Ørsted

Interim financial report

First half year 2019

Contents

CONFERENCE CALL

In connection with the presentation of the interim financial report a conference call for investors and analysts will be held on Thursday 8 August 2019 at 2pm CEST:

Denmark: +45 3544 5583
International: +44 203 194 0544
USA: +1 855 269 2604

The conference call can be followed live at:

orsted.eventcdn.net/201908H1/

Presentation slides will be available prior to the conference call at:
orsted.com/en/Financial-reports-and-presentations

The interim financial report can be downloaded at:

orsted.com/en/Financial-reports-and-presentations

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CEO's review — first half year

Strong first half with two major US offshore wind projects awarded

- Operating profit (EBITDA) increased by 2% to DKK 8.8 billion.
- EBITDA from offshore wind farms in operation increased by 18% to DKK 5.9 billion.
- Green share of heat and power generation increased from 71% to 82%.
- Ocean Wind project selected as preferred bidder for New Jersey's first offshore wind farm with a capacity of 1.1GW.
- Sunrise Wind project selected as preferred bidder for an 880MW offshore wind farm in New York.
- Good progress on the construction of our offshore wind farms.
- Lockett onshore wind farm commissioned in July well ahead of schedule.
- Successfully secured GBP 900 million funding through green bonds and NTD 25 billion of green loan facility (approx EUR 714m).
- The Copenhagen Maritime and Commercial Court ruled in our favour in case concerning the usage of the Ørsted name.
- New ambitious target to reduce our indirect greenhouse gas emissions in our supply chain and from the sale of gas and fossil-based power by 50% in 2032.

Financial results

Operating profit (EBITDA) for the first half of the year amounted to DKK 8.8 billion, which was in line with our expectations and keeps us well on track to reach our full-year guidance of DKK 15.5-16.5 billion.

Earnings from our offshore wind farms in operation increased by 18%, driven by ramp-up of generation from Borkum Riffgrund 2, Walney Extension, and Hornsea 1. Despite the significant growth, we are not fully satisfied with our generation in the first half year where the number of outages and curtailments across the portfolio has been higher than normal.

Earnings from existing partnership agreements were slightly below last year but higher than originally expected due to lower capital spend on projects constructed for partners as well as positive effects from the ongoing divestments of offshore transmission assets.

The inclusion of our onshore wind business contributed positively to the year-on-year development, as did higher earnings from trading related to hedging of our energy exposures and strong margins in our gas portfolio.

The positive effects were partly offset by higher project development costs in Offshore, a positive outcome of a gas sourcing arbitration case in 2018, and a temporarily negative effect from our gas at storage due to the substantial drop in gas prices during H1 2019.

Return on capital employed for the last 12 months increased from 23% in H1 2018 to 29% in H1 2019.

Fatal accident

In May, an employee of one of our contractors died after a serious accident at Avedøre Power Station. We are deeply affected by his death, and have been in close contact with the contractor, our own employees and the relatives of the deceased, to offer support and assistance. We have put every effort into finding the cause of the accident and take the necessary precautions to ensure that an accident like this will never happen again. It is crucial for us that all employees and contractors of Ørsted can be confident that they will come home safely every day.

> "We were selected as preferred bidder in the auctions in both New Jersey with our Ocean Wind project (1.1GW) and New York with the Sunrise Wind project (880MW), which we own in a joint venture with Eversource. Subject to final investment decisions, the wind farms are expected to be completed by 2024. We are very pleased with these awards and are well on track to reach our ambition of 15GW offshore wind capacity by 2025, as we continue to pioneer the global offshore wind industry.

Offshore

On 21 June, the New Jersey Board of Public Utilities selected Ørsted's Ocean Wind project to negotiate a 20-year offshore wind renewable energy certificate (OREC) for an offshore wind farm with a capacity of 1.1GW. The project was awarded with support from Public Service Enterprise Group (PSEG). The 2023/2024 OREC price is USD 98.10 per MWh, with a 2% annual escalator (corresponding to a levelised 2017 price of USD 86.40 per MWh). PSEG has an option to become an equity investor in the Ocean Wind project.

Located off the coast of Atlantic City, Ocean Wind will be New Jersey's first large-scale offshore wind farm. The wind farm will supply more than half a million New Jersey homes with green energy. The project is expected to create more than 3,000 direct jobs through the development phase and the three-year construction cycle. Subject to our final investment decision, the wind farm is expected to be completed by 2024.

On 18 July, the New York State Energy Research and Development Authority (NYSERDA) selected the Sunrise Wind project to negotiate a 25-year OREC for an offshore wind farm with a capacity of 880MW. Sunrise Wind is a 50-50 partnership between Ørsted and Eversource, our partner in the New England area. As part of the proposal, the project will construct an operations and maintenance hub in Port Jefferson, Long Island, and will be investing in additional port infrastructure upgrades and establishing offshore wind training programmes in the

CEO's review — first half year continued

state of New York.

Located off the coast of Long Island, Sunrise Wind will contribute to New York State's goal to be powered 100% by clean energy in 2040 by supplying more than half a million New York households with green energy. Subject to final investment decision, the wind farm is expected to be completed by 2024.

With these awards, we have now secured a US offshore wind build-out portfolio with a total capacity of approx 2.9GW to be completed between 2022 to 2024. In addition, we have a further approx 5GW of lease rights which can be developed for future offshore wind projects in the US.

We are very pleased with these awards and are well on track to reach our ambition of 15GW offshore wind capacity by 2025, as we continue to pioneer the global offshore wind industry.

In the past quarter, we also saw the outcome of offshore wind tenders in France and the Netherlands. These tenders were awarded to EDF/innogy/Enbridge and Vattenfall, respectively.

In June, we officially inaugurated Borkum Riffgrund 2 in Germany. The 465MW wind farm will provide 460,000 German households with green power and is the first in Germany to utilise 8MW wind turbines.

Our offshore wind farms under construction are all progressing according to plan.

At Hornsea 1, we have now installed 131 wind turbines and expect the wind farm to be completed in Q4 2019. Hornsea 1 will become the world's largest offshore wind farm with a capacity of 1,218MW, almost twice the capacity of Walney Extension, which is currently the world's largest offshore wind farm.

The construction of Greater Changhua 1 & 2a, Hornsea 2 and Borssele 1 & 2 are in the early stages but progressing as planned. Borssele 1 & 2 is our first offshore wind farm in the Netherlands with a capacity of 752MW. It is expected to be completed in Q4 2020 or Q1 2021. In 2022, we expect to complete Hornsea 2 in the UK and Greater Changhua 1 & 2a in Taiwan.

Onshore

In July, we commissioned Lockett onshore wind farm well ahead of schedule. The 184MW wind farm has performed as expected since the commissioning.

In June, we acquired the 103MW construction-ready wind project Willow Creek in South Dakota. The wind farm is expected to be commissioned by Q4 2020, and it will expand our operations into the Southwest Power Pool market, covering the central US.

Our Onshore business has been further strengthened following the acquisition of the solar and storage development activities of Coronal Energy in May 2019. The integration of this business into our US organisation is progressing as planned.

Markets & Bioenergy

In June, we decided to consolidate the business units Customer Solutions and Bioenergy into a new business unit, Markets & Bioenergy. The decision was taken as a natural consequence of the two existing business units being reduced in size. The downsizing is driven by the planned divestment of our Danish power distribution, residential customer and city light businesses, and our oil and gas infrastructure assets, as well as by activities that have been discontinued or transferred to other parts of Ørsted. The financial consolidation of the two business units will be reflected in our interim financial report for the first nine months of 2019. Morten Buchgreitz has been appointed Executive Vice President of Markets & Bioenergy.

Biogas production is among the discontinued activities. Consequently, we have entered into an agreement with Bigadan to divest our 40% ownership interest in the Kalundborg Bioenergi plant as well as two upgrading plants in Fredericia and Horsens. The transactions were closed in June.

In May, we entered into an agreement to divest Stigsnæs Power Station and transit harbour. The power station has been out of use since 2012 but has served as a coal transit harbour. The transaction is expected to close late 2019.

The conversion of the Asnæs Power Station to biomass is progressing according to schedule, and we expect to start supplying green district heating to the Kalundborg area and green steam to Novo Nordisk's and Novozymes' production facilities from 2020.

At our last remaining coal-fired CHP plant, Esbjerg Power Station, we have not been able to find a joint solution with the heat customers for a bioconversion project. Consequently, we informed the heat customers in 2018 that we will close down operations by the end of 2022, and we submitted an application to the relevant authorities with a view to do so. The Danish Energy Agency has issued a draft ruling granting us permission to close down the power station by the end of 2022. The draft ruling has been issued only after consultation with the parties, and we are awaiting the final ruling of the authorities.

The reconfiguration of our first Renescience plant in the UK has been completed and we are in the process of ramping up the waste throughput and production. We now expect final commissioning at the end of the year.

New ambitious targets to reduce emissions

Over the past decade, we have undertaken one of the most ambitious green transformations in the global energy industry, guided by our vision of creating a world that runs entirely on green energy and our strong commitment to the Paris Agreement and the UN Sustainable Development Goals.

By the end of H1 2019, we have reduced the carbon emission intensity from our own energy generation by 83% through the conversion of our CHP plants to sustainable biomass and the deployment of offshore and onshore wind. Our target, which we are fully on track to meet, is to reach a 98% reduction of the carbon emission intensity by 2025, making our energy generation essentially carbon free. In addition to our comprehensive transformation from black to green energy, we are taking a number

CEO's review — first half year continued

of carbon reduction initiatives in our operations, including a new target to phase out fossil fuelled cars from our company car fleet and fully convert to electric vehicles by 2025.

With our energy generation and other in-house operational activities well on track to become virtually carbon free, we now take the next major step in our decarbonisation strategy and announce a new target that covers the indirect carbon emissions related to our business. By 2032, we want to reduce our scope 3 emissions by 50%, compared to 2018. These carbon emissions primarily relate to the sale of natural gas and fossil-based power in our customer business, and to the goods and services we source for construction of wind farms.

To meet the target, we will gradually reduce our natural gas sourcing portfolios, which today make up more than 80% of our total scope 3 emissions. The gradual reduction in our gas sourcing and corresponding sales over the coming decade reflects our view that natural gas will continue to play an important role in the transition towards a society fully powered by green energy, but over time must be replaced by renewable energy sources.

Furthermore, we will reinforce our engagement with our suppliers to reduce the emissions from the goods and services we source, in particular related to the construction of our wind farms, which make up the largest emission source in our supply chain.

See reporting on our entire value chain carbon emissions on pages 14 + 16 in the ESG performance report found here: **orsted.com/en/Financial-reports-and-presentations**

Other significant events

The Copenhagen Maritime and Commercial Court ruled in favour of Ørsted in the case concerning the usage of the Ørsted name with a clear vote of five to zero. In June, the plaintiffs decided to appeal the case. It is currently being assessed whether the appeal will be heard at the High Court or go directly to the Supreme Court.

In May, we completed the largest green GBP-bond offering to date, successfully securing GBP 900 million of funding. The proceeds from the green bonds are earmarked for offshore wind activities in the UK, e.g. for our investment in the 1,386MW Hornsea 2 offshore wind farm, and will also provide a natural hedge towards our significant GBP exposure.

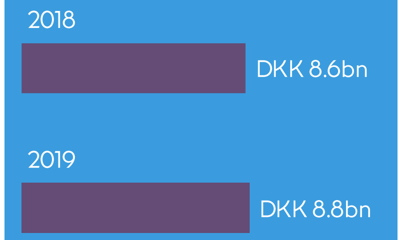
In June, we signed a guaranteed five-year NTD 25 billion syndicated green revolving loan facility for our offshore wind projects in Taiwan (approx EUR 714 million). We are very pleased with the commitment from 15 banks on this transaction, including the domestic Taiwanese banks. We are proud of this being the first ever green loan facility in Taiwan and we will now start preparations for a potential green bond issuance in the local Taiwanese market towards the end of this year.

Henrik Poulsen
CEO and President

At a glance — First half year

Ørsted

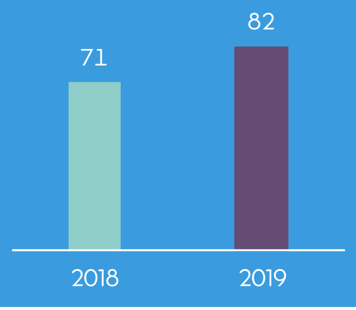
EBITDA



Key figures H1 2019[1]

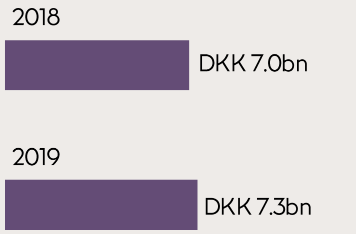
Revenue	DKK 33.7bn
Gross investments	DKK 7.3bn
Capital employed	DKK 91.4bn
ROCE[2]	29%
TRIR[2]	4.1
Number of employees	6,312

Green share of heat and power generation, %



Offshore

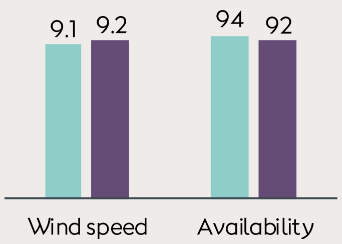
EBITDA



Key figures H1 2019[1]

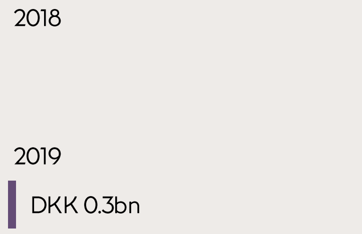
Revenue	DKK 13.8bn
Gross investments	DKK 4.4bn
Capital employed	DKK 65.1bn
ROCE[2]	36%
TRIR[2]	3.2
Number of employees	2,610

Wind speed and availability, m/s, % 2018 2019



Onshore

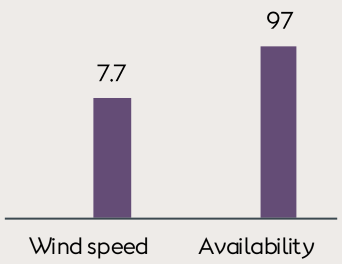
EBITDA



Key figures H1 2019[1]

Revenue	DKK 0.2bn
Gross investments	DKK 1.8bn
Capital employed	DKK 8.0bn
ROCE[2]	4%
TRIR[2]	2.4
Number of employees	81

Wind speed and availability, m/s, % 2018 2019



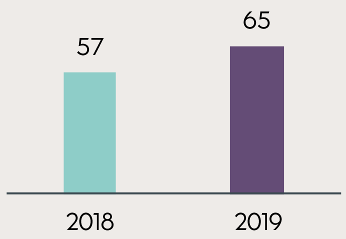
Bioenergy

EBITDA

Key figures H1 2019[1]

Revenue	DKK 3.2bn
Gross investments	DKK 0.4bn
Capital employed	DKK 2.4bn
Free cash flow	DKK -0.1bn
TRIR[2]	7.7
Number of employees	693

Biomass share in heat and power generation, %



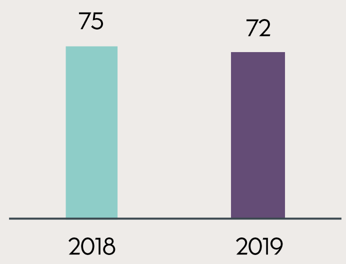
Customer Solutions

EBITDA

Key figures H1 2019[1]

Revenue	DKK 20.2bn
Gross investments	DKK 0.5bn
Capital employed	DKK 14.1bn
ROCE[2]	14%
TRIR[2]	8.1
Number of employees	1,181

Customer satisfaction (B2C), scale (1-100)



[1]Key figures (excluding capital employed) are for the continuing operations and include other activities/eliminations, [2]Last 12 months

Outlook 2019

EBITDA
Our EBITDA guidance is unchanged relative to the guidance in our annual report for 2018. EBITDA (business performance), excluding new partnership agreements, is expected to amount to DKK 15.5-16.5 billion.

However, the unchanged outlook covers some underlying and offsetting changes across our business units.

Offshore – higher (unchanged)
- Earnings from offshore wind farms in operation are expected to increase as a result of ramp-up of generation from Borkum Riffgrund 2, Walney Extension and Hornsea 1. However, the increase will be lower than initially expected due to the curtailment and operational issues we have experienced during H1 2019, and which we expect to persist into Q3 2019.
- Earnings from existing partnership agreements, which amounted to DKK 3.7 billion in 2018, are now expected to be in line with last year. Previously, we expected the earnings to decline. This is mainly due to higher than expected earnings from the construction of Hornsea 1 for partners due to good progress during 2019, and positive effects from settlement of construction projects finalised in 2018. Furthermore positive effects from the ongoing divestments of offshore transmission assets have been included in H1 2019. We expect to divest the offshore transmission asset at Race Bank during 2019, whereas the offshore transmission asset at Walney Extension is expected to be divested in 2020.

Customer Solutions – in line (changed from significantly lower)
- In Markets, we have seen significantly higher than expected earnings from trading related to hedging of our energy exposures in H1 2019.
- In addition, we have had higher than expected earnings from our gas portfolio, mainly due to higher margins.
- We now expect a less negative accounting effect in our gas portfolio related to gas at storage relative to the beginning of the year. The accounting effect related to gas at storage is a timing effect and does not impact the underlying earnings.

The guidance for Onshore and Bioenergy is unchanged relative to the guidance in our annual report for 2018.

Gross investments
Our gross investments guidance is unchanged relative to the guidance in our annual report for 2018. Gross investments are expected to amount to DKK 21-23 billion.

Outlook for 2019, DKK bn	Guidance 8 Aug. 2019	Guidance 1 May 2019	Guidance 31 Jan. 2019	2018 realised
EBITDA (without new partnerships)*	15.5-16.5	15.5-16.5	15.5-16.5	15.0
Offshore (without new partnerships)*	Higher	Higher	Higher	12.7
Onshore	Significantly higher	Significantly higher	Significantly higher	0.0
Bioenergy	Higher	Higher	Higher	0.4
Customer Solutions	In line	Significantly lower	Significantly lower	2.0
Gross investments	21-23	21-23	21-23	24.5

Our EBITDA guidance for the Group is the prevailing guidance, whereas the directional earnings development per business unit serves as a means to support this. Higher/lower indicates the direction of the business unit's earnings relative to the results for 2018.

