

Investor presentation Q3 2018



1 November 2018

Orsted

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Solid growth in operating earnings and strengthened strategic platform

Highlights – Q3 2018

- EBITDA of DKK 2.2bn, an increase of DKK 0.5bn
- EBITDA from offshore wind farms in operation increased by 31%
- Better than expected performance in Markets
- Increased EBITDA guidance by DKK 0.5bn to DKK 13-14bn
- Green share of generation in Q3 increased from 60% to 71%
- Closed the acquisition of US onshore wind company, Lincoln Clean Energy
- Agreement to acquire Deepwater Wind, the leading offshore wind developer in the US
- Signed farm-down of 50% of Hornsea 1
- Elsam 2005-2006 ruling cannot be appealed to Supreme Court

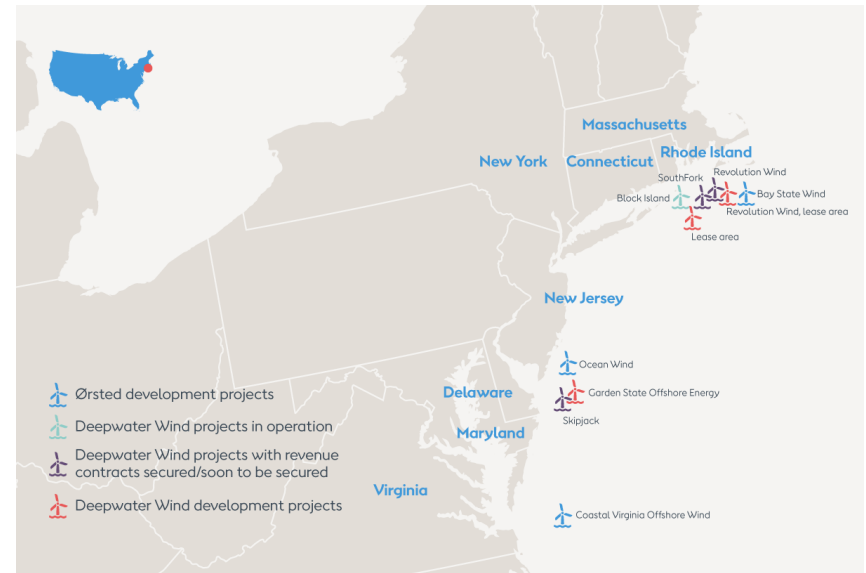


Ørsted and Deepwater Wind merger creates the leading US offshore platform











New Ørsted US Offshore Wind organisation

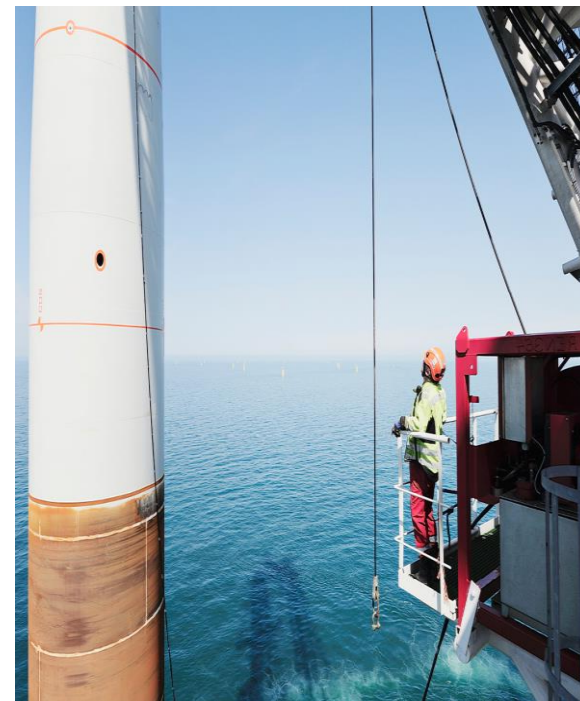
- Ørsted's and Deepwater Wind's offshore wind assets and organisations will be merged into the leading US offshore wind platform
- Merger will combine Deepwater Wind's expertise in originating, developing and permitting in the US with Ørsted's leading global development, EPC and O&M capabilities
- Acquiring 100% at a purchase price of USD 510m and enterprise value of USD 700m
- Attractive and geographically diverse portfolio of offshore wind assets along US East Coast:
 - 30MW in operation
 - 810MW capacity with PPAs secured or under negotiation
 - Approx. 2.5GW of attractive development capacity
- Combining the two asset portfolios will create a strong, market leading platform:
 - Most comprehensive geographic coverage (8 states)
 - Largest pipeline of development capacity (gross ownership interest of approx. 8.0GW)
 - Unparalleled local offshore wind capability

New US offshore footprint











Construction programme – Offshore Wind

Project	Borkum Riffgrund 2	Hornsea 1	Borssele 1&2	Virginia (EPC)	Hornsea 2
Country					
Asset type					
Capacity	450MW	1,218MW	752MW	12MW	1,386MW
Expected completion	Q4 2018	2020	2020/2021	2020/2021	2022
Status	On track	On track	On track	On track	On track
Comments	All 56 turbines installed 39 turbines have passed the 240 hours test	104 out of 174 foundations installed 66 out of 174 array cables installed	Key supply contracts signed	Key supply contracts signed	Negotiations and signing of key contracts



