auction were:
  - Capacity from grid allocation in April will support the establishment and maturation of a local supply chain
  - Learnings from our Formosa I and first Greater Changhua projects
  - Further cost-out in the industry towards FID
  - Scalable O&M
  - Transmission synergies

Greater Changhua projects



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Wind Power market development – Taiwan & US

Taiwan	• Taiwan has now met its target of awarding 5.5GW to be developed by 2025 • Future auctions are being planned for projects post 2025
Massachusetts	• Expected to solicit 800MW in 2019 • Passed bill which could increase offshore wind capacity to 3.2GW by 2035 • Federal agency BOEM to auction off two new offshore lease areas by end-of-2018
New York	• First solicitation to be issued Q4 2018 • By 2019 a total of 800MW expected to have been solicited • Target of 2.4GW of offshore wind capacity by 2030 • Federal agency BOEM explores developer interest in four new offshore lease areas
New Jersey	• 1,100MW offshore wind solicitation expected in Q4 2018 or Q1 2019 • Target of 3.5GW of offshore wind capacity by 2030

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Wind Power market development – Europe

United Kingdom	• Next UK CfD auction to be initiated May 2019, subsequent auctions every two years • Target annual build-out of 1-2GW towards 2030. Target 30GW capacity by 2030 • Hornsea 3 consent process moving forward as planned • Process for new leasing rounds expected to be initiated in 2019
Germany	• First centralised tender expected in 2021, approx. 800MW to be built from 2026 • Centralised tender expected on a yearly basis towards 2030 • Target of 15GW of offshore wind capacity by 2030
Netherlands	• Government published detailed roadmap for 11.5GW offshore wind by 2030 • Next tender, Holland Coast South 3 & 4, expected Q4 2018 or Q1 2019 • Beauty contest or concession tender still to be decided
Denmark	• New Energy Agreement for the Danish energy policy towards 2030 in place • Significant focus on offshore wind to reach 55% renewables target by 2030 • Three offshore wind tenders of at least 2,400MW in total (proposed to include the transmission assets). First tender of 800MW expected in 2020 or 2021

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Construction program well in progress

Project	Borkum Riffgrund 2	Hornsea 1	Borssele 1&2	Virginia (EPC)	Hornsea 2	Asnæs CHP plant	Renescience Northwich	Smart meter roll-out
Country								
Asset type								
Capacity	450MW	1,218MW	752MW	12MW	1,386MW	129MW Heat, 25MW Power	120,000 tonnes waste	1 million installations
Expected completion	End-of-2018	2020	2020/2021	2020/2021	2022	2019	H1 2019	2020
Status	On track	On track	On track	On track	On track	On track	Delayed	On track
Comments	44 out of 56 turbines installed All foundations and array cables installed First power 4 August	60 out of 174 foundations installed All 3 offshore substations and RCS[1] installed Array cable installation commenced	Key supply contracts signed	Key supply contracts signed Dominion has filed for regulatory approval	165 Siemens Gamesa 8MW turbines contracted All key contracts signed or in process	Conversion from coal to sustainable wood chips	Commissioning progressing Mechanical challenges with sorting process	428,000 new meters in use end of Q2 2018

1. Reactive Compensation Station

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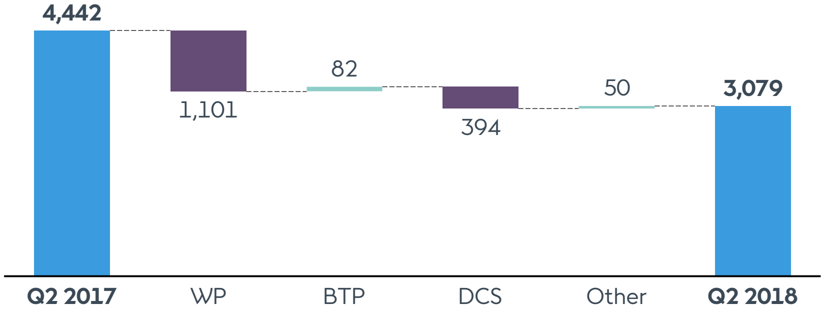
Continued solid, underlying performance in Q2 2018

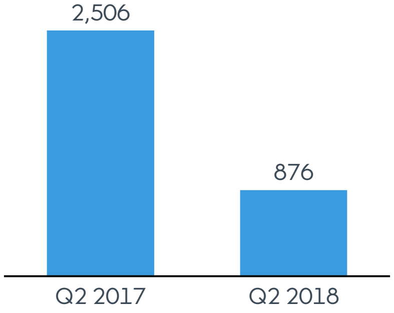
EBITDA
DKKm



EBITDA decreased by DKK 1.4bn

- Deferred farm-down gain of DKK 1.4bn reg. Race Bank in Q2 2017
- Earnings from operating wind farms up 8%, despite low wind speeds in Q2 2018
- Improved spreads in the power business in BTP
- Extraordinarily high earnings in DCS in Q2 2017, and lower margins in our gas businesses in Q2 2018

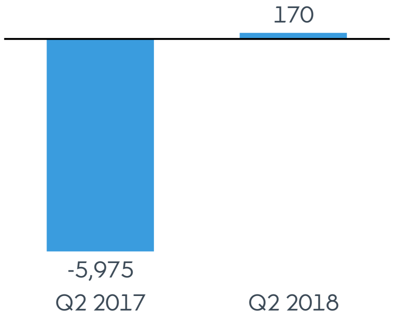
Net profit
DKKm



Net profit down DKK 1.6bn

- Lower EBITDA
- Negative effect from financial items, due to negative effect from exchange rate adjustments and higher interest expenses from lower level of capitalised interests