* EBITDA excluding new partnership agreements closed later than 1 January 2019 (2018)

Results Q2

EBITDA

Operating profit (EBITDA) totalled DKK 3.6 billion compared with DKK 3.1 billion in Q2 2018. The increase was driven by a 29% increase in earnings from offshore wind farms in operation relative to Q2 2018, mainly due to ramp-up at Borkum Riffgrund 2, Walney Extension, and Hornsea 1. Furthermore, wind speeds were lower in Q2 2018. In Q2 2019 we had lower than expected generation from the underlying portfolio affected by curtailments and outages as described under financial results H1 2019.

The inclusion of our onshore wind business, higher earnings related to trading related to hedging of our energy exposures, and strong margins in our gas portfolio contributed positively to our earnings in Q2 2019.

Operating profit was negatively impacted by higher project development costs related to expansion of business activities and a temporary negative effect from our gas activities. The substantial drop in gas prices during Q2 2019 led to a decrease in the accounting value of our gas inventories and thus a negative impact on EBITDA in Markets in this quarter. As we have hedged most of our gas margin, this negative impact will partly be offset if the gas prices increase again or when we sell the gas later in 2019/2020.

Profit for the period from continuing operations

Profit for the period from continuing operations increased by DKK 0.2 billion to DKK 1.1 billion. The increase was mainly due to the higher EBITDA, partly offset by higher depreciation due to more assets in operation.

Cash flows from operating activities

Cash flows from operating activities totalled DKK 7.5 billion in Q2 2019 compared with DKK 3.3 billion in Q2 2018. The increase of DKK 4.2 billion was mainly due to a higher release of funds tied up in work in progress on construction agreements.

In Q2 2019, we had a net cash inflow from work in progress of DKK 4.3 billion, mainly due to the receipt of milestone payments related to Hornsea 1. This was only partly offset by funds tied up related to the construction of Hornsea 1 for partners and the offshore transmission assets at Hornsea 1 and 2 .

Less funds were released from other working capital in Q2 2019 due to higher receivables, which included factoring of ROCs in June, and lower payables.

Gross investments

Gross investments amounted to DKK 3.4 billion in Q2 2019 of which 84% related to investments in Offshore and Onshore. The main investments related to Hornsea 1, Sage Draw, Greater Changhua 1 & 2a, Borssele 1 & 2, Willow Creek, and Lockett.

Financial results, DKKm	Q2 2019	Q2 2018	%
Revenue	16,443	18,593	(12%)
EBITDA	3,625	3,079	18%
Depreciation	(1,689)	(1,462)	16%
EBIT	1,936	1,617	20%
Gain (loss) on divestment of enterprises	(18)	(16)	13%
Profit (loss) from associates and joint ventures	3	4	(25%)
Financial items, net	(545)	(504)	8%
Profit (loss) before tax	1,376	1,101	25%
Tax on profit (loss) for the period	(283)	(225)	26%
Tax rate	21%	20%	1%p
Profit (loss) for the period, continuing operations	1,093	876	25%
Profit (loss) for the period, discont. operations	(18)	(19)	(5%)
Profit (loss) for the period	1,075	857	25%

Cash flow and net debt, DKKm	Q2 2019	Q2 2018	%
Cash flows from operating activities	7,510	3,293	128%
EBITDA	3,625	3,079	18%
Change in derivatives	(358)	596	n.a.
Change in provisions	39	(144)	n.a.
Reversal of gain (loss) on sale of assets	(190)	33	n.a.
Other items	85	29	193%
Interest expense, net	(683)	(499)	37%
Paid tax	(30)	(5)	500%
Change in work in progress	4,271	(2,282)	n.a.
Change in tax equity liabilities	(138)	-	n.a.
Change in other working capital	889	2,486	(64%)
Gross investments	(3,368)	(3,109)	8%
Divestments	(11)	(14)	(29%)
Free cash flow	4,131	170	n.a.
Net debt, beginning of period	9,111	4,331	110%
Free cash flow from continuing operations	(4,131)	(170)	n.a.
Free cash flow from discontinued operations	3	2	50%
Dividends and hybrid coupon paid	378	397	(5%)
Exchange rate adjustments, etc.	(381)	43	n.a.
Net debt, end of period	**4,980**	**4,603**	**8%**

Results H1

Financial results

Revenue

Power generation from offshore and onshore wind increased by 45% and totalled 7.0TWh in H1 2019, mainly due to the ramp-up of generation from Borkum Riffgrund 2, Walney Extension, and Hornsea 1 (0.7TWh in total) as well as the addition of our Onshore business unit, which we acquired in Q4 2018.

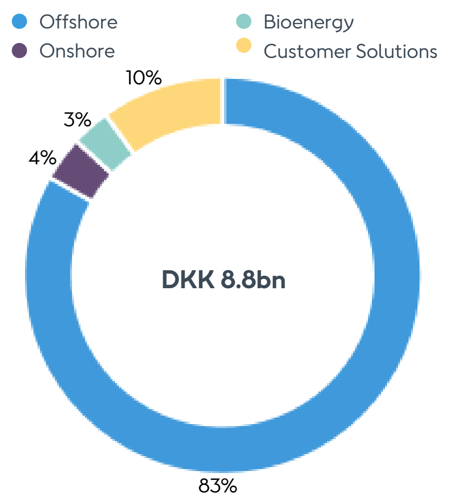
Despite the significant growth in profits, we are not fully satisfied with our generation in H1 2019 where the number of outages and curtailments across the portfolio has been higher than normal. This was mainly related to Horns Rev 1 in Denmark due to a platform fire in October 2018 (all 79 wind turbines were back in operation at the end of June 2019), converter station outages at Borkum Riffgrund 2, as well as array cable repair campaign at London Array and various array cable and export system outages at Race Bank, West of Duddon Sands, and Burbo Bank in the UK. In addition, we have had higher than expected non-compensated curtailments at our German wind farms in H1 2019.

We estimate that these effects in total have resulted in a non-compensated generation shortfall of roughly 0.3TWh during H1 2019. We expect that some of these issues will persist into Q3 2019. In addition, we had 0.2TWh lower generation in H1 2019 due to curtailment, where we are fully compensated by the grid operator.

Thermal power generation amounted to 2.6TWh and heat generation amounted to 4.8TWh, down 38% and 16%, respectively, compared to H1 2018. The decrease was mainly due to warmer weather than in H1 2018. Offshore and onshore wind accounted for 73% of our total power generation, while the renewable energy share of our total heat and power generation accounted for 82% in H1 2019 compared with 71% in the same period in 2018.

Revenue amounted to DKK 33.7 billion. The decrease of 12% relative to H1 2018 was primarily due to significantly lower gas prices, lower gas sales and lower heat and power generation in Bioenergy as mentioned above. In addition, revenue from construction of offshore wind farms for partners and sale of offshore transmission assets was lower than in H1 2018.

EBITDA, DKK billion



EBITDA

Operating profit (EBITDA) totalled DKK 8.8 billion compared with DKK 8.6 billion in H1 2018. The increase was mainly due to an 18% increase in earnings from offshore wind farms in operation. This was due to ramp-up at Borkum Riffgrund 2, Walney Extension, and Hornsea 1. The positive effect from ramp-up was partly offset by lower than expected generation from the underlying portfolio, due to non-compensated curtailments and various operational issues as previously mentioned.

The inclusion of our onshore wind farms along with good trading performance related to hedging of our energy exposures and strong margins in our gas portfolio, also contributed positively to the higher earnings.

Financial results, DKKm	H1 2019	H1 2018	%
Revenue	33,682	38,401	(12%)
EBITDA	8,755	8,598	2%
Depreciation	(3,307)	(2,844)	16%
EBIT	5,448	5,754	(5%)
Gain (loss) on divestment of enterprises	(35)	(26)	35%
Profit (loss) from associates and joint ventures	4	2	100%
Financial items, net	(444)	(799)	(44%)
Profit before tax	4,973	4,931	1%
Tax on profit (loss) for the period	(1,241)	(1,023)	21%
Tax rate	25%	21%	4%p
Profit (loss) for the period, continuing operations	3,732	3,908	(5%)
Profit (loss) for the period, discont. operations	(61)	(11)	455%
Profit (loss) for the period	3,671	3,897	(6%)

Business performance vs IFRS

We use business performance as an alternative to the results prepared in accordance with IFRS. Business performance represents the underlying financial performance of the Group in the reporting period as results are adjusted for temporary fluctuations in the market value of contracts (including hedging transactions) relating to other periods. The difference between the two principles will be eliminated as the contracts expire. Apart from this, there is no difference between business performance and the IFRS results.

EBITDA in accordance with IFRS amounted to DKK 10.4 billion in H1 2019 against DKK 7.0 billion in the same period in 2018. In accordance with the business performance principle, EBITDA was DKK 8.8 billion and DKK 8.6 billion, respectively. The difference between the two principles was thus DKK 1.7 billion in H1 2019 against DKK -1.6 billion in H1 2018.

In the presentation of the results according to IFRS, we have elected not to apply the provisions on hedge accounting of commodities and related currency exposures. The market value adjustments of these are continuously recognised in the income statement, which means that the IFRS results for the individual years are not comparable. IFRS results do not reflect the commercial risk hedging, according to which the business units and the Group are managed and evaluated. In the management's review, comments are made on business performance only.

Business performance vs IFRS	H1 2019	H1 2018
EBITDA - Business performance	8,755	8,598
Adjustments	1,677	(1,588)
EBITDA - IFRS	10,432	7,010

Results H1 continued

In contrast, the steep decline in gas prices had a temporary adverse effect on our earnings in H1 2019 due to a decrease in the accounting value of our gas inventories. A positive outcome of an arbitration case in 2018 and the lower generation in Bioenergy also had a negative effect on our earnings relative to H1 2018.

Earnings from construction agreements for partners were DKK 0.2 billion lower than in H1 2018. The construction agreements in H1 2019 primarily concerned Hornsea 1 and positive effects from the ongoing divestments of offshore transmission assets at Walney Extension and Race Bank together with positive effects from settlement of construction projects finalised in 2018. H1 2018, primarily concerned Walney Extension and Borkum Riffgrund 2.

EBITDA in H1 2019 was positively affected with DKK 0.3 billion from the implementation of the new IFRS 16 accounting standard regarding leasing, compared to a continued expensing of operational lease costs. Roughly half of the impact was in Offshore.

EBIT

As a result of higher depreciation, EBIT decreased by DKK 0.3 billion to DKK 5.4 billion in H1 2019.

The increase in depreciation was driven by more wind farms in operation as well as the implementation of the new IFRS 16 accounting standard regarding leasing. In accordance with IFRS 16, our operating leases have been recognised in the balance sheet as of 1 January 2019 and are now depreciated instead of being expensed.

Please see note 1 for further information on the implementation of IFRS 16 'Leasing' and the impact on our consolidated financial statements.

The increase in depreciation was partially offset by our Danish power distribution and residential customer businesses being classified as assets held for sale by the end of 2018 and thus not depreciated in H1 2019.

Financial income and expenses

Net financial income and expenses amounted to DKK -0.4 billion compared to DKK -0.8 billion in the same period last year. The decrease in net expenses was mainly due to positive effects from exchange rate adjustments.

Tax and tax rate

Tax on profit for the period amounted to DKK 1.2 billion, which was DKK 0.2 billion higher than in H1 2018. The effective tax rate was 25% and was affected by tax expenses related to the partial farm-down in Deepwater Wind.

Profit for the period from continuing operations

Profit for the period from continuing operations totalled DKK 3.7 billion, DKK 0.2 billion lower than in H1 2018. The decrease was primarily due to the lower EBIT, partly offset by the lower net financial expenses.

Cash flows and net debt

Cash flows from operating activities

Cash flows from operating activities totalled DKK 7.4 billion in H1 2019 compared with DKK 2.9 billion in H1 2018. The increase of DKK 4.5 billion was mainly due to a higher release of funds tied up in work in progress on construction agreements.

This was partly offset by higher paid tax in H1 2019. In both years, we chose to pay our Danish taxes for the year on account in March instead of November. Paid taxes amounted to DKK 4.9 million in H1 2019 compared to DKK 3.1 billion in H1 2018.

In H1 2019, we had a net cash inflow from work in progress of DKK 5.3 billion, mainly due to the receipt of milestone payments related to Hornsea 1. This was only partly offset by funds tied up related to the construction of Hornsea 1 for partners and the offshore transmission assets at Hornsea 1 and 2.

Cash flow and net debt, DKKm	H1 2019	H1 2018	%
Cash flows from operating activities	7,392	2,895	155%
EBITDA	8,755	8,598	2%
Change in derivatives	(224)	286	n.a.
Change in provisions	33	81	(59%)
Reversal of gain (loss) on sale of assets	(308)	64	n.a.
Other items	83	(24)	n.a.
Interest expense, net	(774)	(640)	21%
Paid tax	(4,857)	(3,089)	57%
Change in work in progress	5,272	(2,170)	n.a.
Change in tax equity liabilities	(219)	-	n.a.
Change in other working capital	(369)	(211)	75%
Gross investments	(7,267)	(5,180)	40%
Divestments	2,667	821	225%
Free cash flow	2,792	(1,464)	n.a.
Net debt, beginning of period	(2,219)	(1,517)	46%
Free cash flow from continuing operations	(2,792)	1,464	n.a.
Free cash flow from discontinued operations	-	127	(99%)
Dividends and hybrid coupon paid	4,615	4,324	7%
Addition of lease obligations (IFRS 16)	5,223	-	n.a.
Exchange rate adjustments, etc.	153	205	(25%)
Net debt, end of period	**4,980**	**4,603**	**8%**

Investments and divestments

Gross investments amounted to DKK 7.3 billion against DKK 5.2 billion in H1 2018. The main investments in H1 2019 were:

- Offshore wind farms (DKK 4.4 billion), including Hornsea 1 in the UK, Borssele 1 & 2 in the Netherlands, and Greater Changhua 1 & 2a in Taiwan

Results H1 continued

- Onshore wind farms (DKK 1.7 billion), including Sage Draw, Lockett, Willow Creek, and Tahoka in the US
- Power stations (DKK 0.4 billion), mainly biomass conversion of Asnæs Power Station.

Cash flow from divestments in H1 2019 related to the receipt of deferred proceeds from the farm-down of 50% of Hornsea 1 in 2018 (DKK 1.7 billion) and to the strengthening of our strategic partnership with Eversource as they became a 50% partner in our activities in the New England area in February (DKK 1.0 billion).

Interest-bearing net debt

Interest-bearing net debt totalled DKK 5.0 billion at the end of June 2019 against net cash of DKK 2.2 billion at the end of 2018. The DKK 7.2 billion increase was mainly due to dividend payments of DKK 4.2 billion and inclusion of operational lease obligations of DKK 5.2 billion in accordance with IFRS 16. This was partly offset by the free cash flow of DKK 2.8 billion.

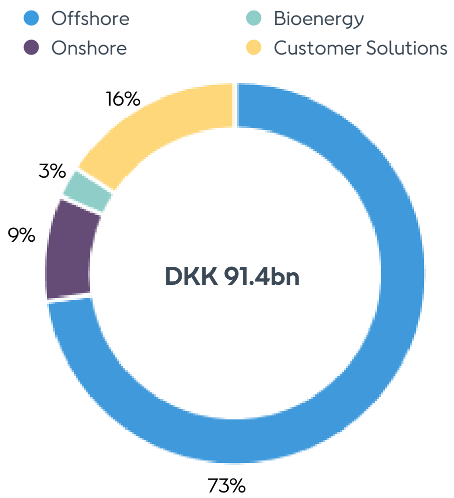
Equity

Equity was DKK 86.4 billion at the end of June against DKK 85.1 billion at the end of 2018.

Capital employed

Capital employed was DKK 91.4 billion at 30 June 2019 against DKK 82.9 billion at the end of 2018 and DKK 74.3 billion at the end of June 2018. The increase in H1 2019 was mainly due to investments, the addition of operational leasing assets and the on-account tax payment. Offshore's share of capital employed was 73% at the end of H1 2019.

Capital employed, %



Financial ratios

Return on capital employed (ROCE)

Return on capital employed (ROCE, last 12 months) was 29% at the end of H1 2019, up 6 percentage points compared to the same period last year. The increase was mainly attributable to the higher EBIT over the 12-month period, which in both periods was significantly impacted by farm-down gains – Hornsea 1 in Q4 2018 and Walney Extension and Borkum Riffgrund 2 in Q4 2017.

Credit metric (FFO/adjusted net debt)

The funds from operations (FFO)/adjusted net debt credit metric was 58% at the end of June 2019 against 44% in the same period last year.

Key ratios, DKKm, %	H1 2019	H1 2018	%
ROCE[1]	29.3%	23.5%	5.8%p
Adjusted net debt	17,755	21,870	(19%)
FFO/adjusted net debt[1]	57.5%	44.3%	13.2%p

[1] See page 87 in the annual report for 2018 for definitions.

Non-financial results

Green share of heat and power generation

The green share of heat and power generation amounted to 82% in H1 2019, up 11 percentage points relative to the same period last year. The increase was due to the addition of generation from onshore wind farms, higher generation from offshore wind farms, and lower heat and power generation based on coal and gas. The latter was due to the warmer weather and the divestment of the Dutch Enecogen power plant in Q3 2018.

Carbon emissions

Carbon emissions from our heat and power generation decreased to 80g CO_2e/kWh in H1 2019 against 141g CO_2e/kWh in H1 2018. The carbon emissions per kWh decreased for the same reasons as mentioned above.

Safety

In H1 2019, we have had 42 total recordable injuries (TRIs), divided between 23 contractor injuries and 19 own employee injuries. This was a decrease of 10 injuries in total compared to the same period last year.

Over the last 12 months the total recordable injury rate (TRIR) decreased from 6.2 in H1 2018 to 4.1 in H1 2019.