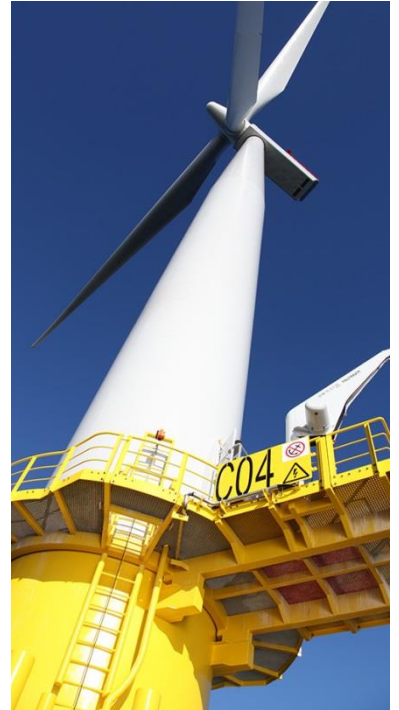
Construction programme – Onshore Wind, Bioenergy & Customer Solutions

Project	Tahoka	Asnæs CHP plant	Renescience Northwich	Smart meter roll- out
Country				
Asset type				
Capacity	300MW	129MW Heat, 25MW Power	120,000 tonnes waste	1 million installations
Expected completion	Q4 2018	2019	H1 2019	2020
Status	On track	On track	Delayed	On track
Comments	All 120 turbines installed 13 year PPA signed	Conversion from coal to sustainable wood chips	Mechanical challenges with sorting process	545,000 new meters in use end of Q3 2018



Offshore Wind market development – Taiwan & US

Taiwan	<ul style="list-style-type: none">• Taiwan has now met its target of awarding 5.5GW to be developed by 2025• Auctions are being planned for projects post 2025• Greater Changhua 3 – 600MW ready for future auctions
Massachusetts	<ul style="list-style-type: none">• 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 three new offshore lease areas in December 2018
New York	<ul style="list-style-type: none">• Solicitation for 800MW expected to be issued Q1 2019• Target of 2.4GW of offshore wind capacity by 2030• Federal agency BOEM explores developer interest in four new offshore lease areas
New Jersey	<ul style="list-style-type: none">• 1.1GW offshore wind solicitation in December 2018• Subsequent auctions of 1.2GW expected in 2020 and 2022• Target of 3.5GW of offshore wind capacity by 2030
Connecticut	<ul style="list-style-type: none">• Zero-Carbon solicitation with expected award in Q4 2018• Subject to closing of Deepwater Wind acquisition, 200MW capacity with PPA under negotiation will be added
Rhode Island	<ul style="list-style-type: none">• Subject to closing of Deepwater Wind acquisition, 400MW capacity with PPA under negotiation will be added



Offshore Wind 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 to reach 30GW capacity by 2030
- Hornsea 3 consent process moving forward as planned
- Hornsea 4 consent preparation moving forward as planned
- Satisfied application criteria for development of Race Bank Extension
- Process for new leasing rounds expected to be initiated in 2019

Germany

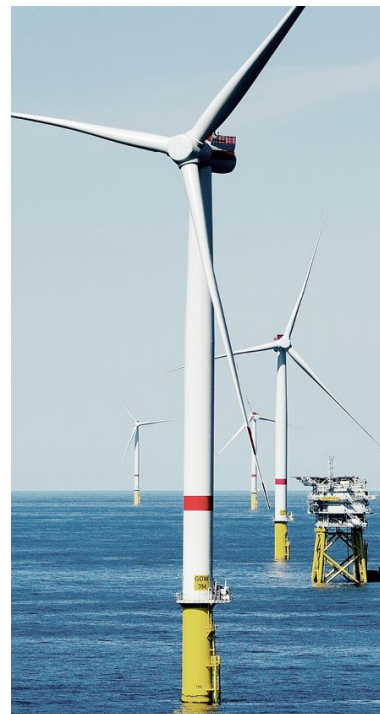
- First centralised tender expected in 2021, approx. 800MW to be built annually from 2026
- Target of 15GW of offshore wind capacity by 2030

Netherlands

- Government published detailed roadmap for 11.5GW offshore wind by 2030
- Next tender, Holland Coast South 3 & 4, expected Q1 2019
- In case of multiple zero subsidy bids, next tender will be a beauty contest

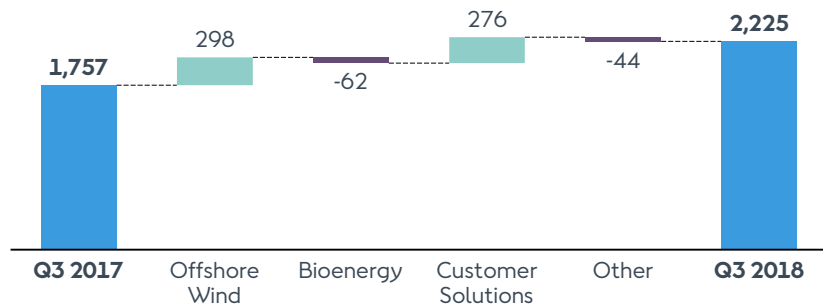
Denmark

- Three offshore wind tenders of at least 2,400MW in total towards 2030
- Tenders proposed to include the transmission assets
- First tender of 800MW expected in 2020 or 2021



Strong results across the Group in Q3 2018

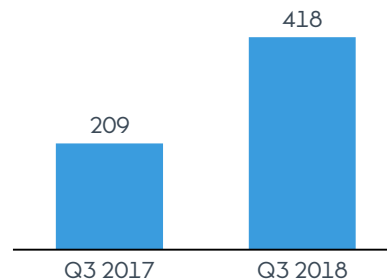
EBITDA DKKm



EBITDA increased by DKK 0.5bn

- Earnings from operating wind farms up 31% compared to Q3 2017 driven by ramp-up of Walney Extension and Race Bank in the UK
- Higher LNG margins and increased earnings in Markets due to higher gas prices
- Bioenergy negatively impacted by warm weather