Free cash flow
DKKm

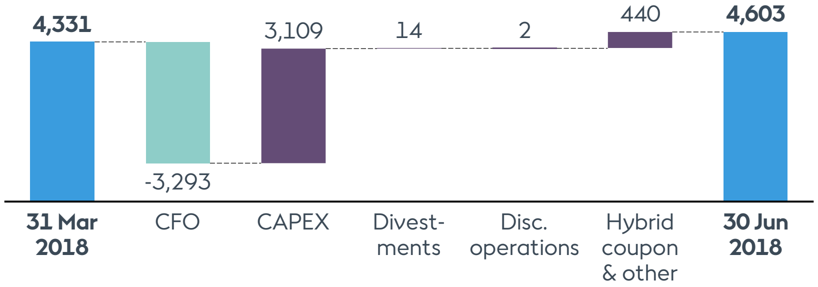


FCF up DKK 6.1bn

- Negative effect in Q2 2017 from settlement of hedges between DCS and O&G
- Lower receivables and higher cash inflow from ROC factoring
- Divestment of Burbo Bank Ext. transmission asset and milestone payments at Walney Ext.
- Lower gross investments

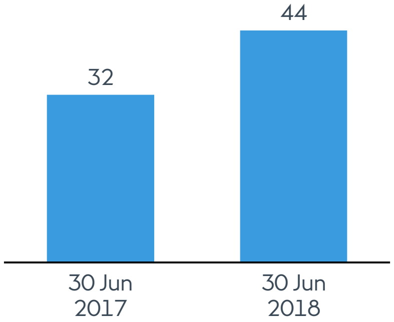
Solid financial ratios

Net interest-bearing debt development
DKKm



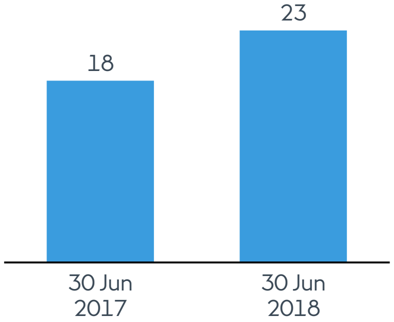
Net interest-bearing debt of DKK 4.6bn
- Free cash flow of DKK 0.2bn
- Paid hybrid coupon of DKK 0.3bn

FFO / Adj. net debt
%



FFO / Adj. net debt of 44%
- Credit metric above our target of around 30%
- Increase due to higher FFO

ROCE
%



ROCE of 23%
- Increase mainly due to higher EBIT, which was significantly impacted by the farm-downs of Walney Ext. and Borkum Riffgrund 2 at the end of 2017

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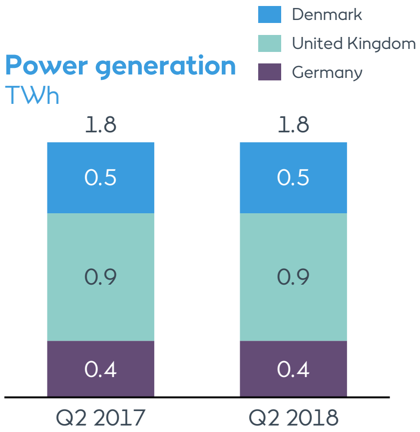
Wind Power – Solid results despite low wind

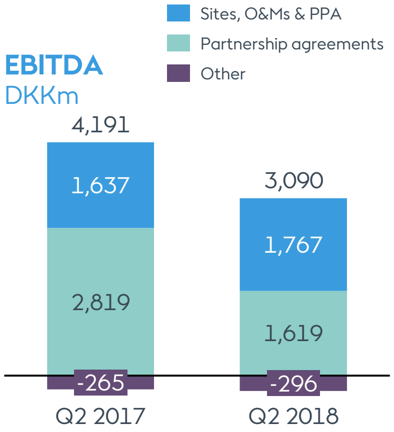
Power generation
TWh



Power generation in line

- Ramp-up of generation from Race Bank and Walney Ext.
- Lower wind speed (7.9m/s vs. 8.5m/s in 2017. Norm 8.2m/s)
- YTD wind speed on norm, with Q1 above and Q2 below

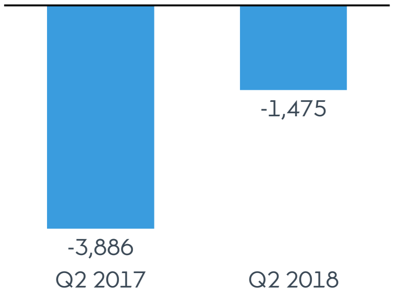
EBITDA
DKKm



EBITDA down DKK 1.1bn

- Deferred farm-down gain of DKK 1.4bn reg. Race Bank in Q2 2017
- Earnings from operating wind farms up 8%

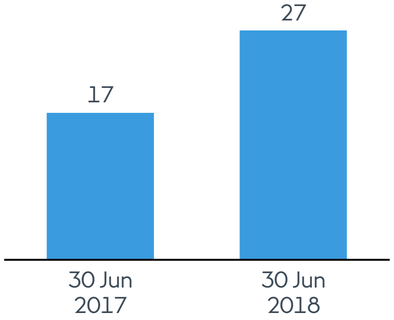
Free cash flow
DKKm



FCF increased DKK 2.4bn

- Higher EBITDA when adjusting for divestment gains
- Lower receivables
- Lower funds tied up in working capital
- Lower gross investments