Fatality

As described in the CEO review, an employee of one of our contractors tragically died after a serious accident at Avedøre Power Station in May.

Offshore

Highlights Q2 2019

- Ocean Wind project selected as preferred bidder for New Jersey's first offshore wind farm with a capacity of 1.1GW.
- Sunrise Wind project selected as preferred bidder for an 880MW offshore wind farm in New York.
- Good progress on the construction of our offshore wind farms.

Financial results Q2 2019

Power generation increased by 22% relative to Q2 2018. The increase was primarily due to ramp-up of generation from Borkum Riffgrund 2, Walney Extension, and Hornsea 1 (0.3TWh in total). Furthermore, wind speeds were lower in Q2 2018.

In Q2 2019 we had lower than expected generation from the underlying portfolio affected by curtailments and outages as described under financial results H1 2019.

Wind speeds were slightly higher than last year and amounted to an average of 8.0m/s. This was below a normal wind year (8.2m/s).

Revenue from offshore wind farms in operation increased by 17% due to the above-mentioned ramp-up from new offshore wind farms. Revenue from construction agreements decreased by DKK 0.8 billion. The construction primarily concerned Hornsea 1 in Q2 2019, Walney Extension and, Borkum Riffgrund 2 as well as the divestment of the offshore transmission assets at Burbo Bank Extension in Q2 2018.

EBITDA from sites, O&M and PPAs amounted to DKK 2.3 billion, up DKK 0.5 billion compared to Q2 2018. Ramp-up of Borkum Riffgrund 2, Walney Extension and Hornsea 1 contributed positively to the higher earnings whereas non-compensated curtailments and operational issues had a negative effect as described under H1 2019.

EBITDA from construction agreements was at the same level as last year, amounting to DKK 1.6 billion in Q2 2019. The construction agreements primarily concerned Hornsea 1 and positive effects from the ongoing divestments of offshore transmission assets at Walney Extension and Race Bank in Q2 2019, whereas they primarily concerned Walney Extension and Borkum Riffgrund 2 in Q2 2018.

EBITDA from other activities, including project development amounted to DKK -0.6 billion. The increased spend of DKK 0.3 billion compared to Q2 2018 was mainly due to higher project development activities in the US and Taiwan.

Cash flow from operating activities amounted to DKK 7.5 billion in Q2 2019, which was DKK 6.5 billion higher than the same period last year. This was mainly driven by a higher release of funds tied up in work in progress due to received milestone payments from partners in connection with the construction of Hornsea 1.

Gross investments amounted to DKK 1.6 billion in Q2 2019 and were mainly related to the construction of Hornsea 1, Greater Changhua 1 & 2a and, Borssele 1 & 2.

Financial results		Q2 2019	Q2 2018	%	H1 2019	H1 2018	%
Business drivers							
Decided (FID'ed) and installed capacity, offshore wind	GW	9.9	8.9	11%	9.9	8.9	11%
Installed capacity, offshore wind	GW	5.6	5.1	10%	5.6	5.1	10%
Generation capacity, offshore wind	GW	3.3	2.8	18%	3.3	2.8	18%
Wind speed	m/s	8.0	7.9	1%	9.2	9.1	1%
Load factor	%	31	31	0%p	41	42	(1%p)
Availability	%	87	93	(6%p)	92	94	(2%p)
Power generation	TWh	2.2	1.8	22%	5.3	4.8	10%
Denmark		0.5	0.5	0%	1.1	1.1	0%
United Kingdom		1.2	0.9	33%	3.1	2.9	7%
Germany		0.5	0.4	25%	1.0	0.8	25%
USA		0.0	-	n.a.	0.1	-	n.a.
Power price, LEBA UK	GBP/MWh	41.4	52.9	(22%)	47.0	53.3	(12%)
British pound	DKK/GBP	8.5	8.5	0%	8.5	8.5	1%
Financial performance							
Revenue	DKKm	7,446	7,528	(1%)	13,784	14,546	(5%)
Sites, O&M and PPAs		3,078	2,632	17%	7,518	6,637	13%
Construction agreements		4,200	4,960	(15%)	6,190	7,882	(21%)
Other		168	(64)	n.a.	76	27	181%
EBITDA	DKKm	3,301	3,090	7%	7,300	7,046	4%
Sites, O&M and PPAs		2,281	1,767	29%	5,922	5,000	18%
Construction agreements and divestment gains		1,638	1,619	1%	2,526	2,701	(6%)
Other incl. project development		(618)	(296)	109%	(1,148)	(655)	75%
Depreciation	DKKm	(1,355)	(1,098)	23%	(2,653)	(2,117)	25%
EBIT	DKKm	1,946	1,992	(2%)	4,647	4,929	(6%)
Cash flow from operating activities	DKKm	7,538	1,012	645%	8,206	1,687	386%
Gross investments	DKKm	(1,563)	(2,458)	(36%)	(4,442)	(4,162)	7%
Divestments	DKKm	(45)	(29)	55%	2,648	787	236%
Free cash flow	DKKm	5,930	(1,475)	n.a.	6,412	(1,688)	n.a.
Capital employed	DKKm	65,124	63,158	3%	65,124	63,158	3%
ROCE[1]	%	36.0	26.5	9.5%p	36.0	26.5	9.5%p

O&M: Operation and maintenance agreements
PPAs: Power purchase agreements

1) EBIT (last 12 months)/average capital employed

Offshore continued

Financial results H1 2019

Power generation increased by 10% relative to H1 2018. The increase was primarily due to ramp-up of generation from Borkum Riffgrund 2, Walney Extension, and Hornsea 1 (0.7TWh in total). Furthermore, wind speeds were lower in H1 2018.

Despite the significant growth in profits, we are not fully satisfied with our generation in H1 2019 where the number of outages and curtailments across the portfolio has been higher than normal. This was mainly related to Horns Rev 1 in Denmark due to a platform fire in October 2018 (all 79 wind turbines were back in operation at the end of June 2019), converter station outages at Borkum Riffgrund 2, as well as array cable repair campaign at London Array and various array cable and export system outages at Race Bank, West of Duddon Sands, and Burbo Bank in the UK. In addition, we have had higher than expected non-compensated curtailments at our German wind farms in H1 2019.

We estimate that these effects in total have resulted in a non-compensated generation shortfall of roughly 0.3TWh during H1 2019. We expect that some of these issues will persist into Q3 2019. In addition, we had 0.2TWh lower generation in H1 2019 due to curtailment, where we are fully compensated by the grid operator.

Wind speeds were slightly higher than last year and amounted to an average of 9.2m/s. This was in line with a normal wind year, but with underlying differences between locations. High wind speeds in Denmark and Germany were offset by lower wind speeds in the UK.

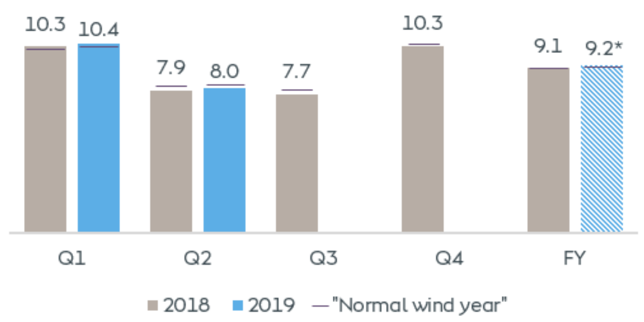
Revenue from offshore wind farms in operation increased by 13% due to the above-mentioned ramp-up from new offshore wind farms. Revenue from construction agreements decreased by DKK 1.7 billion. The construction activity primarily concerned Hornsea 1 in H1 2019. In H1 2018 it concerned Walney Extension and Borkum Riffgrund 2 as well as the divestment of the offshore transmission assets at Burbo Bank Extension.

EBITDA from sites, O&M and PPAs amounted to DKK 5.9 billion, up DKK 0.9 billion compared to H1 2018. Ramp-up of Borkum Riffgrund 2, Walney Extension and Hornsea 1 contributed positively to the higher earnings whereas non-compensated curtailments and operational issues had a negative effect as described under revenue.

EBITDA from construction agreements was DKK 0.2 billion lower than in H1 2018, amounting to DKK 2.5 billion. The construction agreements primarily concerned Hornsea 1 and positive effects from the ongoing divestments of offshore transmission assets at Walney Extension and Race Bank in H1 2019 together with positive effects from settlement of construction projects finalised in 2018. H1 2018, primarily concerned Walney Extension and Borkum Riffgrund 2.

EBITDA from other activities including project development amounted to DKK -1.1 billion. The increase of DKK 0.5 billion compared to H1 2018 was mainly due to higher project development activities in the US and Taiwan.

Wind speed, (m/s) for our offshore wind farms



The wind speed indicates how many metres per second the wind has blown in the areas where we have offshore wind farms. The weighting is based on our generation capacity.

* Indicates m/s for full year 2019 (if Q3 and Q4 follows the normal wind year)

Depreciation increased by 25% due to the commissioning of new offshore wind farms in the UK and Germany.

Cash flow from operating activities amounted to DKK 8.2 billion in H1 2019, which was DKK 6.5 billion higher than the same period last year. A higher release of funds tied up in work in progress due to received milestone payments from partners were partly offset by higher early on account tax payment for 2019.

Gross investments amounted to DKK 4.4 billion in H1 2019 and were mainly related to the construction of Hornsea 1, Greater Changhua 1 & 2a and Borssele 1 & 2.

Cash flow from divestments in H1 2019 related to the receipt of deferred proceeds from the farm-down of 50% of Hornsea 1 in 2018 (DKK 1.7 billion) and to the strengthening of our strategic partnership with Eversource as they became a 50% partner in our activities in the New England area in February (DKK 1.0 billion).

ROCE (last 12 months) increased by 10 percentage points to 36% and was in both periods particularly impacted by gains from the farm-downs of 50% of Hornsea 1 in Q4 2018 and Walney Extension and Borkum Riffgrund 2 in Q4 2017.

Project development costs

The total spend on project development for 2019 is expected to increase to approx DKK 2.5 billion, of which approx DKK 1.8 billion is expected to be expensed and the remaining part to be capitalised. The increase is mainly related to our US activities. We capitalise costs in the US when we have an irrevocable PPA contract and an investable project. For our US projects, we have higher costs before FID compared to the other markets we currently operate in, partly due to later timing of FID relative to commissioning of the wind farm because of the regulatory process, and partly due to higher site investigation costs. In addition, the later than expected FID on Greater Changhua 1 & 2 in Taiwan has to some extent increased project development costs.

Onshore

Highlights Q2 2019

- We commissioned the 184MW Lockett wind farm in July.
- We acquired the 103MW construction-ready wind project Willow Creek in South Dakota and have started construction.
- Integration of the newly acquired solar and storage development activities of Coronal Energy into our US organisation is progressing as planned.

Financial results Q2 2019

As we acquired Lincoln Clean Energy and established the Onshore business unit 1 October 2018, there are no comparison figures for Q2 2018.

Power generation amounted to 0.8TWh in Q2 2019. Wind speeds were on average 7.7 m/s, which was below normal wind speeds in Texas (8.4m/s).

Revenue amounted to DKK 0.1 billion and related to our operating wind farms.

EBITDA amounted to DKK 0.2 billion in total. EBITDA from sites were DKK 0.1 billion and production tax credits (PTCs) contributed with an additional DKK 0.1 billion. Project development and other costs amounted to DKK -0.1 billion.

Cash flows from operating activities amounted to DKK 0.1 billion, which primarily comprised EBITDA less funds tied up in net working capital.

Gross investments amounted to DKK 1.2 billion in Q2 2019 and related to construction of Sage Draw and Lockett as well as the acquisitions of the Willow Creek project and the development activities of Coronal Energy.

Financial results H1 2019

Power generation amounted to 1.7TWh in H1 2019. Wind speeds were on average of 7.7 m/s, which was below normal wind speeds in Texas (8.4m/s).

Revenue amounted to DKK 0.2 billion and related to our operating wind farms.

EBITDA amounted to DKK 0.3 billion in total. EBITDA from sites were DKK 0.2 billion and production tax credits (PTCs) contributed with an additional DKK 0.3 billion. Project development and other costs amounted to DKK -0.1 billion.

Cash flows from operating activities amounted to DKK 0.0 billion, which primarily comprised EBITDA less funds tied up in net working capital.

Gross investments amounted to DKK 1.7 billion in H1 2019 and related to the construction of Sage Draw, Lockett and Tahoka and the above-mentioned acquisitions of Coronal Energy's development activities and Willow Creek.

Financial results		Q2 2019	Q2 2018	%	H1 2019	H1 2018	%
Business drivers							
Decided (FID'ed) and installed capacity	MW	1,438	n.a.	n.a.	1,438	n.a.	n.a.
Installed capacity	MW	813	n.a.	n.a.	813	n.a.	n.a.
Wind speed	m/s	7.7	n.a.	n.a.	7.7	n.a.	n.a.
Load factor	%	47	n.a.	n.a.	47	n.a.	n.a.
Availability	%	97	n.a.	n.a.	97	n.a.	n.a.
Power generation	GWh	0.8	n.a.	n.a.	1.7	n.a.	n.a.
Net realised price	USD/MWh	18	n.a.	n.a.	17	n.a.	n.a.
US dollar	DKK/USD	6.6	n.a.	n.a.	6.6	n.a.	n.a.
Financial performance							
Revenue	DKKm	134	n.a.	n.a.	248	n.a.	n.a.
EBITDA	DKKm	167	n.a.	n.a.	319	n.a.	n.a.
Sites		80	n.a.	n.a.	154	n.a.	n.a.
Production tax credits and tax attributes		140	n.a.	n.a.	282	n.a.	n.a.
Other including project development		(53)	n.a.	n.a.	(117)	n.a.	n.a.
Depreciation	DKKm	(78)	n.a.	n.a.	(158)	n.a.	n.a.
EBIT	DKKm	89	n.a.	n.a.	161	n.a.	n.a.
Cash flow from operating activities	DKKm	84	n.a.	n.a.	(10)	n.a.	n.a.
Gross investments	DKKm	(1,258)	n.a.	n.a.	(1,798)	n.a.	n.a.
Divestments	DKKm	-	n.a.	n.a.	-	n.a.	n.a.
Free cash flow	DKKm	(1,174)	n.a.	n.a.	(1,808)	n.a.	n.a.
Capital employed	DKKm	8,032	n.a.	n.a.	8,032	n.a.	n.a.
ROCE[1]	%	3.9	n.a.	n.a.	3.9	n.a.	n.a.

[1] EBIT (last 12 months)/average capital employed

Bioenergy

Highlights Q2 2019

- Biomass share in heat and power generation increased to 65% compared to 57% in H1 2018.
- The reconfiguration of our first Renescience plant in the UK was completed and final commissioning is expected at the end of the year.
- We divested our ownership interest in the Kalundborg Bioenergi plant together with the two upgrading plants in Fredericia and Horsens, and we also signed an agreement to divest Stigsnæs Power Station and transit harbour.

Financial results Q2 2019

Total revenue increased by DKK 0.1 billion to DKK 1.0 billion in Q2 2019. Heat generation increased by 0.2TWh due to colder weather compared to Q2 2018, leading to a 15% increase in heat revenue in the quarter. Power generation decreased by 0.2TWh, driven by lower power prices.

EBITDA was DKK 0.1 billion lower than in Q2 2018. The decrease was related to our power business, mainly due to higher maintenance costs in Q2 2019 compared to Q2 2018 (mainly due to timing) as well as various minor one-off effects. Underlying earnings from our CHP plants were in line with last year. The lower power earnings were partly offset by EBITDA from heat generation which was slightly higher than the same period last year.

Cash flow from operating activities amounted to DKK 0.2 billion, DKK 0.1 billion higher than in Q2 2018. The increase was mainly due to higher trade and VAT payables due to the higher generation in Q2 2019, only partly offset by higher receivables.

Financial results H1 2019

Revenue decreased by DKK 0.5 billion to DKK 3.2 billion in H1 2019.

Revenue from heat sales decreased by 10% and amounted to DKK 1.6 billion, and revenue from power sales decreased by 18% to DKK 1.6 billion. Both were negatively affected by the warm weather in Q1 2019 compared to Q1 2018. In addition, revenue from power sales was adversely impacted by the divestment of our Dutch power plant in Q3 2018.

EBITDA was DKK 0.1 billion lower than H1 2018 and amounted to DKK 0.3 billion.

EBITDA from heat generation and ancillary services was at the same level as the year before.

EBITDA from power generation was DKK 0.1 billion lower than in H1 2018. The decrease was mainly due to lower spreads and lower generation as well as higher maintenance costs. This was partly offset by the reversal of a provision in Q1 2019 which was no longer relevant.

Cash flow from operating activities amounted to DKK 0.3 billion, a decrease of DKK 0.4 billion compared to H1 2018. The decrease was mainly due to the lower EBITDA and higher inventories.

Gross investments amounted to DKK 0.4 billion in H1 2019. The largest investments related to the biomass conversion of Asnæs Power Station.

Financial results		Q2 2019	Q2 2018	%	H1 2019	H1 2018	%
Business drivers							
Degree days	Number	269	149	81%	1,409	1,566	(10%)
Heat generation	TWh	1.1	0.9	22%	4.8	5.7	(16%)
Power generation	TWh	0.7	0.9	(22%)	2.6	4.2	(38%)
Power price, DK	EUR/MWh	36.8	39.8	(7%)	39.9	38.3	4%
Green dark spread, DK	EUR/MWh	(3.4)	(0.5)	623%	(2.1)	0.9	n.a.
Green spark spread, DK	EUR/MWh	0.1	(7.6)	n.a.	(1.6)	(8.0)	(80%)
Financial results							
Revenue	DKKm	990	882	12%	3,238	3,767	(14%)
Heat		505	438	15%	1,626	1,810	(10%)
Power, including ancillary services		485	444	9%	1,612	1,957	(18%)
EBITDA	DKKm	(159)	(71)	124%	276	368	(25%)
Heat		143	119	20%	426	449	(5%)
Ancillary services		91	90	1%	192	193	(1%)
Power		(393)	(280)	40%	(342)	(274)	25%
Depreciation	DKKm	(151)	(162)	(7%)	(294)	(324)	(9%)
EBIT	DKKm	(310)	(233)	33%	(18)	44	n.a.
Cash flow from operating activities	DKKm	153	71	115%	271	678	(60%)
Gross investments	DKKm	(184)	(354)	(48%)	(446)	(559)	(20%)
Divestments	DKKm	39	(21)	n.a.	35	(22)	n.a.
Free cash flow	DKKm	8	(304)	n.a.	(140)	97	n.a.
Capital employed	DKKm	2,401	2,482	(3%)	2,401	2,482	(3%)
ROCE[1]	%	(14.4)	(9.0)	(5.4%p)	(14.4)	(9.0)	(5.4%p)

[1] EBIT (last 12 months)/average capital employed

Customer Solutions

Highlights Q2 2019

- At the end of June, the customers in our power distribution company, Radius, had started using 976,000 smart meters, marking an approx 96% completion of the roll-out.
- We continued the preparations of separating our power distribution, residential customer and city light business activities from the rest of the Group.