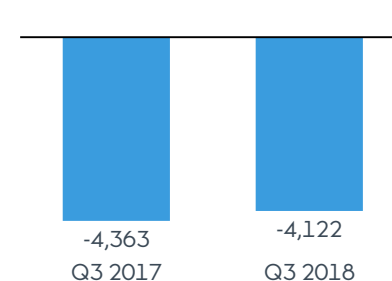
Net profit DKKm



Net profit doubled

- Higher EBITDA
- Positive effect from divestment of Encogen
- Negative effect from financial items due to exchange rate adjustments and lower level of capitalised interests

Free cash flow DKKm

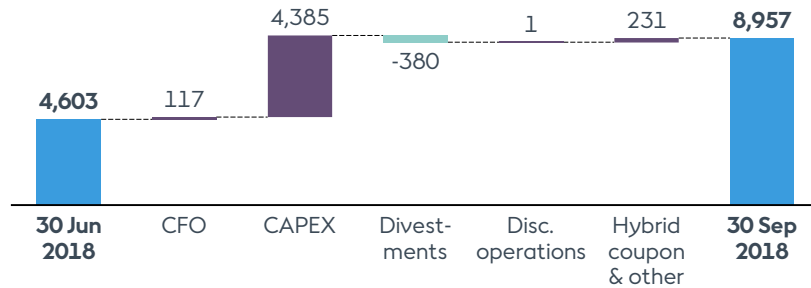


FCF up DKK 0.2bn

- Higher EBITDA
- Less funds tied up in work in progress
- Lower gross investments in Q3 2018
- Receipt of deferred payment relating to Race Bank farm-down in Q3 2017

Solid financial ratios

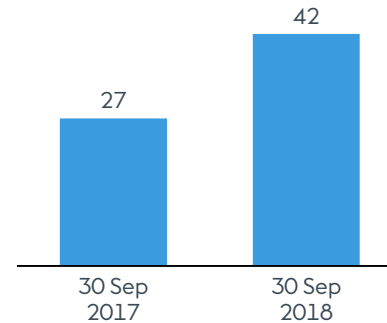
Net interest-bearing debt development DKKm



Net interest-bearing debt of DKK 9.0bn

- Increase driven by gross investments of DKK 4.4bn. Majority related to investments in offshore wind farms
- Divestments of DKK 0.4bn related to divestment of Enecogen
- Cash flow from operation close to zero, as EBITDA was offset by funds tied up in NWC

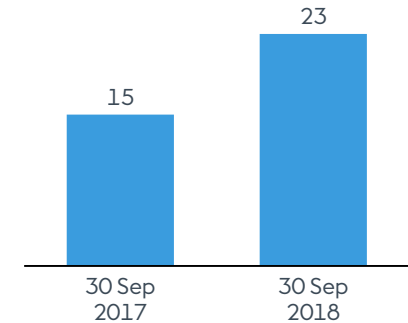
FFO / Adj. net debt %



FFO / Adj. net debt of 42%

- Credit metric was above our target of around 30%

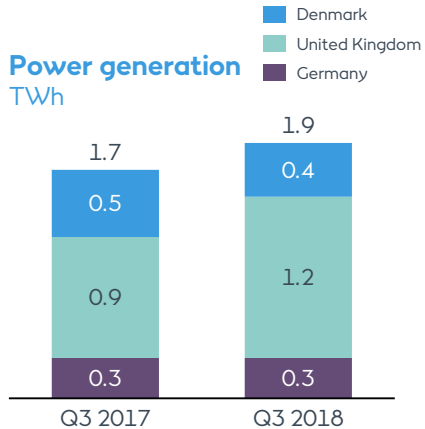
ROCE (LTM) %



ROCE of 23%

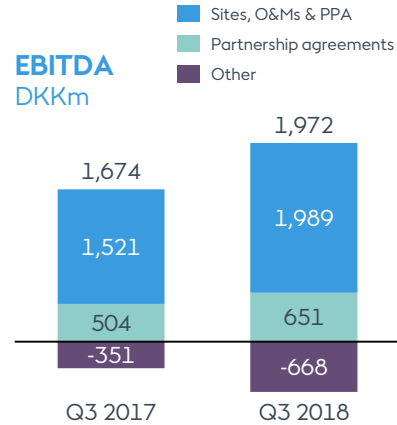
- Increase mainly due to higher EBIT, which was significantly impacted by the farm-downs of Walney Ext. and Borkum Riffgrund 2 at the end of 2017

Offshore Wind – Solid earnings in Q3 2018



Power generation up

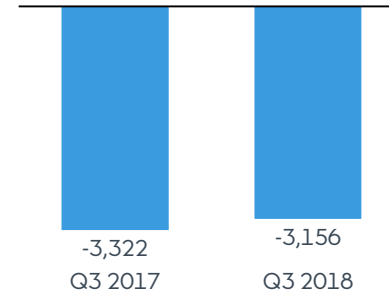
- Ramp-up of generation from Race Bank and Walney Ext.
- Lower wind speed (7.7m/s vs. 7.9m/s in 2017. Norm 7.9m/s)



EBITDA up DKK 0.3bn

- Earnings from operating wind farms up 31%
- Earnings from partnerships up by DKK 0.1bn due to high activity level at Borkum Riffgrund 2
- Partly offset by increased project development costs

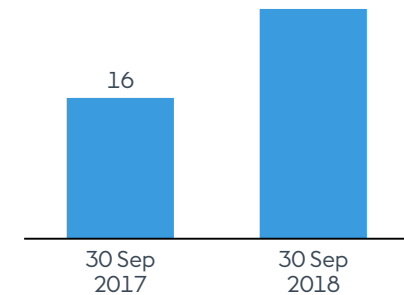
Free cash flow

DKKm


FCF increased DKK 0.2bn

- Higher EBITDA
- Less funds tied up in work in progress
- Lower gross investments
- Higher receivables from higher generation
- Receipt of deferred payment relating to Race Bank farm-down in Q3 2017