ROCE
%

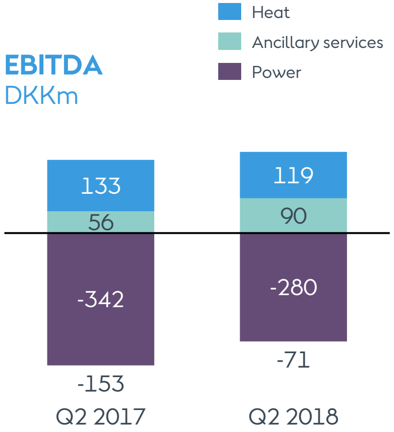


ROCE up 10%-points

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

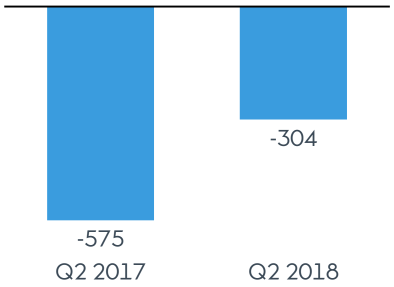
Bioenergy & Thermal Power – Continued improvements

EBITDA
DKKm



EBITDA up DKK 0.1bn
- Improved spreads in Q2 2018

Free cash flow
DKKm



FCF up DKK 0.3bn
- Higher EBITDA
- Lower receivables

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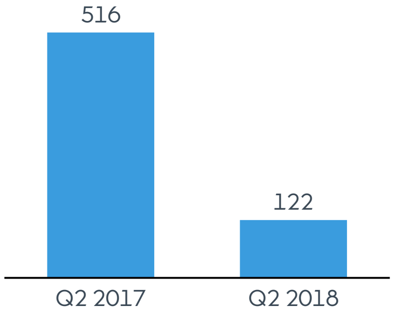
Distribution & Customer Solutions – Expected decrease in Markets

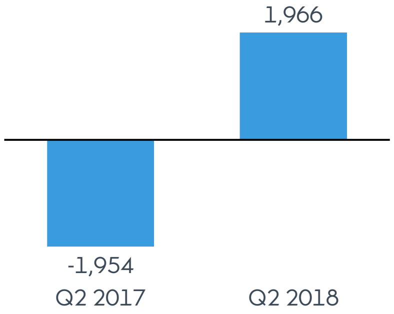
EBITDA
DKKm



EBITDA down DKK 0.4bn

- Extraordinarily high earnings from the trading of financial energy exposures in Q2 2017
- Lower margins in our gas business within Markets and LNG in Q2 2018

Free cash flow
DKKm



FCF increased DKK 3.9bn

- Negative effect in Q2 2017 from settlement of hedges between DCS and O&G
- Higher cash inflow from ROC factoring
- Lower receivables in Q2 2018

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2018 EBITDA guidance maintained

EBITDA

- We now see full-year EBITDA excluding new partnerships skewing towards the upper end of the guidance range of DKK 12.5-13.5 billion
- If Hornsea 1 divestment materialises in H2 2018, EBITDA, including new partnerships, is expected to be significantly higher than the DKK 22.5 billion achieved in 2017

Gross investments in 2018

- Gross investments expected to amount to DKK 16-18bn
- Reduced spend on offshore wind construction projects, offset by payment related to acquisition of Lincoln Clean Energy

Return on capital employed (ROCE) avg. 2018-2023

- Target avg. ROCE of 12-14% for the Group

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
- 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

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Q&A

Conference call

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For questions, please press 01

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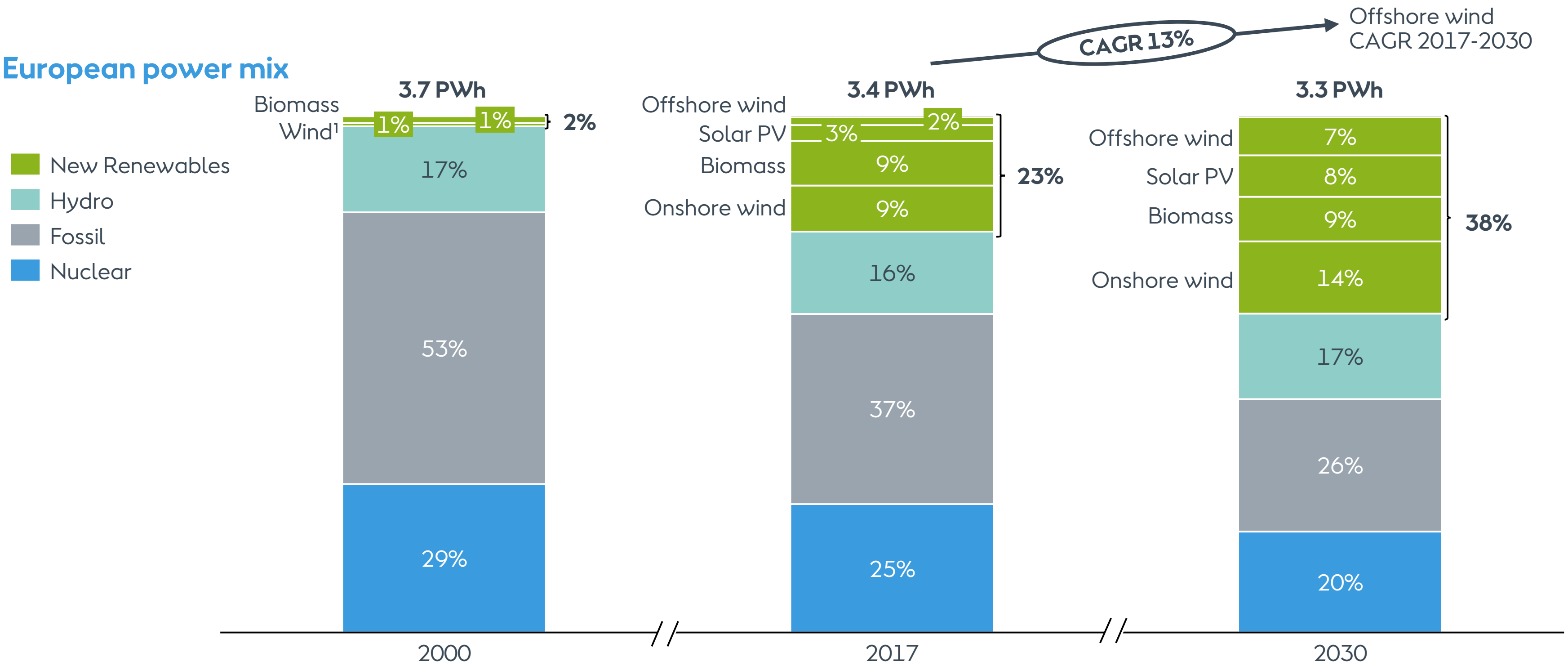
Appendix