Financial results Q2 2019

Revenue was down 13% and amounted to DKK 10.4 billion in Q2 2019. The decrease was driven by an average decrease in gas and UK power prices of 38% and 22%, respectively, relative to Q2 2018. In addition, lower gas volumes sold contributed to the decrease.

EBITDA totalled DKK 0.3 billion in Q2 2019, which was DKK 0.2 billion higher than in Q2 2018. The increase was mainly due to higher earnings from trading related to hedging of our energy exposures and optimisation of our LNG assets in Europe as well as strong margins in our gas portfolio during Q2 2019.

This was partly offset by lower earnings related to our gas at storage within Markets. The substantial drop in gas prices during Q2 2019 led to a decrease in the accounting value of our gas inventories and consequently a temporary negative impact on EBITDA in Markets in the quarter. This negative impact will be partly offset if the gas prices increase or when we sell the gas later in 2019/2020, as we have hedged most of our gas margin.

Cash flow from operating activities amounted to DKK -0.3 billion in Q2 2019. The decrease of DKK 2.5 billion was mainly due to higher receivables, which includes factoring of ROCs, and lower payables at the end of June as we sourced lower gas volumes.

Financial results H1 2019

Revenue decrease by 18% compared to H1 2018 and amounted to DKK 20.2 billion. The decrease was mainly driven by an average decrease in gas and UK power prices of 25% and 12%, respectively, relative to the same period last year. In addition, lower gas and power volumes contributed to the lower revenue.

EBITDA amounted to DKK 0.9 billion in H1 2019 and was thus DKK 0.5 billion lower than the year before.

EBITDA from Markets was DKK 0.4 billion lower than in H1 2018 and amounted to DKK 0.4 billion. The decrease was due to a one-off compensation awarded following the completion of an arbitration relating to a gas purchase contract in Q1 2018. Earnings were furthermore adversely impacted by the substantial drop in gas prices in H1 2019 combined with a high volume of our gas at storage. This was partly offset by significantly higher earnings from trading related to hedging of our energy exposures as well as strong margins in our gas portfolio in H1 2019.

EBITDA from LNG amounted to DKK -0.1 billion, which was at the same level as last year.

Financial results		Q2 2019	Q2 2018	%	H1 2019	H1 2018	%
Business drivers							
Regulatory asset base (power)	DKKm	11,431	10,957	4%	11,431	10,957	4%
Gas sales	TWh	32.1	34.1	(6%)	58.6	76.7	(24%)
Sales		7.9	8.4	(6%)	17.3	21.6	(20%)
Markets (excl. volumes to Sales)		24.2	25.7	(6%)	41.3	55.0	(25%)
Power sales	TWh	7.4	6.8	9%	17.1	18.3	(7%)
Sales		3.3	3.5	(3%)	7.3	7.5	(3%)
Markets (excl. volumes to Sales)		4.1	3.3	28%	9.8	10.7	(8%)
Power distribution	TWh	1.9	1.9	0%	4.2	4.3	(2%)
Gas price, TTF	EUR/MWh	13.0	21.0	(38%)	15.7	21.0	(25%)
Oil price, Brent	USD/boe	68.8	74.4	(7%)	66.0	70.6	(6%)
Power Price, LEBA	GBP/MWh	41.4	52.9	(22%)	47.0	53.3	(12%)
US dollar	DKK/USD	6.6	6.3	6%	6.6	6.2	7%
British pound	DKK/GBP	8.5	8.5	0%	8.5	8.5	1%
Financial results							
Revenue	DKKm	10,399	11,918	(13%)	20,241	24,577	(18%)
EBITDA	DKKm	310	122	154%	877	1,336	(34%)
Distribution		283	251	13%	694	683	2%
Sales		(41)	(14)	193%	(72)	(9)	700%
Markets		105	(8)	n.a.	366	786	(53%)
LNG		(37)	(107)	(65%)	(111)	(124)	(10%)
Depreciation	DKKm	(52)	(189)	(72%)	(94)	(380)	(75%)
EBIT	DKKm	258	(67)	n.a.	783	956	(18%)
Cash flow from operating activities	DKKm	(302)	2,217	n.a.	(1,064)	2,127	n.a.
Gross investments	DKKm	(311)	(286)	9%	(516)	(441)	17%
Divestments	DKKm	(4)	35	n.a.	(15)	48	n.a.
Free cash flow	DKKm	(617)	1,966	n.a.	(1,595)	1,734	n.a.
Capital employed	DKKm	14,059	9,755	44%	14,059	9,755	44%
ROCE[1]	%	13.7	8.8	4.9%p	13.7	8.8	4.9%p

[1] EBIT (last 12 months)/average capital employed

Customer Solutions

EBITDA from distribution amounted to DKK 0.7 billion, also on the same level as last year.

EBITDA from Sales amounted to DKK -0.1 billion, DKK 0.1 billion lower than last year, mainly due to lower margins in our C&I business in the UK and Germany.

Cash flows from operating activities amounted to DKK -1.1 billion in H1 2019. The decrease of DKK 3.2 billion was primarily due to the lower EBITDA, higher paid tax, higher receivables, which includes factoring of ROCs, and lower payables at the end of June as we sourced gas volumes.

Gross investments totalled DKK 0.5 billion in H1 2019 and mainly related to maintenance of the power distribution grid and the installation of new smart meters.

ROCE (last 12 months) increased by 5 percentage points to 14%. The increase was due to higher EBIT in the last twelve months, mainly due to our Danish power distribution and residential customer businesses being classified as assets held for sale by the end of 2018 and therefore not depreciated in H1 2019. In addition, EBIT (last 12 months) was positively affected by reversal of a previous impairment loss of DKK 0.6 billion in Q4 2018. The higher EBIT was only partly offset by higher capital employed, mainly due to more funds tied up in net working capital.

Performance highlights

Income statement (Business performance), DKKm	H1 2019	H1 2018	Q2 2019	Q2 2018	2018
Revenue	33,682	38,401	16,443	18,593	76,946
EBITDA	8,755	8,598	3,625	3,079	30,029
Offshore	7,300	7,046	3,301	3,090	27,809
Onshore	319	-	167	-	44
Bioenergy	276	368	(159)	(71)	367
Customer Solutions	877	1,336	310	122	1,970
Other activities	(17)	(152)	6	(62)	(161)
Depreciation and amortisation	(3,307)	(2,844)	(1,689)	(1,462)	(5,978)
Impairment losses	0	0	0	0	603
Operating profit (loss) (EBIT)	5,448	5,754	1,936	1,617	24,654
Gain (loss) on divestment of enterprises	(35)	(26)	(18)	(16)	127
Net financial income and expenses	(444)	(799)	(545)	(504)	(1,278)
Share of profit (loss) from associates and joint ventures	4	2	3	4	1
Profit (loss) before tax	4,973	4,931	1,376	1,101	23,504
Tax	(1,241)	(1,023)	(283)	(225)	(4,018)
Profit (loss) for the period from continuing operations	3,732	3,908	1,093	876	19,486
Profit (loss) for the period from discontinued operations	(61)	(11)	(18)	(19)	10
Profit (loss) for the period	3,671	3,897	1,075	857	19,496
Balance sheet					
Assets	185,949	149,149	185,949	149,149	174,575
Equity	86,446	69,744	86,446	69,744	85,115
Shareholders in Ørsted A/S	69,960	52,884	69,960	52,884	68,488
Non-controlling interests	3,247	3,621	3,247	3,621	3,388
Hybrid capital	13,239	13,239	13,239	13,239	13,239
Interest-bearing net debt	4,980	4,603	4,980	4,603	(2,219)
Capital employed	91,426	74,347	91,426	74,347	82,896
Additions to property, plant, and equipment	7,431	6,919	3,755	3,137	14,436
Cash flow					
Cash flow from operating activities	7,392	2,895	7,510	3,293	10,343
Gross investments	(7,267)	(5,180)	(3,368)	(3,109)	(24,481)
Divestments	2,667	821	(11)	(14)	19,950
Free cash flow	2,792	(1,464)	4,131	170	5,812
Financial ratios					
Return on capital employed (ROCE)[1,5], %	29.3	23.5	29.3	23.5	32.1
FFO/adjusted net debt[2,5], %	57.5	44.3	57.5	44.3	69.0
Number of outstanding shares, end of period, '000	419,985	420,155	419,985	420,155	420,045
Share price, end of period, DKK	532.8	392.0	532.8	392.0	435.7
Market capitalisation, end of period, DKK billion	223.8	164.7	223.8	164.7	183.0
Earnings per share (EPS) (BP), DKK	8.1	8.6	1.9	1.4	45.3
Income statement (IFRS)					
Revenue	36,040	36,557	17,277	16,859	75,520
EBITDA	10,432	7,010	4,425	1,725	28,491
Profit (loss) for the period from continuing operations	5,040	2,669	1,718	(180)	18,266

Business drivers	H1 2019	H1 2018	Q2 2019	Q2 2018	2018
Offshore					
Decided (FID'ed) and installed capacity[3], offshore wind, GW	9.9	8.9	9.9	8.9	9.0
Installed capacity, offshore wind, GW	5.6	5.1	5.6	5.1	5.6
Generation capacity, offshore wind, GW	3.3	2.8	3.3	2.8	3.0
Wind speed[3], m/s	9.2	9.1	8.0	7.9	9.1
Load factor[3], %	41	42	31	31	42
Availability[3], %	92	94	87	93	93
Power generation, TWh	5.3	4.8	2.2	1.8	10.0
Onshore					
Installed capacity[3], onshore wind, GW	0.8	-	0.8	-	0.8
Wind speed[3], m/s	7.7	-	7.7	-	7.3
Load factor[3], %	47	-	47	-	41
Availability[3], %	97	-	97	-	92
Power generation[3], TWh	1.7	-	0.8	-	0.5
Bioenergy					
Degree days[3], number	1,409	1,566	269	149	2,526
Heat generation, TWh	4.8	5.7	1.1	0.9	8.8
Power generation, TWh	2.6	4.2	0.7	0.9	6.7
Customer Solutions					
Regulatory value of power distribution assets[4]	11,431	10,957	11,431	10,957	10,957
Power distribution, TWh	4.2	4.3	1.9	1.9	8.4
Power sales, TWh	17.1	18.3	7.4	6.8	35.3
Gas sales, TWh	58.6	76.7	32.1	34.1	134.1
People and environment					
Employees (FTE), end of period number	6,312	5,741	6,312	5,741	6,080
Total recordable injury rate (TRIR)[5]	4.1	6.2	4.1	6.2	4.7
Fatalities, number	1	0	1	0	0
Green share of heat and power generation, %	82	71	85	80	75
Carbon emissions, g CO_2e/kWh	80	141	71	123	131

Business performance vs. IFRS
Business performance represents the underlying financial performance of the Group in the reporting period as results are adjusted for temporary fluctuations in the market value of contracts (including hedging transactions) relating to other periods. Apart from this, there is no difference between business performance and IFRS results. Read more in note 2.

1) EBIT (last 12 months)/average capital employed.
2) Net debt including 50% of hybrid capital, cash and securities not available for use (with the exception of repo transactions), present value of lease obligations (in 2018), and decommissioning obligations less deferred tax.
3) See definition on page 172 and 'ESG statements' in the annual report for 2018.
4) The figures indicate values from the latest regulatory financial statements (updated in June).
5) Last 12 months.

Quarterly overview

Income statement (Business performance), DKKm	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Revenue	16,443	17,239	23,527	15,018	18,593	19,808	15,598	11,869
EBITDA	3,625	5,130	19,206	2,225	3,079	5,519	13,032	1,757
Offshore	3,301	3,999	18,791	1,972	3,090	3,956	12,591	1,674
Onshore	167	152	44	-	-	-	-	-
Bioenergy	(159)	435	203	(204)	(71)	439	240	(142)
Customer Solutions	310	567	156	478	122	1,214	179	202
Other activities	6	(23)	12	(21)	(62)	(90)	22	23
Depreciation and amortisation	(1,689)	(1,618)	(1,697)	(1,437)	(1,462)	(1,382)	(1,517)	(1,385)
Impairment losses	-	-	603	-	-	-	(545)	-
Operating profit (loss) (EBIT)	1,936	3,512	18,112	788	1,617	4,137	10,970	372
Gain (loss) on divestment of enterprises	(18)	(17)	(28)	181	(16)	(10)	(14)	(108)
Net financial income and expenses	(545)	101	(43)	(436)	(504)	(295)	(649)	22
Share of profit (loss) from associates and joint ventures	3	1	(3)	2	4	(2)	42	(7)
Profit (loss) before tax	1,376	3,597	18,038	535	1,101	3,830	10,349	279
Tax	(283)	(958)	(2,878)	(117)	(225)	(798)	(999)	(70)
Profit (loss) for the period from continuing operations	1,093	2,639	15,160	418	876	3,032	9,350	209
Profit (loss) for the period from discontinued operations	(18)	(43)	34	(13)	(19)	8	79	2,931
Profit (loss) for the period	1,075	2,596	15,194	405	857	3,040	9,429	3,140
Balance sheet								
Assets	185,949	182,783	174,575	150,909	149,149	147,739	146,521	126,190
Equity	86,446	85,843	85,115	68,701	69,744	70,823	71,837	64,203
Shareholders in Ørsted A/S	69,960	69,193	68,488	52,029	52,884	53,861	54,791	47,050
Non-controlling interests	3,247	3,411	3,388	3,433	3,621	3,723	3,807	3,905
Hybrid capital	13,239	13,239	13,239	13,239	13,239	13,239	13,239	13,248
Interest-bearing net debt	4,980	9,111	(2,219)	8,957	4,603	4,331	(1,517)	10,260
Capital employed	91,426	94,954	82,896	77,658	74,347	75,154	70,320	74,462
Additions to property, plant, equipment	3,755	3,676	4,575	2,942	3,137	3,782	7,137	4,795
Cash flow								
Cash flow from operating activities	7,510	(118)	7,565	(117)	3,293	(398)	3,078	(1,095)
Gross investments	(3,368)	(3,899)	(14,916)	(4,385)	(3,109)	(2,071)	(5,805)	(5,150)
Divestments	(11)	2,678	18,749	380	(14)	835	14,875	1,882
Free cash flow	4,131	(1,339)	11,398	(4,122)	170	(1,634)	12,148	(4,363)
Financial ratios								
Return on capital employed (ROCE)[1], %	29.3	28.2	32.1	23.0	23.5	26.7	25.2	15.0
FFO/adjusted net debt[2,5], %	57.5	46.2	69.0	41.7	44.3	45.6	50.3	26.5
Number of outstanding shares, end of period, '000	419,985	420,045	420,045	420,155	420,155	420,155	420,155	420,155
Share price, end of period, DKK	532.8	504.4	435.7	436.3	386.0	392.0	338.7	360.4
Market capitalisation, end of period, DKK billion	223.8	211.7	183.0	183.3	162.3	164.7	142.3	151.5
Earnings per share (EPS) (BP), DKK	1.9	6.2	35.6	1.1	1.4	7.2	21.7	7.1
Income statement (IFRS)								
Revenue	17,277	18,763	26,165	12,798	16,859	19,698	14,711	11,647
EBITDA	4,425	6,007	20,914	567	1,725	5,285	12,311	1,643
Profit (loss) for the period from continuing operations	1,718	3,322	16,472	(875)	(180)	2,849	8,787	120

Business drivers	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Offshore								
Decided (FID'ed) capacity[3], offshore wind, GW	9.9	9.0	9.0	8.9	8.9	8.9	8.9	8.9
Installed capacity, offshore wind, GW	5.6	5.6	5.6	5.1	5.1	4.4	3.9	3.8
Generation capacity, offshore wind, GW	3.3	3.0	3.0	2.9	2.8	2.7	2.5	2.3
Wind speed, m/s	8.0	10.4	10.3	7.7	7.9	10.3	11.0	7.9
Load factor[3], %	31	51	53	32	31	55	54	34
Availability[3], %	87	96	93	92	93	94	92	92
Power generation, TWh	2.2	3.1	3.3	1.9	1.8	3.0	2.9	1.7
Onshore								
Installed capacity[3], onshore wind, GW	0.8	0.8	0.8	-	-	-	-	-
Wind speed[3], m/s	7.7	7.8	7.3	-	-	-	-	-
Load factor[3], %	47	47	41	-	-	-	-	-
Availability[3], %	97	97	92	-	-	-	-	-
Power generation, TWh	0.8	0.8	0.6	-	-	-	-	-
Bioenergy								
Degree days[3], number	269	1,140	884	76	149	1,417	895	115
Heat generation, TWh	1.1	3.7	2.8	0.3	0.9	4.8	2.8	0.7
Power generation, TWh	0.7	1.9	1.8	0.7	0.9	3.3	2.3	1.2
Customer Solutions								
Regulatory value of power distribution assets[4]	11,431	10,957	10,957	10,957	10,957	10,623	10,623	10,623
Power distribution, TWh	1.9	2.3	2.3	1.8	1.9	2.4	2.2	1.9
Power sales, TWh	7.4	9.7	10.4	6.6	6.8	11.5	10.6	8.2
Gas sales, TWh	32.1	26.5	26.0	31.5	34.1	42.5	36.9	29.4
People and environment								
Employees (FTE) end of period, number	6,312	6,176	6,080	5,882	5,741	5,662	5,638	5,641
Total recordable injury rate (TRIR)[5]	4.1	4.3	4.7	5.0	6.2	6.7	6.4	6.7
Fatalities, number	1	0	0	0	0	0	0	0
Green share of heat and power generation, %	85	80	83	71	80	68	76	60
Carbon emissions, g CO_2e/kWh	71	85	87	212	123	147	106	203

Business performance vs. IFRS

Business performance represents the underlying financial performance of the Group in the reporting period as results are adjusted for temporary fluctuations in the market value of contracts (including hedging transactions) relating to other periods. Apart from this, there is no difference between business performance and IFRS results. Read more in note 2.