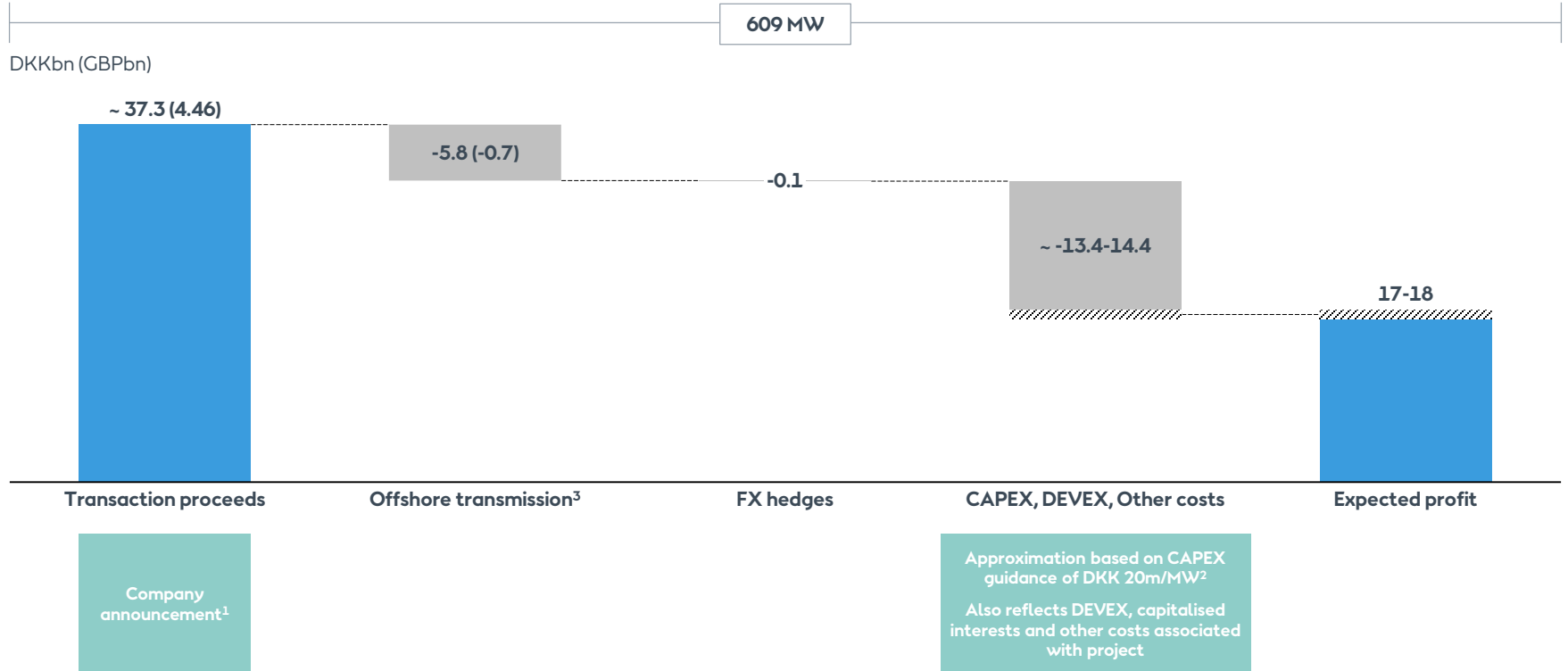
ROCE (LTM)

%


ROCE up 10%-points

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

Hornsea 1 transaction - Estimation of farm-down profit based on company announcement and guidance

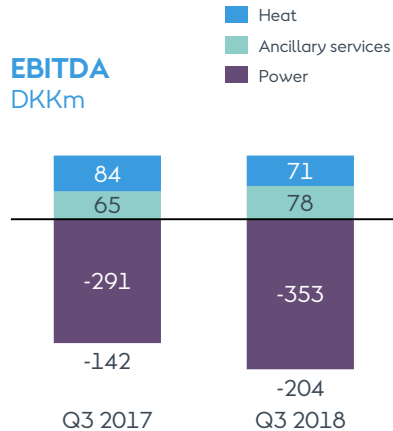


1: All amounts paid in GBP are converted using a DKK/GBP exchange rate of 8.36

2: Real-2015 adjusted for inflation

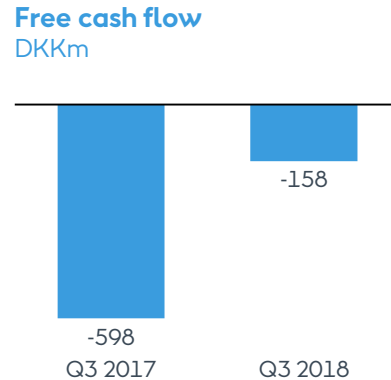
3: As reported to Ofgem as initial transfer value, Ofgem has not yet assessed and accepted this figure

Bioenergy – Warm weather adversely impacting results



EBITDA down DKK 0.1bn

- Lower EBITDA was due to warm weather and higher maintenance costs



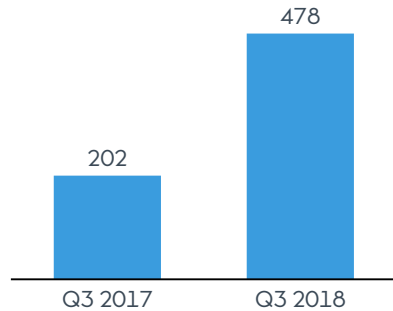
FCF up DKK 0.4bn

- Divestment of 50% ownership share in the Dutch gas-fired power plant Encogen



Customer Solutions – Better than expected performance in Markets and LNG

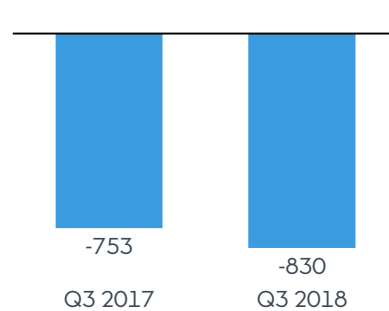
EBITDA
DKKm



EBITDA up DKK 0.3bn

- Higher margins in LNG
- Increased earnings in Markets from higher gas prices
- Directional guidance changed to "in line" from "lower"