Structural transformation of European power generation

European power mix



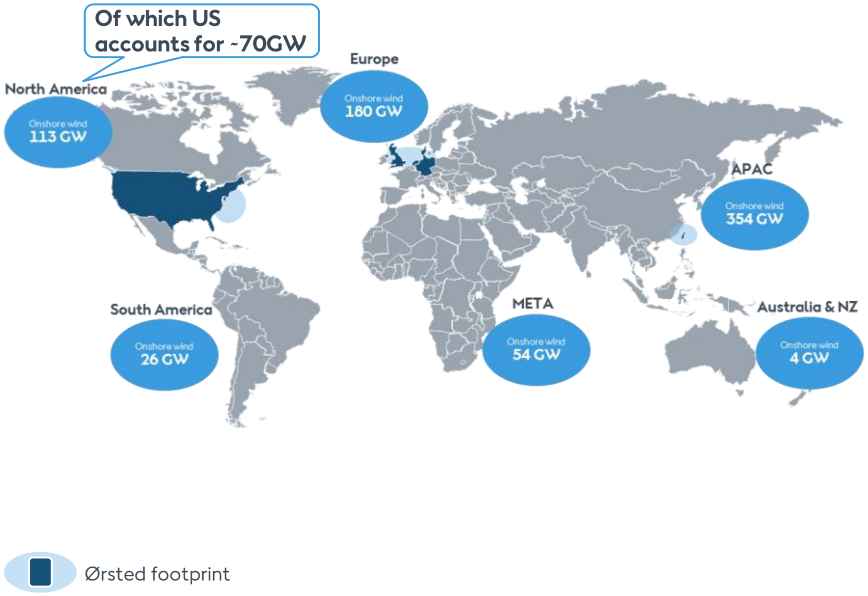
[1] Offshore and onshore wind combined.

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

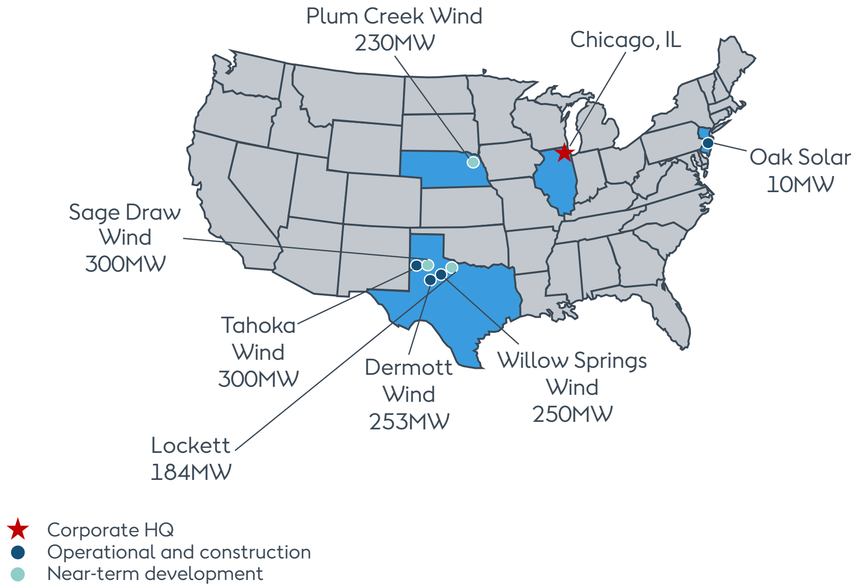
Global onshore wind capacity growth and LCE footprint