[1] EBIT (last 12 months)/average capital employed.

[2] Net debt including 50% of hybrid capital, cash and securities not available for use (with the exception of repo transactions), present value of lease obligations (in 2017 and 2018), and decommissioning obligations less deferred tax.

[3] See definition on page 172 and 'ESG statement' in the annual report for 2018.

[4] The figures indicate values from the latest regulatory financial statements (updated in June)

[5] Last 12 months.

Contents

Income statement

1 January - 30 June

Note	Income statement, DKKm	H1 2019 Business performance	H1 2019 Adjustments	H1 2019 IFRS	H1 2018 Business performance	H1 2018 Adjustments	H1 2018 IFRS
4	Revenue	33,682	2,358	36,040	38,401	(1,844)	36,557
	Cost of sales	(21,066)	(681)	(21,747)	(26,232)	256	(25,976)
	Other external expenses	(2,954)	-	(2,954)	(2,362)	-	(2,362)
	Employee costs	(1,873)	-	(1,873)	(1,568)	-	(1,568)
	Share of profit (loss) in associates and joint ventures	(13)	-	(13)	3	-	3
5	Other operating income	1,138	-	1,138	503	-	503
5	Other operating expenses	(159)	-	(159)	(147)	-	(147)
	Operating profit (loss) before depreciation, amortisation and impairment losses (EBITDA)	**8,755**	**1,677**	**10,432**	**8,598**	**(1,588)**	**7,010**
	Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	(3,307)	-	(3,307)	(2,844)	-	(2,844)
	Operating profit (loss) (EBIT)	**5,448**	**1,677**	**7,125**	**5,754**	**(1,588)**	**4,166**
	Gain (loss) on divestment of enterprises	(35)	-	(35)	(26)	-	(26)
	Share of profit (loss) in associates and joint ventures	4	-	4	2	-	2
9	Financial income	2,598	-	2,598	1,426	-	1,426
9	Financial expenses	(3,042)	-	(3,042)	(2,225)	-	(2,225)
	Profit (loss) before tax	**4,973**	**1,677**	**6,650**	**4,931**	**(1,588)**	**3,343**
	Tax on profit (loss) for the period	(1,241)	(369)	(1,610)	(1,023)	349	(674)
	Profit (loss) for the period from continuing operations	**3,732**	**1,308**	**5,040**	**3,908**	**(1,239)**	**2,669**
8	**Profit (loss) for the period from discontinued operations**	**(61)**	**-**	**(61)**	**(11)**	**-**	**(11)**
	Profit (loss) for the period	**3,671**	**1,308**	**4,979**	**3,897**	**(1,239)**	**2,658**
	Profit (loss) for the period is attributable to:						
	Shareholders of Ørsted A/S	3,374	1,308	4,682	3,613	(1,239)	2,374
	Interests and costs after tax, hybrid capital owners of Ørsted A/S	256		256	255		255
	Non-controlling interests	41		41	29		29
	Profit (loss) per share, DKK:						
	From continuing operations	8.2		11.3	8.6		5.7
	From discontinued operations	(0.1)		(0.1)	0.0		0.0
	Total profit (loss) per share	**8.1**		**11.2**	**8.6**		**5.7**

Profit (loss) per share
Diluted profit (loss) per share corresponds to profit (loss) per share, as the dilutive effect of the share incentive programme is less than 0.1% of the share capital.

Effective tax rate
The estimated average annual tax rate for ordinary business activities is 25% compared to 28% for the full year of 2018.

Accounting policies

Business performance
The business performance principle is our alternative performance measure. Under business performance, the market value adjustment of our energy hedges, where we do not apply IFRS hedge accounting, are deferred and recognised in the profit (loss) in the period in which the hedged exposure materialises. Energy hedges consist of energy contracts and hedges together with related currency hedges. According to IFRS, the market value of energy hedges, where we do not apply IFRS hedge accounting, are recognised on an ongoing basis in the profit (loss) for the period. The difference between IFRS and business performance is specified in the 'Adjustments' column. Read more about the business performance principle in note 2 'Business performance' as well as note 1.6 'Business performance' in the annual report 2018.

Effective tax rate
The estimated average annual tax rate is separated based on regions and into two different categories: a) ordinary business activities and b) gain (loss) on divestments.

Statement of comprehensive income

1 January - 30 June

Statement of comprehensive income, DKKm	H1 2019 Business performance	H1 2019 Adjustments	H1 2019 IFRS	H1 2018 Business performance	H1 2018 Adjustments	H1 2018 IFRS
Profit (loss) for the period	**3,671**	**1,308**	**4,979**	**3,897**	**(1,239)**	**2,658**
Other comprehensive income:						
Cash-flow hedging:						
Value adjustments for the period	2,491	(1,249)	1,242	(2,303)	1,689	(614)
Value adjustments transferred to income statement	552	(428)	124	(131)	(101)	(232)
Exchange rate adjustments:						
Exchange rate adjustments relating to net investment in foreign enterprises	(585)	-	(585)	126	-	126
Value adjustment of net investment hedges	293	-	293	78	-	78
Tax:						
Tax on hedging instruments	(566)	369	(197)	505	(349)	156
Tax on exchange rate adjustments	85	-	85	(17)	-	(17)
Other:						
Share of other comprehensive income of associated companies, after tax	(8)	-	(8)	-	-	-
Other comprehensive income	**2,262**	**(1,308)**	**954**	**(1,742)**	**1,239**	**(503)**
Total comprehensive income	**5,933**	**-**	**5,933**	**2,155**	**-**	**2,155**
Comprehensive income for the period is attributable to:						
Shareholders in Ørsted A/S			5,620			1,854
Interest payments and costs after tax, hybrid capital owners of Ørsted A/S			256			255
Non-controlling interests			57			46
Total comprehensive income			**5,933**			**2,155**

Statement of comprehensive income
All items in 'Other comprehensive income' may be recycled to the income statement.

Income statement

1 April - 30 June

Note	Income statement, DKKm	Q2 2019 Business performance	Q2 2019 Adjustments	Q2 2019 IFRS	Q2 2018 Business performance	Q2 2018 Adjustments	Q2 2018 IFRS
4	Revenue	16,443	834	17,277	18,593	(1,734)	16,859
	Cost of sales	(10,703)	(34)	(10,737)	(13,642)	380	(13,262)
	Other external expenses	(1,554)	-	(1,554)	(1,267)	-	(1,267)
	Employee costs	(951)	-	(951)	(806)	-	(806)
	Share of profit (loss) in associates and joint ventures	(11)	-	(11)	2	-	2
5	Other operating income	465	-	465	303	-	303
5	Other operating expenses	(64)	-	(64)	(104)	-	(104)
	Operating profit (loss) before depreciation, amortisation and impairment losses (EBITDA)	**3,625**	**800**	**4,425**	**3,079**	**(1,354)**	**1,725**
	Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	(1,689)	-	(1,689)	(1,462)	-	(1,462)
	Operating profit (loss) (EBIT)	**1,936**	**800**	**2,736**	**1,617**	**(1,354)**	**263**
	Gain (loss) on divestment of enterprises	(18)	-	(18)	(16)	-	(16)
	Share of profit (loss) in associates and joint ventures	3	-	3	4	-	4
9	Financial income	938	-	938	73	-	73
9	Financial expenses	(1,483)	-	(1,483)	(577)	-	(577)
	Profit (loss) before tax	**1,376**	**800**	**2,176**	**1,101**	**(1,354)**	**(253)**
	Tax on profit (loss) for the period	(283)	(175)	(458)	(225)	298	73
	Profit (loss) for the period from continuing operations	**1,093**	**625**	**1,718**	**876**	**(1,056)**	**(180)**
8	**Profit (loss) for the period from discontinued operations**	**(18)**	**-**	**(18)**	**(19)**	**-**	**(19)**
	Profit (loss) for the period	**1,075**	**625**	**1,700**	**857**	**(1,056)**	**(199)**
	Profit (loss) for the period is attributable to:						
	Shareholders in Ørsted A/S	764	625	1,389	564	(1,056)	(492)
	Interests and costs after tax, hybrid capital owners of Ørsted A/S	291		291	290		290
	Non-controlling interests	20		20	3		3
	Profit (loss) per share, DKK:						
	From continuing operations	1.9		3.4	1.4		(1.1)
	From discontinued operations	0.0		0.0	0.0		0.0
	Total profit (loss) per share	**1.9**		**3.4**	**1.4**		**(1.1)**

Profit (loss) per share
Diluted profit (loss) per share corresponds to profit (loss) per share, as the dilutive effect of the share incentive programme is less than 0.1% of the share capital.

Effective tax rate
The estimated average annual tax rate for ordinary business activities is 25% compared to 28% for the full year 2018.

Accounting policies

Business performance
The business performance principle is our alternative performance measure. Under business performance, the market value adjustment of our energy hedges, where we do not apply IFRS hedge accounting, are deferred and recognised in the profit (loss) in the period in which the hedged exposure materialises. Energy hedges consist of energy contracts and hedges together with related currency hedges. According to IFRS, the market value of energy hedges, where we do not apply IFRS hedge accounting, are recognised on an ongoing basis in the profit (loss) for the period. The difference between IFRS and business performance is specified in the 'Adjustments' column. Read more about the business performance principle in note 2 'Business performance' as well as note 1.6 'Business performance' in the annual report 2018.

Effective tax rate
The estimated average annual tax rate is separated based on regions and into two different categories: a) ordinary business activities and b) gain (loss) on divestments.

Statement of comprehensive income

1 April - 30 June

Statement of comprehensive income, DKKm	Q2 2019 Business performance	Q2 2019 Adjustments	Q2 2019 IFRS	Q2 2018 Business performance	Q2 2018 Adjustments	Q2 2018 IFRS
Profit (loss) for the period	**1,075**	**625**	**1,700**	**857**	**(1,056)**	**(199)**
Other comprehensive income:						
Cash-flow hedging:						
Value adjustments for the period	1,120	(676)	444	(1,516)	1,411	(105)
Value adjustments transferred to income statement	164	(124)	40	(250)	(57)	(307)
Exchange rate adjustments:						
Exchange rate adjustments relating to net investment in foreign enterprises	(2,558)	-	(2,558)	(392)	-	(392)
Value adjustment of net investment hedges	1,367	-	1,367	161	-	161
Value adjustments and hedges transferred to income statement	-	-	-	-	-	-
Tax:						
Tax on hedging instruments	(265)	175	(90)	348	(298)	50
Tax on exchange rate adjustments	112	-	112	69	-	69
Other:						
Share of other comprehensive income of associated companies, after tax	(7)	-	(7)	-	-	-
Other comprehensive income	**(67)**	**(625)**	**(692)**	**(1,580)**	**1,056**	**(524)**
Total comprehensive income	**1,008**	**-**	**1,008**	**(723)**	**-**	**(723)**
Comprehensive income for the period is attributable to:						
Shareholders in Ørsted A/S			824			(1,016)
Interest payments and costs after tax, hybrid capital owners of Ørsted A/S			291			290
Non-controlling interests			(107)			3
Total comprehensive income			**1,008**			**(723)**

Statement of comprehensive income
All items in 'Other comprehensive income' may be recycled to the income statement.

Balance sheet

Note	Assets, DKKm	30 June 2019	31 December 2018	30 June 2018
	Intangible assets	**564**	**777**	**603**
	Land and buildings	4,897	969	1,540
	Production assets	70,096	66,310	62,537
	Fixtures and fittings, tools and equipment	711	342	379
	Property, plant and equipment under construction	16,096	16,434	16,012
	Property, plant and equipment	**91,800**	**84,055**	**80,468**
	Investments in associates and joint ventures	527	457	345
	Receivables from associates and joint ventures	-	60	64
	Other securities and equity investments	213	211	146
	Deferred tax	5,753	4,588	3,015
	Other receivables	2,144	2,670	2,024
	Other non-current assets	**8,637**	**7,986**	**5,594**
	Non-current assets	**101,001**	**92,818**	**86,665**
	Inventories	13,087	13,943	14,364
12	Derivatives	6,303	5,468	5,451
	Contract assets	-	1,451	1,623
	Trade receivables	7,303	10,741	7,013
	Other receivables	3,609	4,390	2,347
	Income tax	6,308	1,525	1,330
12	Securities	25,485	25,501	24,854
	Cash	6,968	3,515	2,832
	Current assets	**69,063**	**66,534**	**59,814**
7	**Assets classified as held for sale**	**15,885**	**15,223**	**2,670**
	Assets	**185,949**	**174,575**	**149,149**

Note	Equity and liabilities, DKKm	30 June 2019	31 December 2018	30 June 2018
	Share capital	4,204	4,204	4,204
10	Reserves	(881)	(1,827)	(2,044)
	Retained earnings	66,637	66,111	50,724
	Equity attributable to shareholders in Ørsted A/S	**69,960**	**68,488**	**52,884**
	Hybrid capital	13,239	13,239	13,239
	Non-controlling interests	3,247	3,388	3,621
	Equity	**86,446**	**85,115**	**69,744**
	Deferred tax	4,695	4,025	1,880
	Provisions	12,860	12,774	11,306
1	Lease liabilities	4,479	-	-
13	Bond and bank debt	32,400	25,095	23,558
	Contract liabilities	3,720	3,642	5,482
	Tax equity liabilities	3,654	3,728	-
	Other payables	242	409	316
	Non-current liabilities	**62,050**	**49,673**	**42,542**
	Provisions	597	680	561
1	Lease liabilities	595	-	-
13	Bond and bank debt	235	2,201	9,839
12	Derivatives	5,647	8,094	7,160
	Contract liabilities	3,009	924	1,138
	Trade payables	12,291	13,082	13,208
	Tax equity liabilities	446	445	-
	Other payables	3,915	4,793	4,023
	Income tax	5,931	4,717	304
	Current liabilities	**32,666**	**34,936**	**36,233**
	Liabilities	**94,716**	**84,609**	**78,775**
7	**Liabilities relating to assets classified as held for sale**	**4,787**	**4,851**	**630**
	Equity and liabilities	**185,949**	**174,575**	**149,149**

Assets and liabilities classified as held for sale

Assets classified as held for sale at 30 June 2019 comprised our Danish power distribution, residential customer and city light businesses as well as our oil pipe system in Denmark.

Statement of changes in equity

1 January - 30 June

	2019								2018							
DKKm	Share capital	Reserves*	Retained earnings	Proposed dividends	Shareholders in Ørsted A/S	Hybrid capital	Non-controlling interests	Total Group	Share capital	Reserves*	Retained earnings	Proposed dividends	Shareholders in Ørsted A/S	Hybrid capital	Non-controlling interests	Total Group
Equity at 1 January	4,204	(1,827)	62,012	4,099	68,488	13,239	3,388	85,115	4,204	(1,524)	48,328	3,783	54,791	13,239	3,807	71,837
Comprehensive income for the period:																
Profit (loss) for the period	-	-	4,682	-	4,682	256	41	4,979	-	-	2,374	-	2,374	255	29	2,658
Other comprehensive income:																
Cash-flow hedging	-	1,366	-	-	1,366	-	-	1,366	-	(846)	-	-	(846)	-	-	(846)
Exchange rate adjustments	-	(308)	-	-	(308)	-	16	(292)	-	187	-	-	187	-	17	204
Tax on other comprehensive income	-	(112)	-	-	(112)	-	-	(112)	-	139	-	-	139	-	-	139
Share of other comprehensive income of associated companies, after tax	-	-	(8)	-	(8)	-	-	(8)	-	-	-	-	-	-	-	-
Total comprehensive income	**-**	**946**	**4,674**	**-**	**5,620**	**256**	**57**	**5,933**	**-**	**(520)**	**2,374**	**-**	**1,854**	**255**	**46**	**2,155**
Transactions with owners:																
Coupon payments, hybrid capital	-	-	-	-	-	(327)	-	(327)	-	-	-	-	-	(326)	-	(326)
Tax on coupon payments, hybrid capital	-	-	-	-	-	71	-	71	-	-	-	-	-	71	-	71
Dividends paid	-	-	3	(4,099)	(4,096)	-	(198)	(4,294)	-	-	2	(3,783)	(3,781)	-	(216)	(3,997)
Purchases of treasury shares	-	-	(99)	-	(99)	-	-	(99)	-	-	-	-	-	-	-	-
Share-based payment	-	-	54	-	54	-	-	54	-	-	10	-	10	-	-	10
Tax on share-based payment	-	-	(7)	-	(7)	-	-	(7)	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	-	-	-	10	-	10	-	(16)	(6)
Total transactions with owners	**-**	**-**	**(49)**	**(4,099)**	**(4,148)**	**(256)**	**(198)**	**(4,602)**	**-**	**-**	**22**	**(3,783)**	**(3,761)**	**(255)**	**(232)**	**(4,248)**
Equity at 30 June	**4,204**	**(881)**	**66,637**	**-**	**69,960**	**13,239**	**3,247**	**86,446**	**4,204**	**(2,044)**	**50,724**	**-**	**52,884**	**13,239**	**3,621**	**69,744**

* See note 10 'Reserves' for more information about reserves.