Free cash flow
DKKm



FCF decreased DKK 0.1bn

- More funds tied up in gas storages from higher gas prices
- Higher EBITDA



2018 EBITDA guidance increased by DKK 0.5 billion

EBITDA in 2018

- Full-year EBITDA excluding new partnerships guidance increased by DKK 0.5bn to DKK 13-14 billion
- 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 23-25bn

Dividend policy

- Objective is to increase dividends by a high single-digit rate compared to the dividends for the previous year up until 2020

Financial targets

	Target	Year
Return on capital employed (ROCE)		
Group	12-14%	Avg. 2018-2023
Offshore Wind	13-15%	Avg. 2018-2023
Customer Solutions	9-11%	Avg. 2018-2023
Free cash flow		
Bioenergy	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%

Directional earnings development

	2018 vs. 2017
Offshore Wind (without new partnerships)	Higher
Bioenergy	Higher
Customer Solutions	In line

* No farm-downs beyond Hornsea 1 assumed

Ørsted Capital Markets Day 2018 - 28 November

Programme

08.00-09.00 Check-in

09.00-10.00 Update on Strategy & Capital Allocation

10.00-11.00 US Acquisitions

Deepwater Wind
Lincoln Clean Energy

11.00-15.00 Break-out sessions

Global Offshore Wind Markets
Offshore Wind EPC Excellence
Offshore Wind O&M Excellence
Customer Solutions

15.00-16.00 Financials

16.00-16.30 Q&A with Ørsted's Executive Committee

Registration

www.ørsted.com/capital-markets-day



Q&A

Conference call

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For questions, please press 01

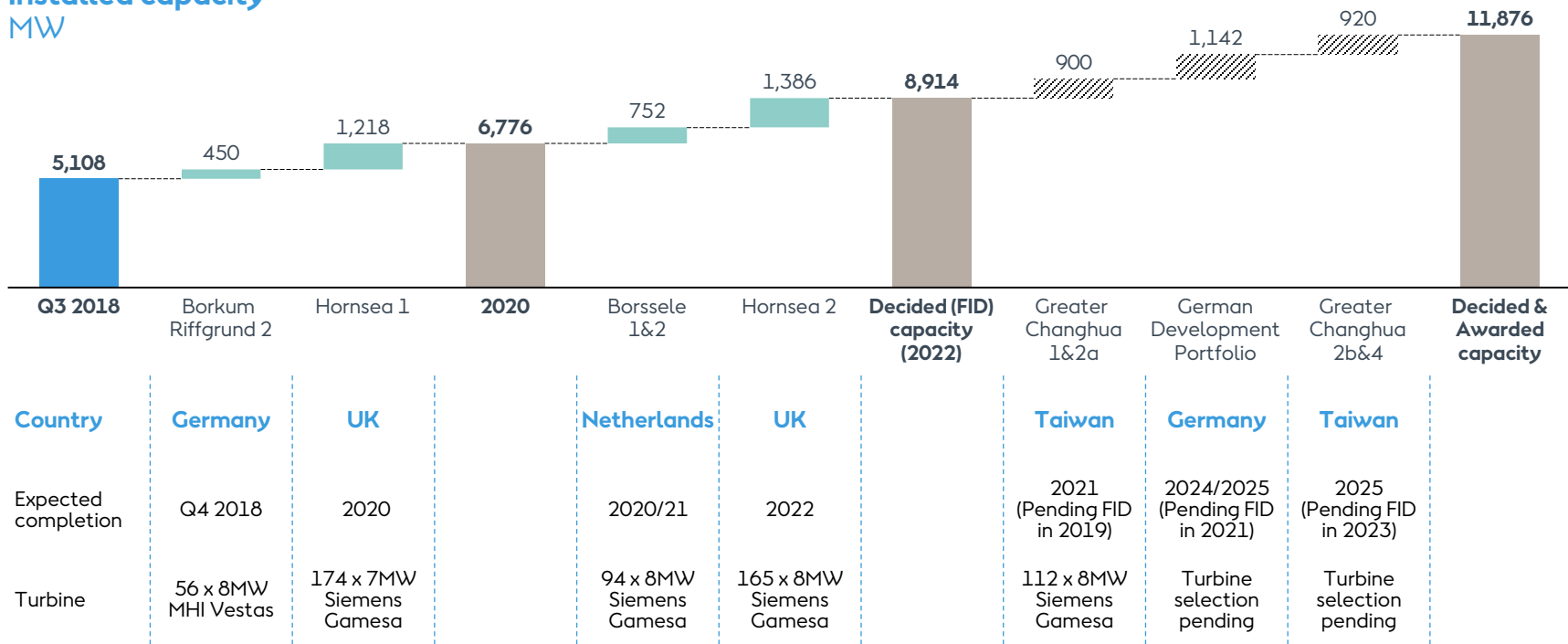




Appendix

Offshore Wind build-out plan

Installed capacity MW



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

Wind farm	MW capacity	Commissioning	SPA/CA split	2015	2016	2017	2018e	2019e	2020e
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	SPA				All		
			CA: 15-20%				5-10%	75-90%	10-20%