Global onshore wind capacity growth

2017-2027, GW



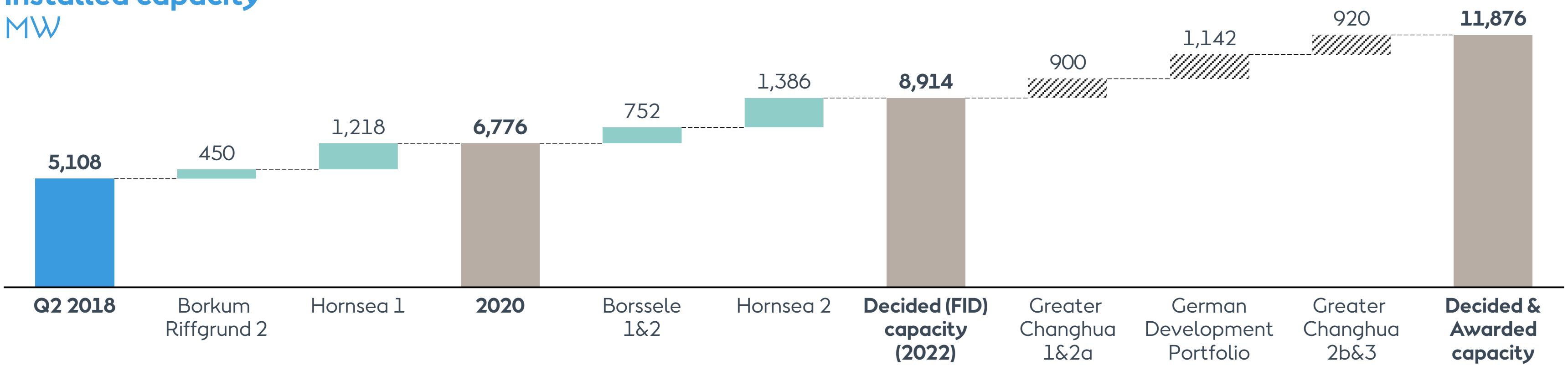
LCE footprint in US



Source: BNEF New Energy Outlook 2018, 1Q 2018 Global Wind Market Outlook
Regional Definitions: North America (USA, Canada, Mexico); South America (South & Central America); META (Middle East, North Africa, Sub-Saharan Africa, Turkey); Europe (EU 28, Norway, Iceland, Switzerland); APAC (China, India, Japan, South Korea, Indonesia, Malaysia, Philippines, Thailand, Rest of the World)

Wind Power build-out plan

Installed capacity
MW



Country	**Germany**	**UK**	**Netherlands**	**UK**	**Taiwan**	**Germany**	**Taiwan**
Expected completion	End-of-2018	2020	2020/21	2022	2021 (Pending FID in 2019)	2024/2025 (Pending FID in 2021)	2025 (Pending FID in 2023)
Turbine	56 x 8MW MHI Vestas	174 x 7MW Siemens Gamesa	94 x 8MW Siemens Gamesa	165 x 8MW Siemens Gamesa	Turbine selection pending	Turbine selection pending	Turbine selection pending

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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	Q2 2018	SPA			All		
			CA: 0-25%			0-10%	90-100%	
Borkum Riffgrund 2	450	End-of-2018	SPA			All		
			CA: 25-50%			0-10%	90-100%	
Hornsea 1	1,218	2020						

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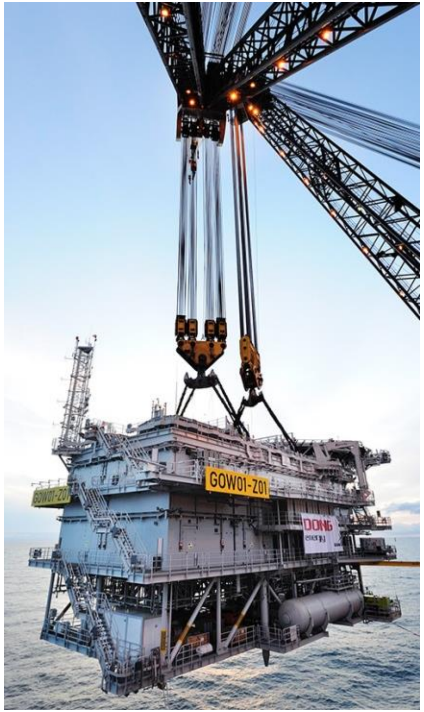
Group – Financial highlights Q2

FINANCIAL HIGHLIGHTS		Q2 2018	Q2 2017	Δ
EBITDA	DKKm	3,079	4,442	(31%)
• Wind Power		3,090	4,191	(26%)
• Bioenergy & Thermal Power		(71)	(153)	(54%)
• Distribution & Customer Solutions		122	516	(76%)
Net profit – continuing operations		876	2,506	(65%)
Net profit – discontinued operations		(19)	2,484	n.a.
Total net profit		857	4,990	(83%)
Operating cash flow		3,293	(1,848)	n.a.
Gross investments		(3,109)	(4,287)	(27%)
Divestments		(14)	160	n.a.
Free cash flow – continuing operations		(170)	(5,975)	n.a.
Net interest-bearing debt		4,603	10,332	(55%)
FFO/Adjusted net debt[1]	%	44	32	12%p
ROCE[1]	%	23.5	18.4	5.1%p



1. ROCE: Last 12 months

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WP – Financial highlights Q2

FINANCIAL HIGHLIGHTS		Q2 2018	Q2 2017	Δ
EBITDA	DKKm	3,090	4,191	(26%)
• Sites incl. O&Ms and PPAs		1,767	1,637	8%
• Partnership agreements and farm-down gains		1,619	2,819	(43%)
• Other incl. A2SEA and project development		(296)	(265)	12%
ROCE[1]	%	26.5	17.0	9.5%p
KEY BUSINESS DRIVERS				
Power generation	TWh	1.8	1.8	0%
Wind speed	m/s	7.9	8.5	(7%)
Availability	%	93	93	0%p
Load factor	%	31	38	(7%p)
Installed capacity	GW	5.1	3.8	34%
Production capacity	GW	2.8	2.2	27%