Statement of cash flows

Note	Statement of cash flows, DKKm	H1 2019	H1 2018	Q2 2019	Q2 2018
	Operating profit (loss) before depreciation, amortisation and impairment losses (EBITDA), IFRS	10,432	7,010	4,425	1,725
2	Change in derivatives, business performance adjustments	(1,677)	1,588	(800)	1,354
	Change in derivatives, other adjustments	(224)	286	(358)	596
	Change in provisions	33	81	39	(144)
	Reversal of gain (loss) on sale of assets	(308)	64	(190)	33
	Other items	83	(24)	85	29
	Change in work in progress	5,272	(2,170)	4,271	(2,282)
	Change in tax equity partner liabilities	(219)	-	(138)	-
	Change in other working capital	(369)	(211)	889	2,486
	Interest received and similar items	2,141	1,713	1,402	510
	Interest paid and similar items	(2,915)	(2,353)	(2,085)	(1,009)
	Income tax paid	(4,857)	(3,089)	(30)	(5)
	Cash flows from operating activities	**7,392**	**2,895**	**7,510**	**3,293**
	Purchase of intangible assets and property, plant and equipment	(6,882)	(5,164)	(3,100)	(3,089)
	Sale of intangible assets and property, plant and equipment	2,683	866	8	16
	Acquisition of enterprises	(271)	-	(149)	-
	Divestment of enterprises	(40)	(27)	(19)	(18)
	Purchase of other equity investments	-	(16)	-	(16)
	Divestment of other equity investments	(2)	-	(8)	(5)
	Purchase of securities	(12,782)	(12,034)	(10,175)	(6,435)
	Sale/maturation of securities	12,918	12,226	6,289	5,058
	Change in other non-current assets	(2)	-	(1)	-
	Transactions with associates and joint ventures	(110)	(18)	(110)	(10)
	Dividends received and capital reduction	6	1	6	-
	Cash flows from investing activities	**(4,482)**	**(4,166)**	**(7,259)**	**(4,499)**

Change in work in progress
'Change in work in progress' consist of elements in contract assets, contract liabilities, and construction management agreements related to construction of offshore wind farms and construction of offshore transmission assets as well as the related trade payables.

Note	Statement of cash flows, DKKm	H1 2019	H1 2018	Q2 2019	Q2 2018
	Proceeds from raising of loans	7,839	3,999	3,550	677
	Instalments on loans	(2,202)	(106)	(2,202)	(106)
	Instalments on leases	(197)	-	(102)	-
	Coupon payments on hybrid capital	(327)	(326)	(327)	(326)
	Dividends paid to shareholders in Ørsted A/S	(4,096)	(3,783)	-	-
	Purchase of own shares	(99)	-	(99)	-
	Transactions with non-controlling interests	(204)	(206)	(61)	(46)
	Net proceeds from tax equity partners	(9)	-	(8)	-
	Collateral related to derivaties	41	579	2,266	150
	Cash flows from financing activities	**746**	**157**	**3,017**	**349**
	Cash flows from continuing operations	3,656	(1,114)	3,268	(857)
	Cash flows from discontinued operations	-	(127)	(2)	(2)
	Total net change in cash and cash equivalents for the period	**3,656**	**(1,241)**	**3,266**	**(859)**
	Cash and cash equivalents at the beginning of the period	2,663	3,891	3,120	3,524
	Total net change in cash and cash equivalents	3,656	(1,241)	3,266	(859)
	Other change in cash and cash equivalents	(7)	(37)	(7)	(30)
	Exchange rate adjustments of cash and cash equivalents	(1)	15	(68)	(7)
	Cash and cash equivalents at 30 June	**6,311**	**2,628**	**6,311**	**2,628**

Statement of cash flows
Our supplementary statement of gross and net investments appears from note 6 'Gross and net investments' and free cash flows (FCF) from note 3 'Segment information'.

'Cash' according to balance sheet includes 'Cash, not available for use', DKK 657 million as at 30 June 2019.

1. Basis of reporting

This section provides an overview of our accounting policies and new and amended accounting standards and interpretations.

Accounting policies

Ørsted is a listed public company headquartered in Denmark. This interim financial report for the first half year of 2019 comprises the interim financial statements of Ørsted A/S (the parent company) and subsidiaries controlled by Ørsted A/S.

The interim financial report has been prepared in accordance with the International Financial Reporting Standards and IAS 34 as adopted by the EU and further requirements in the Danish Financial Statements Act for the presentation of quarterly interim reports by listed companies.

The interim financial report for the first half year of 2019 follows the same accounting policies as the annual report for 2018, except for all the new, amended or revised accounting standards and interpretations (IFRSs) endorsed by the EU effective for the accounting period beginning on 1 January 2019.

In the sections below, the most relevant new or amended standards and interpretations are presented.

Definitions of alternative performance measures can be found on page 87 of the annual report for 2018.

The interim financial report contains selected accounting policies and should therefore be read along with the annual report for 2018.

Implementation of new or changed accounting standards and interpretations

Effective from 1 January 2019, we have implemented the following new or changed accounting standards (IAS and IFRS) and interpretations:

- IFRS 16 'Leases'. See separate section below
- Annual improvements to IFRSs 2015-2017.

Besides the impact from IFRS 16, the adoption of the new and changed standards has not affected our interim financial report, and we do not expect it to impact the consolidated financial statements for 2019.

In the following section, you can read more about the impact on recognition, measurement and presentation from IFRS 16 'Leases'. The new accounting standard has an insignificant impact on profit (loss) for the year and diluted profit (loss) per share. Besides classification, equity and the consolidated statement of cash flows are not affected.

Implementation of IFRS 16

On 1 January 2019, we implemented IFRS 16 'Leases', which replaces IAS 17 and IFRIC 4.

We have implemented IFRS 16 with retrospective effect. However, we use the relief from restating comparative figures (modified retrospective method). Therefore, the comparative figures are prepared and presented in accordance with IAS 17 and IFRIC 4.

The most important changes resulting from IFRS 16 compared to IAS 17 can be summarised as follows:

- Use of the dual model in IAS 17 with operating and finance leases has been ceased. Under IFRS 16, all leases, except for short-term leases and 'low-value' leases, shall be recognised in the balance sheet.
- Lease assets and lease obligations are recognised in the balance sheet.
- Fixed lease expenses are recognised as depreciation of lease assets (below EBITDA). Under IAS 17, fixed lease expenses were recognised as other external expenses (above EBITDA).
- Interest elements regarding lease obligations are recognised as financial expenses.
- Lease debt repayments are classified as cash flows from financing activities, and payments of interest are classified as cash flows from operating activities in the statement of cash flows. Under IAS 17, all lease payments were classified as cash flows from operating activities.

Change in accounting policy resulting from IFRS 16

In accordance with IFRS 16, we recognised our leases, except for short-term leases, in the balance sheet. This involves recognition of a lease obligation and a lease asset.

Lease obligations are initially measured at the net present value of the in-substance fixed lease payments (minimum lease payments) for the use of the lease asset. If we, at inception of the lease, expect to exercise an option to extend a lease, then we will include the lease payments in the option period when calculating the lease obligation. We measure the lease asset to the value of the lease obligation at initial recognition.

Our lease assets are classified alongside our owned assets of similar type under property, plant and equipment. We depreciate our lease assets during the lease term. The depreciation method is straight-line basis for all our lease assets, except for seabed leases where the depreciation method is aligned with the depreciation method for the related offshore wind farm. Therefore, seabed lease assets are depreciated by using either the straight-line method or the reducing-fraction method.

Variable lease expenses are recognised in other external expenses in the period when the condition triggering those payments occurs. This is especially relevant to our seabed leases as the lease payments depend on megawatt hours generated. However, we have typically agreed on minimum lease payments for the seabeds recognised as assets and liabilities. This accounting treatment is unchanged from IAS 17 to IFRS 16.

Some of our leases comprise service elements which do not entitle us to use an underlying asset. This is primarily relevant for lease of office premises and vessels. We still separate payments for service elements from payments for use of a lease asset under IFRS 16. Service expenses are recognised in other external expenses in the period when the condition triggering those payments occurs.

Interests of lease obligations are recognised in financial expenses.

Each lease payment is separated into repayment of the lease obligation and payment of interests of the lease obligation. Debt repayments are classified as cash flows from financing activities, and payments of interest

1. Basis of reporting (continued)

are classified as cash flows from operating activities in the statement of cash flows. Under IAS 17, all lease payments were classified as cash flows from operating activities.

We do not apply the recognition exemption regarding low value leases.

As permitted when applying IFRS 16 for the first time, we have used the following practical expedients and:

- elected not to reassess whether a contract is, or contains, a lease on 1 January 2019
- applied a single discount rate to a portfolio of leases with reasonable similar characteristics (asset type, currency, and remaining lease term)
- relied on previous assessments on whether leases are onerous
- elected to account for leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases.

Impact on our consolidated financial statements

With the implementation of IFRS 16 at 1 January 2019, we recognised lease assets amounting to DKK 5,065 million and lease obligations amounting to DKK 5,224 million. The value of the lease assets was lower due to accrued lease payments and a provision for an onerous contract totalling DKK -159 million at 1 January 2019, which was offset against the value of the lease assets.

The most affected class of property, plant and equipment is land and buildings. This category mainly comprises our office premises in Gentofte and London as well as seabeds and plots of land relating to offshore and onshore wind farms, respectively. Lease assets classified as fixtures and fittings, tools and equipment include primarily vessels used for operations in Offshore.

Under IAS 17, our operating lease obligations at 31 December 2018 amounted to DKK 4,819 million (net present value). Compared to our recognised lease obligations at 1 January 2019 under IFRS 16, the operating lease obligations were DKK 405 million lower. The main difference is due to the fact that the average weighted incremental borrowing rate applied under IFRS 16, 3.0%, is lower than the rate of 3.5% which we applied for calculating the net present value of our operating lease obligations at 31 December 2018 in accordance with our accounting policy for key credit metrics at that time.

Upon transition to IFRS 16, we did not have any material finance leases.

In summary, the adjustments made to the amounts recognised in the balance sheet at 1 January 2019 are illustrated in the table to the right.

EBITDA for the first half year of 2019 increased by DKK 303 million due to the implementation of IFRS 16, compared to a continued expensing of operational leasing costs under the previous accounting policy. Depreciation of lease assets amounted to DKK 304 million, and interests on lease debt amounted to DKK 76 million in the first half year of 2019 under IFRS 16. The net effect on profit (loss) for the first half year of 2019 was DKK -77 million.

Extract **Impact of adoption,** DKKm	1 January 2019 Previous accounting policy	Effect of change in accounting policy	New accounting policy
Assets			
Property, plant and equipment			
Land and buildings	969	4,165	5,134
Production assets	66,310	440	66,750
Fixtures and fittings, tools and equipment	342	460	802
Property, plant and equipment under construction	16,434	-	16,434
Property, plant and equipment	**84,055**	**5,065**	**89,120**
Assets	**174,575**	**5,065**	**179,640**
Equity and liabilities			
Share capital	4,204	-	4,204
Reserves	(1,827)	-	(1,827)
Retained earnings	66,111	-	66,111
Equity attributable to shareholders in Ørsted A/S	**68,488**	**-**	**68,488**
Liabilities			
Non-current liabilities			
Provisions	12,774	(25)	12,749
Lease liabilities	-	4,650	4,650
Other payables	409	(134)	275
Current liabilities			
Provisions	680	-	680
Lease liabilities	-	574	574
Equity and liabilities	**174,575**	**5,065**	**179,640**

Comparatives for the 2018 financial year are not restated as we have applied the modified retrospective method. The effects of the change in accounting policy are identical for business performance profit (loss).

Segments **Impact of adoption** **1 January 2019** DKKm	Offshore	Onshore	Bioenergy	Customer Solutions	Other activities/ eliminations	Total
Lease assets	2,613	268	120	310	1,754	5,065
Lease liabilities	2,613	268	120	335	1,888	5,224
Other liabilities	-	-	-	(25)	(134)	(159)

2. Business performance

Specification of the difference between EBITDA according to business performance and according to IFRS, DKKm	H1 2019	H1 2018	Q2 2019	Q2 2018
EBITDA - business performance	8,755	8,598	3,625	3,079
Business performance adjustments in respect of revenue for the period	2,358	(1,844)	834	(1,734)
Business performance adjustments in respect of cost of sales for the period	(681)	256	(34)	380
EBITDA - IFRS	**10,432**	**7,010**	**4,425**	**1,725**
Total business performance adjustments for the period comprise:				
Market value adjustments for the period of financial and physical hedging contracts relating to a future period	1,249	(1,689)	676	(1,411)
Reversal of deferred gains (losses) relating to hedging contracts from previous periods, where the hedged production or trade is recognised in business performance EBITDA in this period	428	101	124	57
Total adjustments	**1,677**	**(1,588)**	**800**	**(1,354)**

The table shows the difference between the income statement according to business performance and according to IFRS, which is shown in the adjustments column in the income statement.

The difference between business performance and IFRS EBITDA in 2019 is mainly due to gains on power, oil and gas hedges, partly countered by losses on currency hedges related mainly to the increase in GBP/DKK rates in 2019.

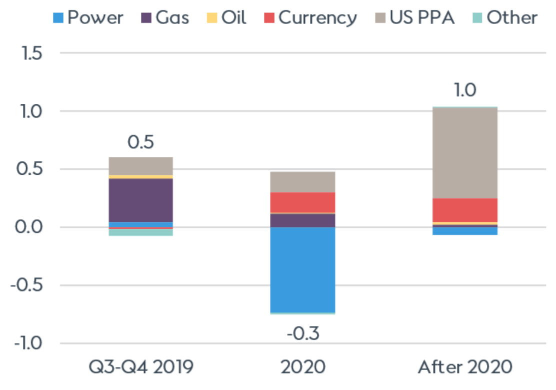
Financial impact of hedging

Our hedging of market risks is based on a number of different accounting principles, depending on the type of exposure being hedged.

In the business performance result, the value of hedging contracts concerning energy and related currencies is deferred for recognition in the period in which the hedged exposure materialises.

Exposure from the proceeds from partial sales of new offshore wind farms and power purchase agreements in Onshore, among other things, is hedged as cash flow hedging in accordance with the IFRS principles and is transferred to both IFRS and business performance EBITDA in the period in which the hedged exposure materialises.

Expected value for recognition in business performance EBITDA, DKKbn



The figure shows the time of the transfer of the market value of hedging contracts in business performance EBITDA for both business performance and IFRS hedges.

3. Segment information

H1 2019 **Income statement,** DKKm	Offshore	Onshore	Bioenergy	Customer Solutions	Reportable segments	Other activities/ eliminations	Business performance	Adjustments	IFRS
External revenue	10,115	248	3,591	19,795	33,749	(67)	33,682	2,358	36,040
Intra-group revenue	3,669	-	(353)	446	3,762	(3,762)[1]	-	-	-
Revenue	**13,784**	**248**	**3,238**	**20,241**	**37,511**	**(3,829)**	**33,682**	**2,358**	**36,040**
Cost of sales	(4,099)	(2)	(2,295)	(18,360)	(24,756)	3,690	(21,066)	(681)	(21,747)
Employee costs and other external expenses	(2,971)	(209)	(749)	(1,030)	(4,959)	132	(4,827)	-	(4,827)
Gain (loss) on disposal of non-current assets	312	-	12	(16)	308	-	308	-	308
Additional other operating income and expenses	285	282	72	42	681	(10)	671	-	671
Share of profit (loss) in associates and joint ventures	(11)	-	(2)	-	(13)	-	(13)	-	(13)
EBITDA	**7,300**	**319**	**276**	**877**	**8,772**	**(17)**	**8,755**	**1,677**	**10,432**
Depreciation and amortisation	(2,653)	(158)	(294)	(94)	(3,199)	(108)	(3,307)	-	(3,307)
Impairment losses	-	-	-	-	-	-	-	-	-
Operating profit (loss) (EBIT)	**4,647**	**161**	**(18)**	**783**	**5,573**	**(125)**	**5,448**	**1,677**	**7,125**
Key ratios									
Intangible assets, property, plant and equipment	68,468	12,757	8,238	890	90,353	2,011	92,364	-	92,364
Equity investments and non-current receivables	373	-	8	283	664	746	1,410	-	1,410
Net working capital, work in progress	4,551	-	-	-	4,551	-	4,551	-	4,551
Net working capital, tax equity	-	(3,528)	-	-	(3,528)	-	(3,528)	-	(3,528)
Net working capital, capital expenditures	(3,852)	(23)	(82)	-	(3,957)	-	(3,957)	-	(3,957)
Net working capital, other items	2,308	(34)	(4,125)	2,870	1,019	307	1,326	-	1,326
Derivatives, net	(1,269)	525	15	1,252	523	133	656	-	656
Assets classified as held for sale, net	-	-	-	11,098	11,098	-	11,098	-	11,098
Decommissioning obligations	(4,239)	(275)	(723)	(544)	(5,781)	-	(5,781)	-	(5,781)
Other provisions	(3,212)	-	(735)	(2,870)	(6,817)	(860)	(7,677)	-	(7,677)
Tax, net	1,991	(1,243)	(279)	1,078	1,547	(113)	1,434	-	1,434
Other receivables and other payables, net	5	(147)	84	2	(56)	(414)	(470)	-	(470)
Capital employed at 30 June	**65,124**	**8,032**	**2,401**	**14,059**	**89,616**	**1,810**	**91,426**	**-**	**91,426**
Of which capital employed for discontinued operations							(186)	-	(186)
Of which capital employed for continuing operations							91,612	-	91,612
Return on capital employed (ROCE) %	**36.0**	**3.9**	**(14.4)**	**13.7**	**-**	**-**	**29.3**	**-**	**-**
Cash flow from operating activities	8,206	(10)	271	(1,064)	7,403	(11)	7,392	-	7,392
Gross investments	(4,442)	(1,798)	(446)	(516)	(7,202)	(65)	(7,267)	-	(7,267)
Divestments	2,648	-	35	(15)	2,668	(1)	2,667	-	2,667
Free cash flow (FCF)	**6,412**	**(1,808)**	**(140)**	**(1,595)**	**2,869**	**(77)**	**2,792**	**-**	**2,792**

Profit (loss) and cash flows are shown only for continuing operations.

The column 'Other activities/eliminations' primarily covers the elimination of inter-segment transactions. Also included are income and costs, assets and liabilities, investment activity, taxes, etc., handled at group level.