Group – Financial highlights Q3

FINANCIAL HIGHLIGHTS		Q3 2018	Q3 2017	Δ
EBITDA	DKKm	2,225	1,757	27%
• Offshore Wind		1,972	1,674	18%
• Bioenergy		(204)	(142)	44%
• Customer Solutions		478	202	137%
Net profit – continuing operations		418	209	100%
Net profit – discontinued operations		(13)	2,931	n.a.
Total net profit		405	3,140	(87%)
Operating cash flow		(117)	(1,095)	n.a.
Gross investments		(4,385)	(5,150)	(15%)
Divestments		380	1,882	(80%)
Free cash flow – continuing operations		(4,122)	(4,363)	(6%)
Net interest-bearing debt		8,957	10,260	(13%)
FFO/Adjusted net debt ¹	%	42	27	15%p
ROCE ¹	%	23.0	15.0	8.0%p



Offshore Wind – Financial highlights Q3

FINANCIAL HIGHLIGHTS

		Q3 2018	Q3 2017	Δ
EBITDA	DKKm	1,972	1,674	18%
• Sites incl. O&Ms and PPAs		1,989	1,521	31%
• Partnership agreements and farm-down gains		651	504	29%
• Other incl. A2SEA and project development		(668)	(351)	90%
ROCE ¹	%	25.8	15.8	10.0%p

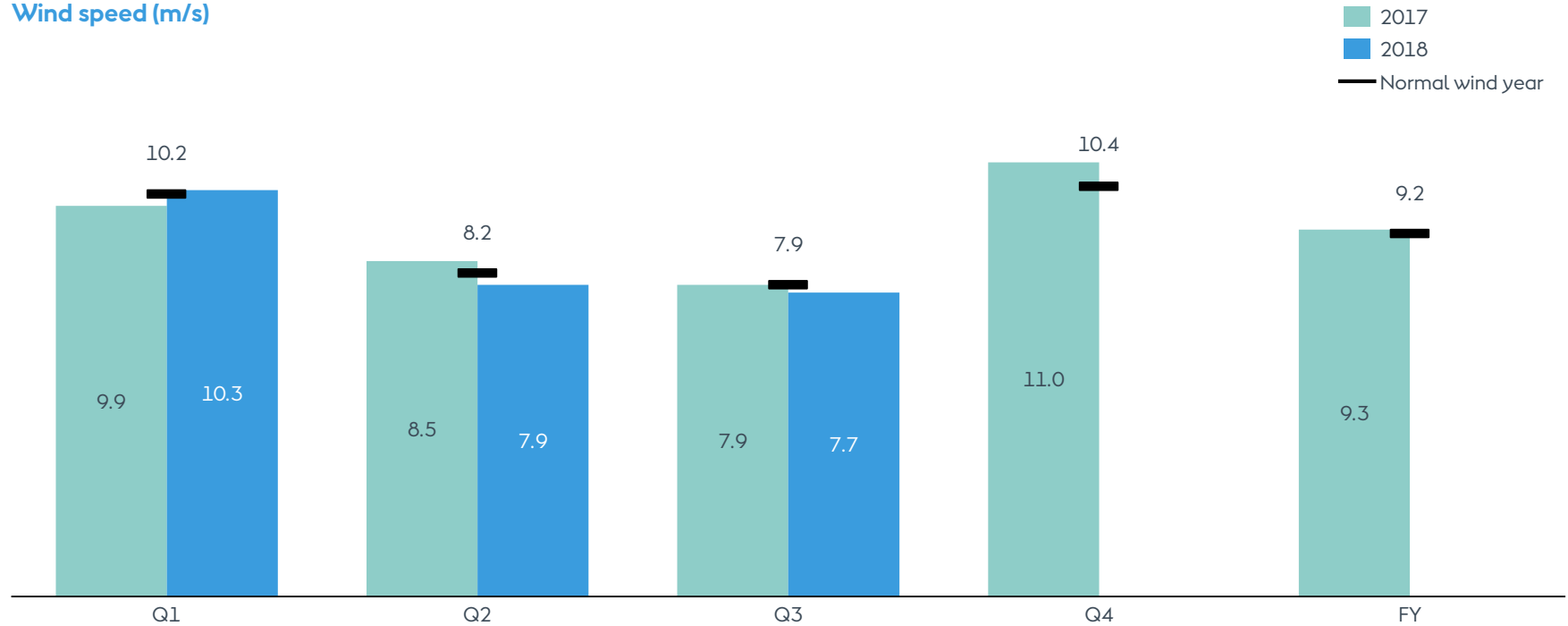
KEY BUSINESS DRIVERS

Power generation	TWh	1.9	1.7	12%
Wind speed	m/s	7.7	7.9	(2%)
Availability	%	92	92	(0%p)
Load factor	%	32	34	(2%p)
Installed capacity	GW	5.1	3.8	34%
Production capacity	GW	2.9	2.3	26%



Wind speeds

Wind speed (m/s)



Bioenergy – Financial highlights Q3

FINANCIAL HIGHLIGHTS

		Q3 2018	Q3 2017	Δ
EBITDA	DKKm	(204)	(142)	44%
• Heat		71	84	(15%)
• Ancillary services		78	65	20%
• Power		(353)	(291)	21%
Free cash flow		(158)	(598)	(74%)

KEY BUSINESS DRIVERS

Heat generation	TWh	0.3	0.7	(57%)
Power generation	TWh	0.7	1.2	(42%)
Degree days	#	76	115	(34%)
Power price, DK	EUR/MWh	53.3	33.8	58%
Green dark spread, DK	EUR/MWh	5.2	1.3	301%