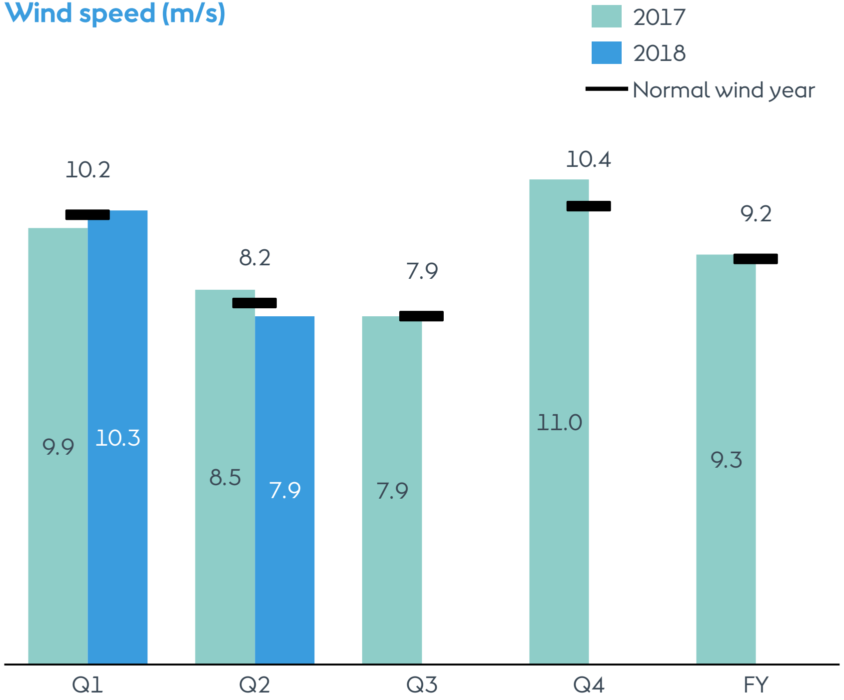
1. ROCE: Last 12 months

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 Q2

FINANCIAL HIGHLIGHTS		Q2 2018	Q2 2017	Δ
EBITDA	DKKm	(71)	(153)	(54)%
• Heat		119	133	(11%)
• Ancillary services		90	56	61%
• Power		(280)	(342)	(18%)
Free cash flow		(304)	(575)	(47%)
KEY BUSINESS DRIVERS				
Heat generation	TWh	0.9	1.3	(31%)
Power generation	TWh	0.9	1.5	(40%)
Degree days	#	149	451	(67%)
Power price, DK	EUR/MWh	39.8	28.7	39%
Green dark spread, DK	EUR/MWh	0.4	(1.1)	n.a.

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DCS – Financial highlights Q2

FINANCIAL HIGHLIGHTS		Q2 2018	Q2 2017	Δ
EBITDA	DKKm	122	516	(76%)
• Distribution		251	265	(5%)
• Sales		(14)	(26)	(46%)
• Markets		(8)	311	n.a.
• LNG		(107)	(34)	215%
ROCE[1]	%	8.8	41.0	(32.2%p)
KEY BUSINESS DRIVERS				
RAB Power	DKKm	10,957	10,623	3%
Gas sales	TWh	34.1	28.3	21%
Power sales	TWh	6.8	8.8	(23%)
Distribution of power	TWh	1.9	2.0	(5%)

1. ROCE: Last 12 months

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Differences in Business Performance EBITDA and IFRS EBITDA

DKKm	Q2 2018	Q2 2017
EBITDA – BUSINESS PERFORMANCE (BP)	**3,079**	**4,442**
BP adjustment in respect of revenue for the year	(1,734)	385
BP adjustment in respect of COGS for the year	380	(50)
EBITDA – IFRS	**1,725**	**4,777**
Total BP adjustments for the year comprise:		
MtM of financial and physical hedging contracts relating to other periods	(1,411)	283
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	57	52
TOTAL ADJUSTMENTS	**(1,354)**	**335**

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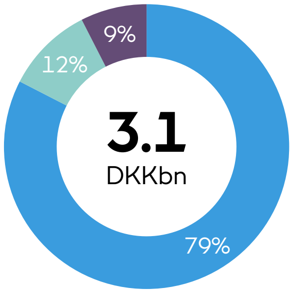
Investments

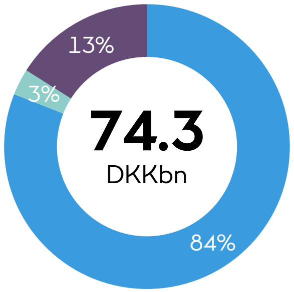
GROSS AND NET INVESTMENTS (DKKm)	Q2 2018	Q2 2017
Cash flow from investing activities	(4,499)	10
Dividends received and capital reduction, reversed	-	(13)
Purchase and sale of securities, reversed	1,377	(4,219)
Loans to associates and JVs, reversed	10	36
Sale of assets and companies reversed	3	(101)
GROSS INVESTMENTS	**(3,109)**	**(4,287)**
Transactions with non-controlling interests in connection with divestments	(11)	59
Sale of non-current assets	(3)	101
TOTAL CASH FLOWS FROM DIVESTMENTS	**(14)**	**160**
NET INVESTMENTS[1]	**(3,123)**	**(4,127)**