[1] Including the elimination of other activities, the total elimination of intra-group revenue amounts to DKK 5,031 million.

3. Segment information (continued)

H1 2018 **Income statement,** DKKm	Offshore	Onshore	Bioenergy	Customer Solutions	Reportable segments	Other activities/ eliminations	Business performance	Adjustments	IFRS
External revenue	10,764	-	3,958	23,818	38,540	(139)	38,401	(1,844)	36,557
Intra-group revenue	3,782	-	(191)	759	4,350	(4,350)[1]	-	-	-
Revenue	**14,546**	**-**	**3,767**	**24,577**	**42,890**	**(4,489)**	**38,401**	**(1,844)**	**36,557**
Cost of sales	(5,545)	-	(2,752)	(22,288)	(30,585)	4,353	(26,232)	256	(25,976)
Employee costs and other external expenses	(2,282)	-	(664)	(970)	(3,916)	(14)	(3,930)	-	(3,930)
Gain (loss) on disposal of non-current assets	(50)	-	-	(13)	(63)	-	(63)	-	(63)
Additional other operating income and expenses	375	-	16	30	421	(2)	419	-	419
Share of profit (loss) in associates and joint ventures	2	-	1	-	3	-	3	-	3
EBITDA	**7,046**	**-**	**368**	**1,336**	**8,750**	**(152)**	**8,598**	**(1,588)**	**7,010**
Depreciation and amortisation	(2,117)	-	(324)	(380)	(2,821)	(23)	(2,844)	-	(2,844)
Impairment losses	-	-	-	-	-	-	-	-	-
Operating profit (loss) (EBIT)	**4,929**	**-**	**44**	**956**	**5,929**	**(175)**	**5,754**	**(1,588)**	**4,166**
Key ratios									
Intangible assets, property, plant and equipment	61,159	-	7,813	11,780	80,752	319	81,071	-	81,071
Equity investments and non-current receivables	130	-	42	336	508	735	1,243	-	1,243
Net working capital, work in progress	9,284	-	-	-	9,284	-	9,284	-	9,284
Net working capital, capital expenditures	(4,565)	-	(275)	-	(4,840)	-	(4,840)	-	(4,840)
Net working capital, other items	1,174	-	(3,313)	(642)	(2,781)	306	(2,475)	-	(2,475)
Derivatives, net	(967)	-	(230)	(294)	(1,491)	(218)	(1,709)	-	(1,709)
Assets classified as held for sale, net	-	-	-	2,040	2,040	-	2,040	-	2,040
Decommissioning obligations	(3,953)	-	(729)	(475)	(5,157)	-	(5,157)	-	(5,157)
Other provisions	(1,871)	-	(755)	(3,229)	(5,855)	(855)	(6,710)	-	(6,710)
Tax, net	2,741	-	(71)	239	2,909	(747)	2,162	-	2,162
Other receivables and other payables, net	26	-	-	-	26	(588)	(562)	-	(562)
Capital employed at 30 June	**63,158**	**-**	**2,482**	**9,755**	**75,395**	**(1,048)**	**74,347**	**-**	**74,347**
Of which capital employed for discontinued operations							(147)	-	(147)
Of which capital employed for continuing operations							74,494	-	74,494
Return on capital employed (ROCE) %	**26.5**	**-**	**(9.0)**	**8.8**	**-**	**-**	**23.5**	**-**	**-**
Cash flow from operating activities	1,687	-	678	2,127	4,492	(1,597)	2,895	-	2,895
Gross investments	(4,162)	-	(559)	(441)	(5,162)	(18)	(5,180)	-	(5,180)
Divestments	787	-	(22)	48	813	8	821	-	821
Free cash flow (FCF)	**(1,688)**	**-**	**97**	**1,734**	**143**	**(1,607)**	**(1,464)**	**-**	**(1,464)**

Profit (loss) and cash flows are shown only for continuing operations.

The column 'Other activities/eliminations' primarily covers the elimination of inter-segment transactions. Also included are income and costs, assets and liabilities, investment activity, taxes, etc., handled at group level.

[1] Including the elimination of other activities, the total elimination of intra-group revenue amounts to DKK 5,421 million.

3. Segment information (continued)

Q2 2019, Income statement and FCF, DKKm	Offshore	Onshore	Bioenergy	Customer Solutions	Reporting segments	Other activities/ eliminations	Business performance	Adjustments	IFRS
External revenue	5,900	134	1,070	10,353	17,457	(1,014)	16,443	834	17,277
Intra-group revenue	1,546	-	(80)	46	1,512	(1,512)[1]	-	-	-
Revenue	**7,446**	**134**	**990**	**10,399**	**18,969**	**(2,526)**	**16,443**	**834**	**17,277**
Cost of sales	(2,799)	(2)	(752)	(9,598)	(13,151)	2,448	(10,703)	(34)	(10,737)
Employee costs and other external expenses	(1,579)	(105)	(412)	(491)	(2,587)	82	(2,505)	-	(2,505)
Gain (loss) on disposal of non-current assets	178	-	12	-	190	-	190	-	190
Additional other operating income and expenses	65	140	4	-	209	2	211	-	211
Share of profit (loss) in associates and joint ventures	(10)	-	(1)	-	(11)	-	(11)	-	(11)
EBITDA	**3,301**	**167**	**(159)**	**310**	**3,619**	**6**	**3,625**	**800**	**4,425**
Depreciation and amortisation	(1,355)	(78)	(151)	(52)	(1,636)	(53)	(1,689)	-	(1,689)
Impairment losses	-	-	-	-	-	-	-	-	-
Operating profit (loss) (EBIT)	**1,946**	**89**	**(310)**	**258**	**1,983**	**(47)**	**1,936**	**800**	**2,736**
Cash flow from operating activities	7,538	84	153	(302)	7,473	37	7,510	-	7,510
Gross investments	(1,563)	(1,258)	(184)	(311)	(3,316)	(52)	(3,368)	-	(3,368)
Divestments	(45)	-	39	(4)	(10)	(1)	(11)	-	(11)
Free cash flow (FCF)	**5,930**	**(1,174)**	**8**	**(617)**	**4,147**	**(16)**	**4,131**	**-**	**4,131**

Q2 2018, Income statement and FCF, DKKm	Offshore	Onshore	Bioenergy	Customer Solutions	Reporting segments	Other activities/ eliminations	Business performance	Adjustments	IFRS
External revenue	5,903	-	1,010	11,678	18,591	2	18,593	(1,734)	16,859
Intra-group revenue	1,625	-	(128)	240	1,737	(1,737)[1]	-	-	-
Revenue	**7,528**	**-**	**882**	**11,918**	**20,328**	**(1,735)**	**18,593**	**(1,734)**	**16,859**
Cost of sales	(3,429)	-	(644)	(11,302)	(15,375)	1,733	(13,642)	380	(13,262)
Employee costs and other external expenses	(1,205)	-	(310)	(503)	(2,018)	(55)	(2,073)	-	(2,073)
Gain (loss) on disposal of non-current assets	(19)	-	-	(13)	(32)	-	(32)	-	(32)
Additional other operating income and expenses	214	-	-	22	236	(5)	231	-	231
Share of profit (loss) in associates and joint ventures	1	-	1	-	2	-	2	-	2
EBITDA	**3,090**	**-**	**(71)**	**122**	**3,141**	**(62)**	**3,079**	**(1,354)**	**1,725**
Depreciation and amortisation	(1,098)	-	(162)	(189)	(1,449)	(13)	(1,462)	-	(1,462)
Impairment losses	-	-	-	-	-	-	-	-	-
Operating profit (loss) (EBIT)	**1,992**	**-**	**(233)**	**(67)**	**1,692**	**(75)**	**1,617**	**(1,354)**	**263**
Cash flow from operating activities	1,012	-	71	2,217	3,300	(7)	3,293	-	3,293
Gross investments	(2,458)	-	(354)	(286)	(3,098)	(11)	(3,109)	-	(3,109)
Divestments	(29)	-	(21)	35	(15)	1	(14)	-	(14)
Free cash flow (FCF)	**(1,475)**	**-**	**(304)**	**1,966**	**187**	**(17)**	**170**	**-**	**170**

Profit (loss) and cash flows are shown only for continuing operations.

The column 'Other activities/eliminations' primarily covers the elimination of inter-segment transactions. Also included are income and costs, assets and liabilities, investment activity, taxes, etc., handled at group level.

[1] Including the elimination of other activities, the total elimination of intra-group revenue amounts to DKK 1,877 million.

[1] Including the elimination of other activities, the total elimination of intra-group revenue amounts to DKK 2,267 million.

4. Revenue

Revenue, DKKm	Offshore	Onshore	Bioenergy	Customer Solutions	Other activities/ eliminations	H1 2019 total	Offshore	Onshore	Bioenergy	Customer Solutions	Other activities/ eliminations	H1 2018 total
Sale of gas	-	-	19	8,018	(168)	7,869	-	-	22	12,251	(524)	11,749
Generation and sale of power	2,330	191	1,345	10,167	(3,516)[1]	10,517	2,363	-	1,637	10,533	(3,850)[1]	10,683
Revenue from construction of offshore wind farms	6,190	-	-	-	-	6,190	7,882	-	-	-	-	7,882
Generation and sale of heat and steam	-	-	1,626	-	-	1,626	-	-	1,810	-	-	1,810
Distribution and transmission	-	-	-	1,307	(17)	1,290	-	-	-	1,338	(3)	1,335
Other revenue	952	(9)	73	260	(48)	1,228	708	-	141	231	48	1,128
Total revenue from customers, IFRS	**9,472**	**182**	**3,063**	**19,752**	**(3,749)**	**28,720**	**10,953**	**-**	**3,610**	**24,353**	**(4,329)**	**34,587**
Government grants	4,301	14	299	-	(14)	4,600	3,693	-	345	-	-	4,038
Economic hedging	115	2	397	483	(235)	762	(1,643)	-	(348)	613	166	(1,212)
Other revenue	-	52	(119)	2,058	(33)	1,958	-	-	211	(1,124)	57	(856)
Total revenue, IFRS	**13,888**	**250**	**3,640**	**22,293**	**(4,031)**	**36,040**	**13,003**		**3,818**	**23,842**	**(4,106)**	**36,557**
Adjustments	(104)	(2)	(402)	(2,052)	202	(2,358)	1,543	-	(51)	735	(383)	1,844
Total revenue, business performance	**13,784**	**248**	**3,238**	**20,241**	**(3,829)**	**33,682**	**14,546**	**-**	**3,767**	**24,577**	**(4,489)**	**38,401**
Timing of revenue recognition from customers, IFRS												
At a point in time	-	182	1,370	12,645	(84)	14,113	1,024	-	1,720	15,068	(262)	17,550
Over time	9,472	-	1,693	7,107	(3,665)	14,607	9,929	-	1,890	9,285	(4,067)	17,037
Total revenue from customers, IFRS	**9,472**	**182**	**3,063**	**19,752**	**(3,749)**	**28,720**	**10,953**	**-**	**3,610**	**24,353**	**(4,329)**	**34,587**

The timing of transfer of goods or services to customers is categorised as follows:

'At a point in time' mainly comprises:

- sale of gas or power in the market, e.g. North Pool, TTF, NBP
- divestment of transmission assets for offshore wind farms in the UK.

'Over time' mainly comprises:

- construction agreements for offshore wind farms and transmission assets
- long-term contracts with customers to deliver gas, power or heat.

Revenue decreased by 12% relative to H1 2018 and amounted to DKK 33,682 million in H1 2019. The decrease was mainly due to significantly lower gas prices and gas sales, as well as lower heat and power generation in Bioenergy.

In addition, revenue from construction of offshore wind farms for partners and sale of offshore transmission assets was lower in H1 2019 compared to H1 2018.

[1] The elimination column includes elimination of the internal sale of ROCs between Offshore (included as government grants) and Customer Solutions. The ROCs were recognised as inventory in Customer Solutions before being sold to external customers, this creates a mismatch in timing of the internal purchase and the external sale of the ROCs in Customer Solutions. Therefore, the amount to be eliminated can exceed the amount of ROCs recognised in Offshore for the period.

4. Revenue (continued)

Revenue, DKKm	Offshore	Onshore	Bioenergy	Customer Solutions	Other activities/ eliminations	Q2 2019 total	Offshore	Onshore	Bioenergy	Customer Solutions	Other activities/ eliminations	Q2 2018 total
Sale of gas	-	-	8	3,629	158	3,795	-	-	11	5,387	(131)	5,267
Generation and sale of power	931	103	372	5,645	(2,407)[1]	4,644	829	-	417	5,896	(1,639)[1]	5,503
Revenue from construction of offshore wind farms	4,209	-	-	-	-	4,209	4,960	-	-	-	-	4,960
Generation and sale of heat and steam	-	-	505	-	-	505	-	-	438	-	-	438
Distribution and transmission	-	-	-	596	(8)	588	-	-	-	582	-	582
Other revenue	459	(6)	29	139	(36)	585	322	-	4	123	40	489
Total revenue from customers, IFRS	**5,599**	**97**	**914**	**10,009**	**(2,293)**	**14,326**	**6,111**	**-**	**870**	**11,988**	**(1,730)**	**17,239**
Government grants	1,818	3	88	-	-	1,909	1,485	-	90	-	-	1,575
Economic hedging	733	5	38	173	78	1,027	(1,161)	-	(302)	662	146	(655)
Other revenue	-	34	10	201	(230)	15	-	-	108	(1,485)	77	(1,300)
Total revenue, IFRS	**8,150**	**139**	**1,050**	**10,383**	**(2,445)**	**17,277**	**6,435**	**-**	**766**	**11,165**	**(1,507)**	**16,859**
Adjustments	(704)	(5)	(60)	16	(81)	(834)	1,093		116	753	(228)	1,734
Total revenue, business performance	**7,446**	**134**	**990**	**10,399**	**(2,526)**	**16,443**	**7,528**	**-**	**882**	**11,918**	**(1,735)**	**18,593**
Timing of revenue recognition from customers, IFRS												
At a point in time	-	97	373	6,127	79	6,676	1,024	-	393	8,547	(65)	9,899
Over time	5,599	-	541	3,882	(2,372)	7,650	5,087	-	477	3,441	(1,665)	7,340
Total revenue from customers, IFRS	**5,599**	**97**	**914**	**10,009**	**(2,293)**	**14,326**	**6,111**	**-**	**870**	**11,988**	**(1,730)**	**17,239**

[1] The elimination column includes elimination of the internal sale of ROCs between Offshore (included as government grants) and Customer Solutions. The ROCs were recognised as inventory in Customer Solutions before being sold to external customers, this creates a mismatch in timing of the internal purchase and the external sale of the ROCs in Customer Solutions. Therefore, the amount to be eliminated can exceed the amount of ROCs recognised in Offshore for the period.

5. Other operating income and expenses

Other operating income, DKKm	H1 2019	H1 2018	Q2 2019	Q2 2018
Gain on divestment of assets	362	2	226	2
Compensations	345	199	53	22
US tax credits and tax equity income	282	-	140	-
Miscellaneous operating income	149	302	46	279
Total other operating income	**1,138**	**503**	**465**	**303**

Other operating expenses, DKKm	H1 2019	H1 2018	Q2 2019	Q2 2018
Loss on divestment of assets	54	65	36	34
Miscellaneous operating expenses	105	82	28	70
Total other operating expenses	**159**	**147**	**64**	**104**

Gain on divestment of assets is related to Walney Extension offshore transmission assets.

Compensations were mainly received from transmission system operators (TSOs) in Germany.

US tax credits and tax equity income originate from our US onshore wind farms in operation and correspond to the tax credits and other tax attributes provided to Ørsted and tax equity partners for generated power.

6. Gross and net investments

Gross and net investments, DKKm	H1 2019	H1 2018	Q2 2019	Q2 2018
Cash flow from investing activities	(4,482)	(4,166)	(7,259)	(4,499)
Dividends received and capital reduction, reversed	(6)	(1)	(6)	-
Purchase and sale of securities, reversed	(136)	(192)	3,886	1,377
Loans to associates and joint ventures, reversed	-	18	-	10
Sale of non-current assets, reversed	(2,643)	(839)	11	3
Total gross investments	**(7,267)**	**(5,180)**	**(3,368)**	**(3,109)**
Transactions with non-controlling interests in connection with divestments	24	(18)	()	(11)
Sale of non-current assets	2,643	839	(11)	(3)
Total cash flows from divestments	**2,667**	**821**	**(11)**	**(14)**
Total net investments	**(4,600)**	**(4,359)**	**(3,379)**	**(3,123)**

The table shows gross and net investments based on cash flows from investing activities.

7. Assets classified as held for sale

Assets classified as held for sale, DKKm	30 June 2019	31 December 2018	30 June 2018
Intangible assets	219	80	18
Property, plant and equipment	14,561	13,951	2,120
Inventories	16	16	16
Trade receivables	647	701	100
Other receivables	380	430	368
Income tax	62	45	48
Total assets classified as held for sale	**15,885**	**15,223**	**2,670**
Deferred tax	870	823	99
Provisions	378	372	364
Contract liabilities	2,747	2,737	-
Trade payables	105	92	97
Other payables	590	826	66
Income tax	97	1	4
Total liabilities relating to assets classified as held for sale	**4,787**	**4,851**	**630**
Net assets classified as held for sale	**11,098**	**10,372**	**2,040**

The table shows assets and liabilities which have been put up for sale and, therefore, are not expected to contribute to our future earnings.

At 30 June 2019 and 31 December 2018, assets classified as held for sale comprised our Danish power distribution, residential customer and city light businesses as well as our oil pipe system in Denmark.

At 30 June 2018, assets classified as held for sale comprised our oil pipe system.

8. Discontinued operations

Discontinued operations

Discontinued operations comprise our upstream oil and gas business, which we sold to INEOS on 29 September 2017.

Financial results

Loss for the period amounted to DKK -61 million and primarily concerned adjustments related to currency and the fair value of a receivable.

Capital employed

Our capital employed in discontinued operations mainly consisted of provisions relating to the sale (tax indemnifications and payments related to the Fredericia stabilisation plant) as well as a conditional payment (receivable selling price) which does not carry interest.