Customer Solutions – Financial highlights Q3

FINANCIAL HIGHLIGHTS

		Q3 2018	Q3 2017	Δ
EBITDA	DKKkm	478	202	137%
• Distribution		216	294	(27%)
• Sales		(32)	15	n.a.
• Markets		82	(95)	n.a.
• LNG		212	(12)	n.a.
ROCE ¹	%	11.2	23.0	(11.8%p)

KEY BUSINESS DRIVERS

RAB Power	DKKkm	10,957	10,623	3%
Gas sales	TWh	31.5	29.4	7%
Power sales	TWh	6.6	8.2	(20%)
Distribution of power	TWh	1.8	1.9	(5%)



Differences in Business Performance EBITDA and IFRS EBITDA

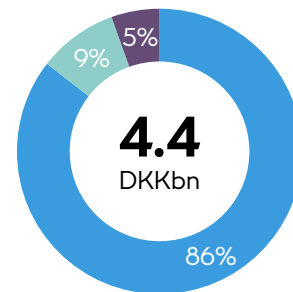
DKKm	Q3 2018	Q3 2017
EBITDA – BUSINESS PERFORMANCE (BP)	2,225	1,757
BP adjustment in respect of revenue for the year	(2,220)	(222)
BP adjustment in respect of COGS for the year	562	108
EBITDA – IFRS	567	1,643
Total BP adjustments for the year comprise:		
MtM of financial and physical hedging contracts relating to other periods	(1,926)	(254)
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	268	140
TOTAL ADJUSTMENTS	(1,658)	(114)



Investments

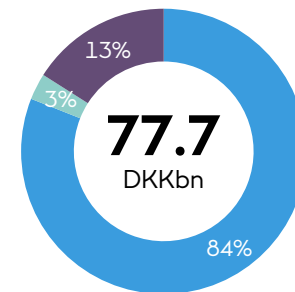
GROSS AND NET INVESTMENTS (DKKm)	Q3 2018	Q3 2017
Cash flow from investing activities	452	(276)
Dividends received and capital reduction, reversed	(24)	-
Purchase and sale of securities, reversed	(4,432)	(2,988)
Loans to associates and JVs, reversed	(4)	(6)
Sale of assets and companies reversed	(377)	(1,880)
GROSS INVESTMENTS	(4,385)	(5,150)
Transactions with non-controlling interests in connection with divestments	3	2
Sale of non-current assets	377	1,880
TOTAL CASH FLOWS FROM DIVESTMENTS	380	(1,882)
NET INVESTMENTS¹	(4,005)	(3,268)

Gross investments per business unit Q3 2018



- Offshore Wind
- Bioenergy
- Customer Solutions

Capital employed per business unit 30 September 2018



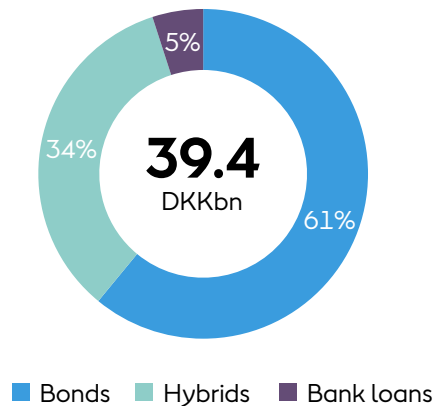
- Offshore Wind
- Bioenergy
- Customer Solutions

FFO/Adjusted net debt calculation

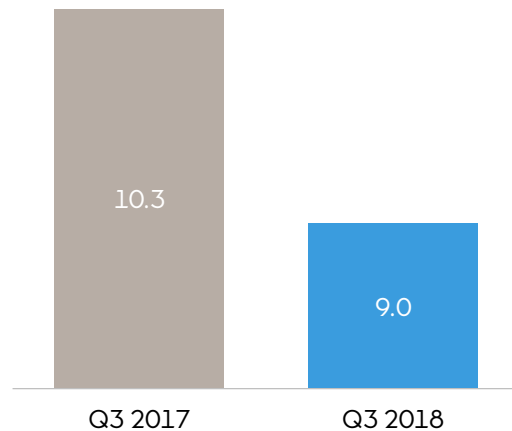
FUNDS FROM OPERATIONS / ADJUSTED NET DEBT (DKKm)	Q3 2018 ¹	FY 2017	Q3 2017 ¹	FY 2016
EBITDA – Business Performance	23,855	22,519	15,796	19,109
Interest expenses, net	(1,206)	(629)	(543)	(402)
Reversal of interest expenses transferred to assets	(439)	(754)	(659)	(574)
Interest element of decommission obligations	(197)	(194)	(173)	(172)
50% of coupon payments on hybrid capital	(230)	(320)	(320)	(320)
Operating lease obligations, interest element	(267)	(234)	(273)	(194)
Adjusted net interest expenses	(2,339)	(2,131)	(1,968)	(1,662)
Reversal of gain (loss) on divestment of assets	(9,378)	(10,835)	(4,062)	(2,940)
Reversal of recognised lease payment	796	885	887	746
Current tax	(1,868)	(2,447)	(3,667)	(3,665)
FUNDS FROM OPERATION (FFO)	11,066	7,991	6,986	11,588
Total interest-bearing net debt	8,957	(1,517)	10,260	3,461
50% of hybrid capital	6,619	6,619	6,624	6,624
Cash and securities, not available for distribution	1,041	749	784	953
Present value of operating lease payments	5,428	6,095	5,429	3,986
Decommission obligations	5,404	4,751	3,965	3,649
Deferred tax on decommissioning obligations	(908)	(797)	(650)	(627)
ADJUSTED INTEREST-BEARING NET DEBT	26,541	15,900	26,412	18,046
FFO / ADJUSTED INTEREST-BEARING NET DEBT	42%	50%	27%	64%

