

Henrik Poulsen has resigned as CEO of Ørsted

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Operator

Welcome to the Ørsted conference call. For the first part of the call, all participants will be in a listen only mode and afterwards there will be a question and answer session. Today's speakers are Chairman of the Board of Directors, Thomas Thune Andersen, CEO, Henrik Poulsen and CFO, Marianne Wiinholt. Speakers, please begin.

Thomas Thune Andersen

This is Thomas Thune Andersen. Thank you and good afternoon, everyone. We have invited for this call following our announcement that Henrik Poulsen has resigned as CEO of Ørsted. I'll give you an update of the situation before I hand over the word to Henrik.

After eight years in the role, Henrik Poulsen has today resigned as CEO of Ørsted. During his tenure, Henrik has led a profound and highly successful transformation of Ørsted over the past eight years from a Danish fossil fuel energy company to a global leader in renewable energy. Having completed the corporate transformation and established a strong global growth platform in renewable energy, Henrik has come to the conclusion that it is the right time for him to resign as CEO of Ørsted.

In the board of directors, we regret Henrik's decision to resign as CEO of Ørsted, but we of course respect his decision and we are pleased that Henrik Poulsen will continue as CEO until the 31st of January 2021 at the latest in order to secure a smooth transition to his successor. On behalf of the board, I would like to express our sincere gratitude and appreciation for the remarkable results he has spearheaded together with the entire Ørsted team.

We are pleased that Henrik has accepted our offer to nominate him for Ørsted's board of directors at the next AGM in March 2021. An appointment to the board will ensure that his vision, skills and industry experience remain available to Ørsted and will provide a strong continuity in the governance and management of the company.

With Henrik's decision to step down as CEO, the board of directors has initiated the search for the next CEO of Ørsted. The board will evaluate both internal and external candidates, with a focus on finding the best candidate for the job. We will announce our decision when the search process has been completed.

And with that, I would like to hand the word to Henrik for a few remarks.

Henrik Poulsen

Thank you, Thomas. Well, it truly has been an incredible ride over the past eight years. As you know, together with my colleagues, I have put a lot of hard work into the transformation of Ørsted and I have truly enjoyed the journey. I'm proud of what we have achieved, and I feel very strongly about the company and what it stands for and the vision we pursue.

Nonetheless, the time has come for me to pursue new challenges in life. The transformation from fossil fuels to green energy has been completed and Ørsted has never been a stronger company. It will continue to enjoy a tremendous amount of green growth opportunities over decades to come.

As Thomas referred to, I'm glad that the board has offered to nominate me for a non-executive directorship at the next annual general meeting in March 2021. This will allow me to remain part of the Ørsted team and continue to support the company on its global growth journey.

Furthermore, it means that I will continue my collaboration with the board and the executive committee, a group of people whose support and fantastic efforts over the years have made it a true pleasure to be the CEO of the company. I treasure the trust-based relationship and the collaborative environment Thomas and I have created over the years and I look forward to still being part of it.

I have not made any plans about my own future. I will stay in the CEO role, probably at least through the end of the year, and ensure a smooth transition to my successor and together with Thomas, Marianne and the rest of the team, I will make sure that we do not miss a beat and I will then at a later point find out what to do next in my professional life.

As I will stay on as CEO for another while, and then hopefully join the board of directors, this is not a goodbye, far from. I will be as engaged in the company's success and quest for a world running entirely on green energy as ever before. However, I would nonetheless like to take this opportunity to thank all Ørsted employees for having done a superb job in transforming the company during my CEO tenure and not least of having navigated the company through the ongoing global crisis without any noticeable loss of momentum.

And finally, I'd like to pass the word to Marianne for a few remarks.

Marianne Wiinholt

Thank you, Henrik. I have truly enjoyed our close and strong cooperation over the last many years, and I look forward to continue to work with you when you hopefully join the board of directors.

For the sake of good order, it is important for me to emphasise that my commitment to Ørsted is as strong as ever. I'm confident that my current role as CFO of Ørsted is where I can contribute the most to our continued journey and therefore I have told our board of directors that I am not a candidate for the CEO position.

And with that, we will now open for questions. Operator, please.

Q&A

Operator

Thank you. Ladies and gentlemen, if you do wish to ask a question, please press 01 on your telephone keypad. If you wish to withdraw your question, you may do so by pressing 02 to cancel. There will be a brief pause while questions are being registered.

And the first question received is from Sam Arie of UBS. Your line is now open sir, so please go ahead.