In addition, we have interest-bearing receivables of USD 100 million (not part of capital employed), which will be received in the 2019-2020 period.

Performance highlights, DKKm	H1 2019	H1 2018	Q2 2019	Q2 2018
EBIT	(7)	-	(7)	-
Profit (loss) from discontinued operations	(61)	(11)	(18)	(19)
Cash flows from discontinued operations	-	(127)	(2)	(2)

Capital employed, discontinued operations DKKm	30 June 2019	31 December 2018
Equity investments and non-current receivables	643	746
Derivatives, net	(55)	(106)
Other provisions	(807)	(820)
Tax, net	33	29
Other receivables and other payables, net	-	8
Total	**(186)**	**(143)**

9. Financial income and expenses

Net financial income and expenses, DKKm	H1 2019	H1 2018	Q2 2019	Q2 2018
Interest expenses, net	(528)	(518)	(276)	(277)
Interest element of provisions, etc.	(212)	(191)	(106)	(95)
Interest expenses, leasing	(76)	-	(40)	-
Tax equity partner's contractual return	(139)	-	(70)	-
Value adjustments of derivatives, net	(190)	(65)	(92)	(37)
Exchange rate adjustments, net	536	51	(42)	(100)
Value adjustments of securities, net	222	(76)	78	2
Other financial income and expenses	(57)	-	3	3
Net financial income and expenses	**(444)**	**(799)**	**(545)**	**(504)**

The table shows net financial income and expenses corresponding to our internal control.

The item 'Exchange rate adjustments, net' covers net exchange rate adjustments and hedging contracts used to hedge currency risks.

The change in net financial income and expenses in 2019 compared with 2018 is mainly driven by large foreign exchange rate gains due to fluctuations in GBP/DKK rates in 2019 and gains on value adjustments of securities due to the drop in interest rates. This was partly countered by tax equity partners' contractual returns, which is a new item related to our US activities.

10. Reserves

Reserves 2019, DKKm	Foreign currency translation reserve	Hedging reserve	Total reserves
Reserves at 1 January 2019	(1,906)	79	(1,827)
Exchange rate adjustments	(601)	-	(601)
Value adjustments of hedging	-	1,535	1,535
Value adjustments transferred to:			
Revenue	-	71	71
Financial income and expenses	-	53	53
Tax:			
Tax on hedging and currency adjustments	148	(260)	(112)
Movement in comprehensive income for the period	**(453)**	**1,399**	**946**
Total reserves at 30 June	**(2,359)**	**1,478**	**(881)**

Reserves 2018, DKKm	Foreign currency translation reserve	Hedging reserve	Total reserves
Reserves at 1 January 2018	(1,825)	301	(1,524)
Exchange rate adjustments	109	-	109
Value adjustments of hedging	-	(536)	(536)
Value adjustments transferred to:			
Revenue	-	(319)	(319)
Financial income and expenses	-	87	87
Tax:			
Tax on hedging and currency adjustments	(17)	156	139
Movement in comprehensive income for the period	**92**	**(612)**	**(520)**
Total reserves at 30 June	**(1,733)**	**(311)**	**(2,044)**

11. Market risks

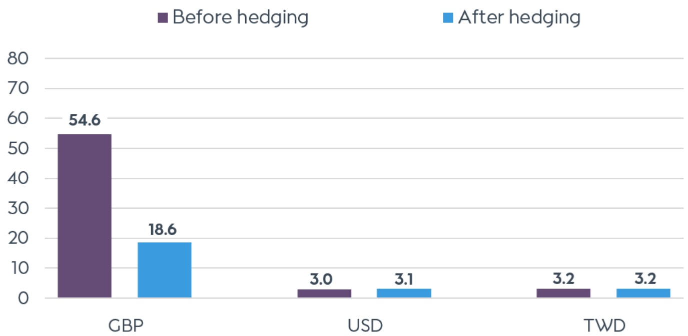
Market risks

The management of market risks is to ensure stable and robust financial ratios that support our growth strategy.

We hedge outright price exposures for up to five years to reduce cash flow fluctuations. Prices are not hedged in the medium to long term, and our long-term market risks are therefore determined by our strategic decisions on investments in new assets, the conclusion of long-term contracts as well as any divestment of assets.

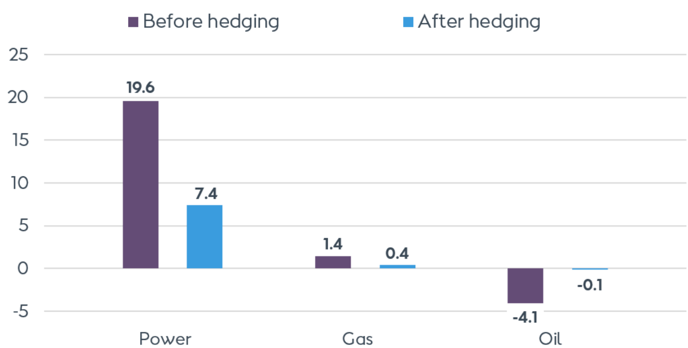
Our energy and currency exposures for the next five years are shown below.

Currency exposure 1 July 2019 - 30 June 2024, DKKbn



The graph shows our currency exposure for the next five years.

Energy exposure 1 July 2019 - 30 June 2024, DKKbn



The graph shows our energy exposure for the next five years.

12. Fair value measurement

Fair value hierarchy DKKm	Assets			Liabilities
	Securities	Derivatives	Other receivables	Derivatives
2019				
Quoted prices	-	7	-	11
Observable input	25,485	5,058	-	5,166
Non-observable input	-	1,238	-	470
Total 30 June 2019	**25,485**	**6,303**	**-**	**5,647**
2018				
Quoted prices	-	-	-	-
Observable input	24,854	4,341	-	6,633
Non-observable input	-	1,110	106	527
Total 30 June 2018	**24,854**	**5,451**	**106**	**7,160**

Valuation principles and key assumptions

In order to minimise the use of subjective estimates or modifications of parameters and calculation models, it is our policy to determine fair values based on the external information that most accurately reflects the market values. We use pricing services and benchmark services to increase the data quality.

Market values are determined by the Treasury & Risk Management function which reports to the CFO. The development in market values is monitored on a continuing basis and are reported to the Group Executive Management.

Deferred revenue from US power purchase agreements

The deferred revenue from US power purchase agreements (PPAs) consists of losses not recognised at initial recognition since the market value is based on non-observable inputs. The PPAs freeze the power price of the expected power generation for a period from 13 to 15 years. These contracts are accounted for at fair value. Due to the long duration of these PPAs, power prices are not observable for a large part of the duration, and the estimated fair value is therefore categorised as based on non-observable input.

The deferred revenue is recognised in profit or loss in the future period to which the market value relates. In 2019, we have recognised an income of DKK 53 million (2018: DKK 0 million) related to the deferred fair value of PPAs not recognised in profit or loss at initial recognition. The total amount of deferred revenue as of 30 June 2019 amounts to DKK 1,153 million (2018: DKK 0 million).

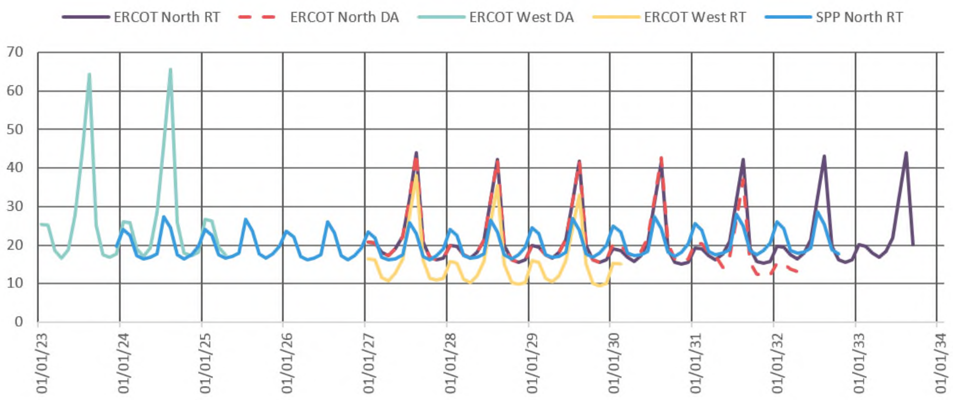
12. Fair value measurement (continued)

Significant non-observable inputs

Market values based on non-observable input comprise primarily long-term contracts on the purchase/sale of especially power and to a less extent gas and coal. Since there are no active markets for the long-term prices of power and gas, the market values have been based on an estimate of the future prices.

Normally, the price can be observed for a maximum of four to six years in the power market, after which an active market no longer exists. When market prices are no longer available, the price is projected by extending the observable forward curve, only adjusted for the expected development in inflation.

Non-observable inputs, US power prices



The graph shows the projected US power prices in the period when prices are not observable, and which we have used as basis for calculating market values as of 30 June 2019.

Derivatives valued on the basis of non-observable input

DKKm	2019
Market value at 1 January	(2,458)
Value adjustments through profit or loss	344
Value adjustments through other comprehensive income	1,192
Sales/redemptions	(136)
Purchase/issues	7
Market value at 30 June before deferred gain/loss	**(1,051)**
Deferred loss at initial recognition	1,819
Market value at 30 June	**768**

	2018
Market value at 1 January	(157)
Net changes in market value	740
Market value at 30 June	**583**

The table shows the movements during the year in the total market value (assets and liabilities) of derivatives valued on the basis of non-observable inputs.

Non-observable inputs per commodity price input, DKKm	2019	2018
US power prices	525	-
Other power prices	48	480
Gas prices	195	103
Total	**768**	**583**

US power prices are the most significant non-observable input. The non-observable US power prices used as basis for the market values as of 30 June 2019 are illustrated in the graph to the left.

The table below shows the market value related to the non-observable input for the stated period and sensitivity per power price index. The sensitivity illustrates the impact on the market value as of 30 June 2019 if the non-observable price increases/decreases by 10%. The most critical non-observable input is US power prices in the period 2023-2033. If power prices as of 30 June 2019 increased/decreased by 10%, the market value would decrease/increase by DKK 320 million. The sensitivity analysis is presented on the different US power price areas in the table below.

Sensitivity of non-observable inputs, DKKm		Sensitivity	
Non-observable inputs	Market value	+10%	-10%
ERCOT North real time, 2027-2033	65	(152)	152
ERCOT North day ahead, 2027-2032	(63)	(66)	66
ERCOT West day ahead, 2023-2025	(79)	(34)	34
ERCOT West real time, 2027-2030	(1)	(14)	14
SPP North real time, 2024-2032	(161)	(54)	54
Total	**(239)**	**(320)**	**320**

13. Interest-bearing debt and FFO

Interest-bearing debt and interest-bearing assets DKKm	30 June 2019	31 December 2018	30 June 2018
Interest-bearing debt			
Bank debt	3,519	3,582	5,850
Bond debt	29,116	23,714	27,548
Total bond and bank debt	**32,635**	**27,296**	**33,398**
Lease liability	5,074	-	-
Tax equity liability	572	454	-
Other interest-bearing debt	664	570	577
Total interest-bearing debt	**38,945**	**28,320**	**33,975**
Interest-bearing assets			
Securities	25,485	25,501	24,854
Cash	6,968	3,515	2,832
Receivables from associates and joint ventures	-	60	64
Other receivables	823	779	621
Receivables in connection with divestments	689	684	1,001
Total interest-bearing assets	**33,965**	**30,539**	**29,372**
Total interest-bearing net debt	**4,980**	**(2,219)**	**4,603**

Interest-bearing net debt totalled DKK 4,980 million as of 30 June 2019, which was an increase of DKK 7,199 million relative to 31 December 2018. The increase was driven by an increase in interest-bearing debt totalling DKK 10,625 million which mainly relates to issuing new bonds and inclusion of lease liabilities in accordance with IFRS 16.
In addition, interest-bearing assets increased by DKK 3,426 million which was mainly related to an increase in cash.

Reconciliation to note 1

Due to payments and interests, the lease liability of DKK 5,074 million shown in the above table differs from the amount presented in note 1.

Market value of bond and bank debt

The market value of bond and bank debt amounted to DKK 35,033 million and DKK 3,566 million, respectively, at 30 June 2019.

Changes in bond and bank debt

In May 2019, Ørsted issued three green bonds at a total nominal amount of GBP 900 million. The bonds were issued under the existing debt issuance programme (EMTN programme):

- GBP 350 million with maturity in 2027 at a fixed interest rate of 2.125%
- GBP 300 million with maturity in 2033 at a fixed interest rate of 2.5%
- GBP 250 million with maturity in 2034. The bond was issued with an interest rate of 0.375% plus yearly inflation (UK Consumer Price Index).

Furthermore, in May 2019 the outstanding amount of EUR 280 million of our 6.5% 2019 bond was repaid at maturity. In addition we have entered into a committed 5-year green credit facility in Taiwan of TWD 25 billion equal to DKK 5.3 billion to finance our activities in the country.

Funds from operations (FFO) LTM[1] DKKm	30 June 2019	31 December 2018	30 June 2018
EBITDA - business performance	**30,186**	**30,029**	**23,387**
Interest expenses, net	(965)	(877)	(946)
Reversal of interest expenses transferred to assets	(428)	(506)	(595)
Interest element of decommissioning obligations	(209)	(192)	(189)
50% of coupon payments on hybrid capital	(273)	(272)	(320)
Calculated interest paid on operating lease obligations	76	(196)	(216)
Adjusted interest expenses, net	**(1,799)**	**(2,043)**	**(2,266)**
Reversal of gain (loss) on divestment of assets	(15,367)	(14,995)	(9,353)
Reversal of recognised operating lease payment in profit (loss) for the year	376	778	845
Total current tax	(3,186)	(3,068)	(2,915)
Funds from operations (FFO)	**10,210**	**10,701**	**9,698**

[1] Last 12 months

The table shows which items are included in funds from operations. FFO is calculated for the continuing operations.

We implemented IFRS 16 'Leases' at 1 January 2019. This has impacted FFO as the in-substance fixed lease payments are recognised as depreciation of lease assets. Lease interests for 2019 are now included in 'Interest, expenses, net'.

Adjusted interest-bearing net debt DKKm	30 June 2019	31 December 2018	30 June 2018
Total interest-bearing net debt	**4,980**	**(2,219)**	**4,603**
50% of hybrid capital	6,619	6,619	6,619
Cash and securities not available for distribution, excluding repo loans	1,094	1,583	690
Present value of operating lease payments	-	4,819	5,667
Decommissioning obligations	5,781	5,471	5,157
Deferred tax on decommissioning obligations	(719)	(757)	(866)
Total adjusted interest-bearing net debt	**17,755**	**15,516**	**21,870**

Funds from operations (FFO)/ adjusted interest-bearing net debt	30 June 2019	31 December 2018	30 June 2018
Funds from operations (FFO)/ adjusted interest-bearing net debt	**57.5%**	**69.0%**	**44.3%**

The table shows which items are included in the adjusted interest-bearing debt as well as FFO relative to adjusted interest-bearing debt.

Due to the implementation of IFRS 16 'Leases' at 1 January 2019, the lease liability is included in 'Total interest-bearing net debt' at 30 June 2019.

Statement by the Executive Board and the Board of Directors

The Board of Directors and the Executive Board have today considered and approved the interim financial report of Ørsted A/S for the period 1 January - 30 June 2019.

The interim financial report, which has not been audited or reviewed by the company's independent auditors, has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU and additional requirements in the Danish Financial Statements Act (*Årsregnskabsloven*). Apart from the implementation of IFRS 16, the accounting policies remain unchanged from the annual report for 2018.

In our opinion, the interim financial report gives a true and fair view of the Group's assets, liabilities, and financial position at 30 June 2019 and of the results of the Group's operations and cash flows for the period 1 January - 30 June 2019.

Furthermore, in our opinion, the management's review gives a fair presentation of the development in the Group's operations and financial circumstances, of the results for the period, and of the overall financial position of the Group as well as a description of the most significant risks and elements of uncertainty facing the Group.

Over and above the disclosures in the interim financial report, no changes in the Group's most significant risks and uncertainties have occurred relative to the disclosures in the annual report for 2018.

Skærbæk, 8 August 2019

Executive Board

Henrik Poulsen
President and CEO

Marianne Wiinholt
CFO

Board of Directors

Thomas Thune Andersen
Chairman

Lene Skole
Deputy Chairman

Lynda Armstrong

Jørgen Kildahl

Peter Korsholm

Dieter Wemmer

Hanne Sten Andersen*

Poul Dreyer*

Benny Gøbel*

*Employee representative

Forward-looking statements

This report contains certain forward-looking statements, including but not limited to, the statements and expectations contained in the 'Outlook' section of this report (p. 6).
Statements herein, other than statements of historical fact, regarding our future results of operations, financial condition, cash flows, business strategy, plans and future objectives are forward-looking statements. Words such as 'targets', 'believe', 'expect', 'aim', 'intend', 'plan', 'seek', 'will', 'may', 'should' 'anticipate', 'continue', 'predict' or variations of these words, as well as other statements regarding matters that are not historical fact or regarding future events or prospects, constitute forward-looking statements.

We have based these forward-looking statements on our current views with respect to future events and financial performance. These views involve a number of risks and uncertainties, which could cause actual results to differ materially from those predicted in the forward-looking statements and from our past performance. Although, we believe that the estimates and projections reflected in the forward-looking statements are reasonable, they may prove materially incorrect and actual results may materially differ due to a variety of factors. These factors include, but are not limited to market risks, development and construction of assets, changes in temperature, wind conditions and precipitation, regulatory risks, operation of offshore wind farms, cost of electricity for offshore wind power, changes in the competitive environment in our markets, security of supply and cable break-downs or other disruptions. As a result, you should not rely on these forward-looking statements. Please also refer to the overview of risk factors in 'Risk and risk management' on pp 66-69 of the Annual Report 2018 available at www.orsted.com.

Unless required by law, we are under no duty and undertake no obligation to update or revise any forward-looking statement after the distribution of this report, whether as a result of new information, future events or otherwise.