Gross investments per business unit
Q2 2018



- Wind Power
- Bioenergy & Thermal Power
- Distribution & Customer Solutions

Capital employed per business unit
30 June 2018



- Wind Power
- Bioenergy & Thermal Power
- Distribution & Customer Solutions

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)	Q2 2018[1]	FY 2017	Q2 2017[1]	FY 2016
EBITDA – Business Performance	**23,387**	**22,519**	**17,138**	**19,109**
Interest expenses, net	(946)	(629)	(443)	(402)
Reversal of interest expenses transferred to assets	(595)	(754)	(667)	(574)
Interest element of decommission obligations	(189)	(194)	(174)	(172)
50% of coupon payments on hybrid capital	(320)	(320)	(320)	(320)
Operating lease obligations, interest element	(216)	(234)	(268)	(194)
Adjusted net interest expenses	**(2,266)**	**(2,131)**	**(1,872)**	**(1,662)**
Reversal of gain (loss) on divestment of assets	(9,353)	(10,835)	(3,998)	(2,940)
Reversal of recognised lease payment	845	885	865	746
Current tax	(2,915)	(2,447)	(3,721)	(3,665)
FUNDS FROM OPERATION (FFO)	**9,698**	**7,991**	**8,412**	**11,588**
Total interest-bearing net debt	**4,603**	**(1,517)**	**10,332**	**3,461**
50% of hybrid capital	6,619	6,619	6,624	6,624
Cash and securities, not available for distribution	690	749	846	953
Present value of operating lease payments	5,667	6,095	5,248	3,986
Decommission obligations	5,157	4,751	3,858	3,649
Deferred tax on decommissioning obligations	(866)	(797)	(650)	(627)
ADJUSTED INTEREST-BEARING NET DEBT	**21,870**	**15,900**	**26,258**	**18,046**
FFO / ADJUSTED INTEREST-BEARING NET DEBT	**44%**	**50%**	**32%**	**64%**

1: Last 12-months

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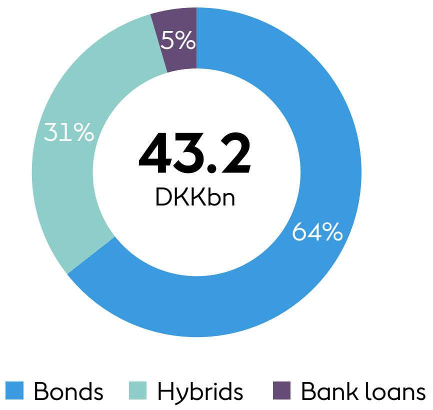
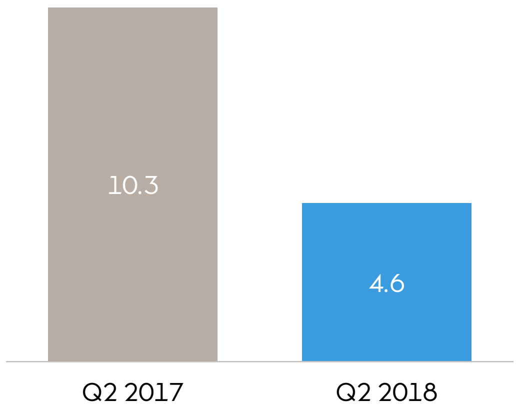
Debt overview

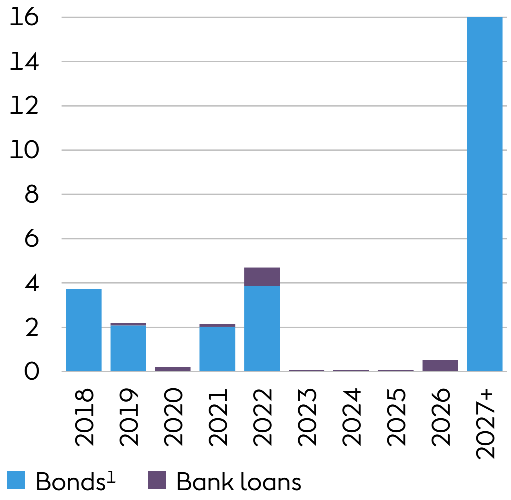
Gross debt and hybrids
Q2 2018



Net debt
DKKbn



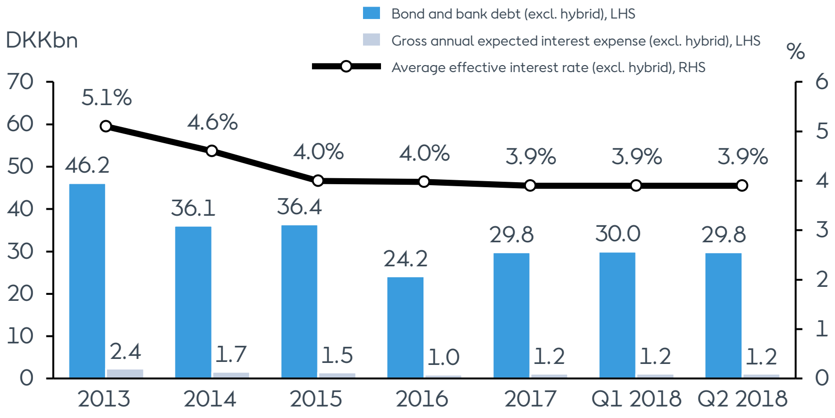
Long term gross debt maturity schedule Q2 2018, DKKbn



1. 4.875% hybrid due 3013 has been repaid at first par call date in July 2018

Interest rate risk and funding costs

Effective funding costs – gross debt
(excl. hybrid)



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

Key risk figures Q2 2018
(excl. hybrid)

	Cost of debt (%)	*Modified duration (%)*	*Avg. time to maturity (years)*
Bond loans	4.1	7.7	9.6
Bank loans	0.3	0.5	6.4
Total	**3.9**	**7.3**	**9.4**

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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
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

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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***

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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.