Debt overview

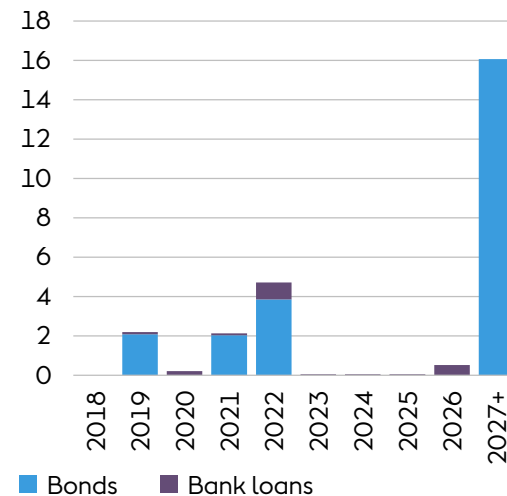
Gross debt and hybrids Q3 2018



Net debt DKKbn

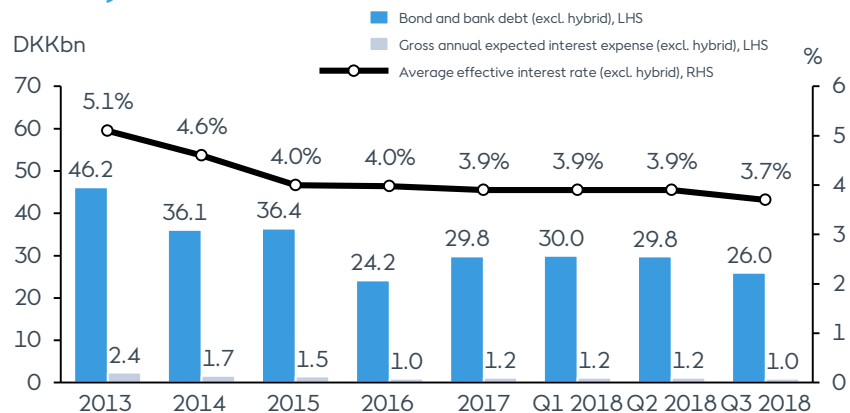


Long term gross debt maturity schedule Q3 2018, DKKbn



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 Q3 2018 (excl. hybrid)

	Cost of debt (%)	Modified duration (%)	Avg. time to maturity (years)
Bond loans	4.0	8.4	10.8
Bank loans	0.3	0.5	6.2
Total	3.7	7.8	10.4

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 its 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

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
- No financial covenants and restrictions on operating arrangements
- Corporate market more stable and predictable than project finance market
- 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.

Currency hedging principles

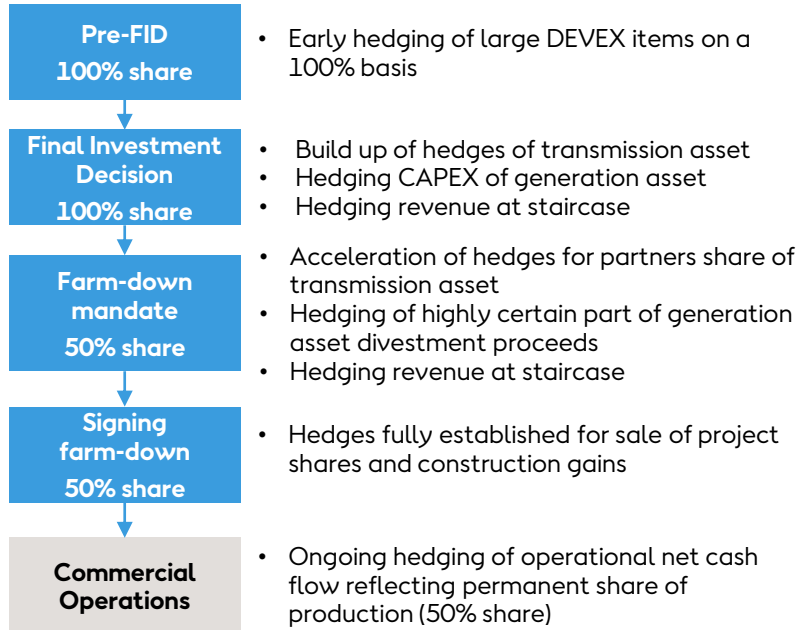


- The purpose of our currency risk management is to reduce the Group's currency risks over a 5-year horizon
- The main principle is to hedge FX exposure once it is deemed relatively certain that the underlying cash flows in foreign currency will materialise
- Thus, FX risk is hedged concurrently with 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

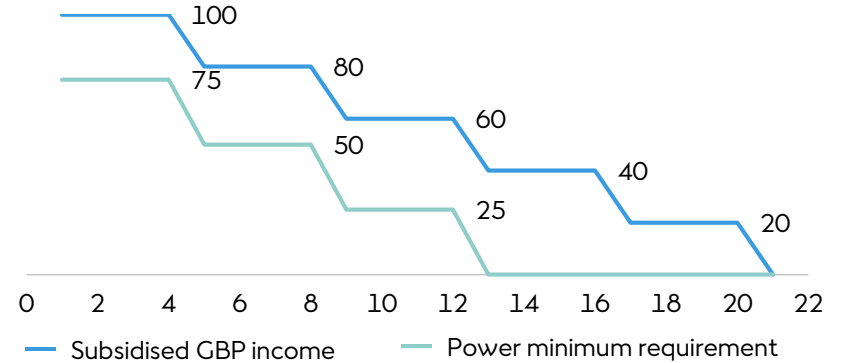
Hedging of FX and power risk in Offshore Wind

Construction and farm-downs – Hedging of FX

Decision gates



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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