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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

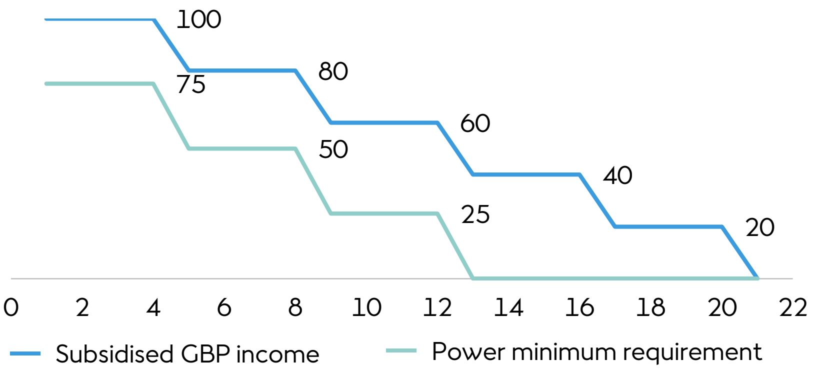
Signing farm-down
50% share

- 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)

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

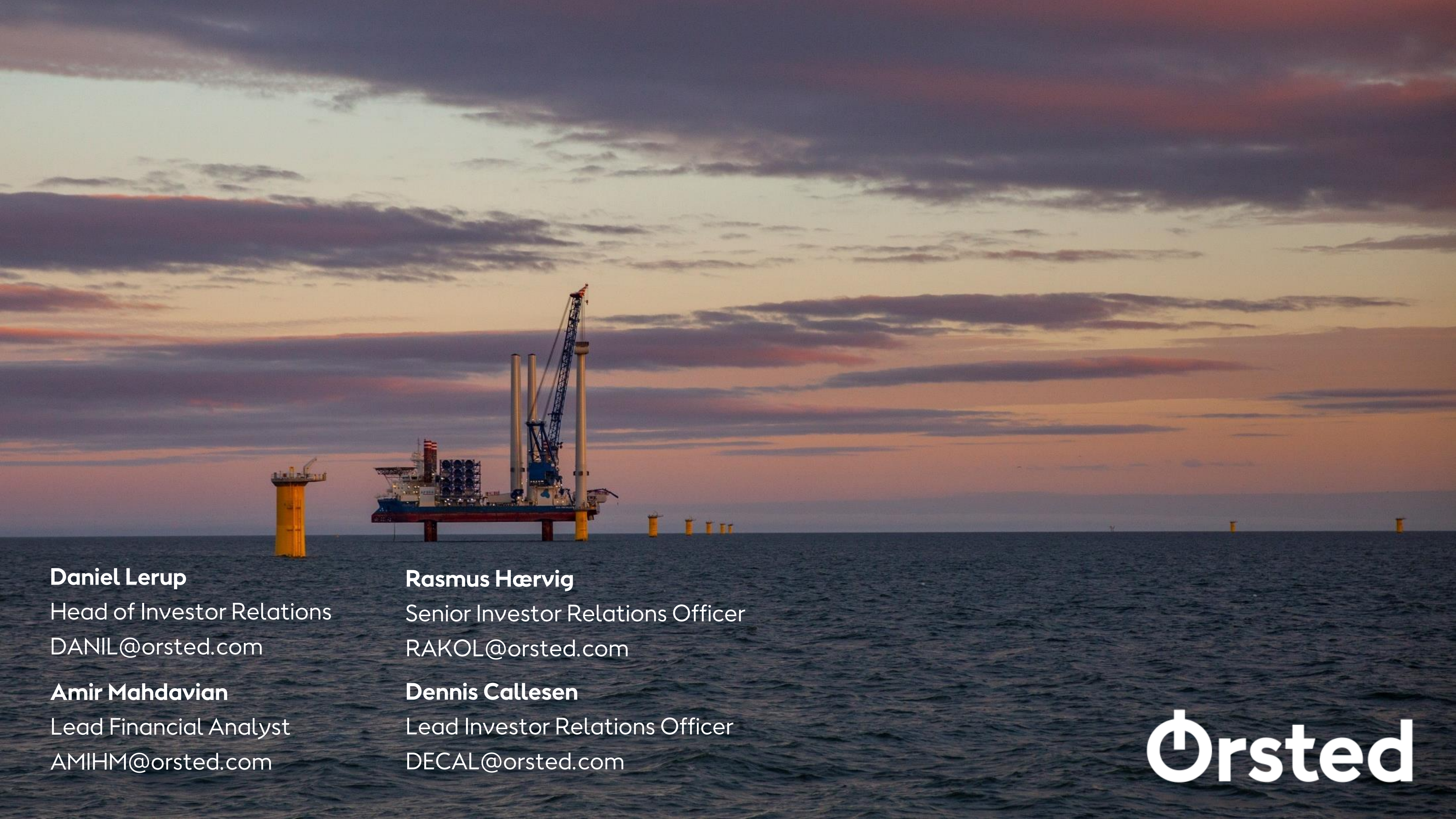
- Recalibration of income cap between regulation periods

Still some uncertainties regarding the future income caps

06/2018	12/2018
DERA: determination of income cap 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%



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