Sam Arie, UBS

Thank you very much and good evening everybody. Actually, Henrik, this is quite a surprise and I guess I have lots of questions, but my feeling is that there's probably lots of people on the line and all those questions are going to get asked in a minute anyway, so I just dialled in so that I can join in straight away with others on this call in saying congratulations to you for what you achieved in your time at Ørsted.

You described it as an incredible ride, and it's been quite a ride for the rest of us as well I think as analysts and others following what you're doing, although we were only really the passengers and you were the driver, but it was quite a ride. So, I think I just want to use my question slot to say congratulations, thank you and very, very best of luck with whatever comes next.

Henrik Poulsen

Thank you so much, Sam. That's very kind of you and again enjoyed the conversations we've had throughout the years. And again, thank you for your support while we've been on this journey and again, the journey continues.

Sam Arie, UBS

I'm sure it will, and we look forward to finding out what happens next, but that's all I wanted to use my slot for tonight. Thank you.

Henrik Poulsen

Thank you.

Operator

And the next question received is from Marcus Bellander of Nordea. Your line is now open sir, please go ahead.

Marcus Bellander, Nordea

Thank you and congratulations on your decision, Henrik. One question from me, I'm just wondering if you - and I guess it's for all three of you - wondering if you have any idea what profile the new CEO will have; if you're looking for someone very similar to Henrik, if I may put it in that way, or if you're looking for something different in some way?

Thomas Thune Andersen

This is Thomas here. And of course, what we will be looking for is the right person for the job at this precise time. And I think it's important here to stress that as chairman of the board and the board itself feel very strongly that we are aligned around the strategy and the journey which we have been on and the journey that we have mapped out and which we have also communicated to you a lot about.

And we feel that we are kind of in that process and we are on that journey and of course the person we'll be looking for will be for someone who has both the capability and the passion to join that journey and that, of course, will mean that we have to look at the person's attitude and intellectual capabilities and emotional capabilities, to use modern words, and also to understand and fit in with the values and the cultures of the company. So, it is a holistic approach.

Marcus Bellander, Nordea

And does it have to be someone with offshore wind experience or are you also looking sort of outside that space?

Thomas Thune Andersen

I think we - Henrik is a phenomenal person to find a successor for but we're also confident that with the profile the company has and the journey it's on that there will be a kind of a strong possibility there which means that we will be looking both within industry and outside industry and we will look in Denmark and we will look internationally. So, we allow ourselves with the attractiveness of Ørsted to look throughout the world.

Marcus Bellander, Nordea

All right. Understood. Thank you very much.

Operator

And the next question received is from Alberto Gandolfi of Goldman Sachs. Your line is now open, so please go ahead.

Alberto Gandolfi, Goldman Sachs

Good evening. First of all, Henrik, thanks a lot for your time and it's a pity to lose a great manager. So, best of luck in your future endeavours and thanks for great discussions and for making the industry so interesting. I don't think you can get away with it so easily, so I'm still going to ask a couple of questions if you don't mind. The first one is if there is a non-compete clause and if there is can you maybe disclose for how long it would be?

And the second one is, is Ørsted still going to host a strategy plan in Q3/Q4 as originally planned? And once again thanks a lot for your patience in including the one today and really, really best of luck.

Henrik Poulsen

Thank you so much, Alberto. I'll just answer on the competition clause which there will be and it's 12 months. And I think on the strategies, from the end of the notice period. So essentially end of the notice period is January 31 2021 and then the non-compete will go on for another 12 months from there through January 31 2022.

And on the capital markets day, Alberto, I think what we've announced is that we were targeting towards the very end of this year. We haven't really made any decisions as to whether that's going to be still the timing or whether this CEO transition is going to impact the timing. I think we need a little bit of time to just go back and assess that, but we obviously remain fully committed to hosting a capital markets day within the foreseeable future.

But whether they lead to a small postponement or not, we will have to wait and see. And again also, thank you to you for the conversations through the years.

Operator

Ladies and gentlemen, as a reminder, if you would like to ask a question, please press 01 on the telephone keypad now. And the next question received is from Mark Freshney of Credit Suisse. Your line is now open sir, please go ahead.

Mark Freshney, Credit Suisse

Hi good evening, thanks for taking my questions and very well done Henrik. I have two questions for you and forgive me if they sound a bit pertinent. Firstly, I was going through my own notes and records and I was trying to see if there's anything you should have done differently, and I can't find anything. But if you had one regret in the past eight years, something you would have done differently, what would that be?

And my second question is, no doubt you'll be interviewing your successors, and no doubt when one's picked, they'll be asking you what is the one piece of advice that you'll give me, Henrik? So, what is the piece of advice that you'll be giving your successor?

Henrik Poulsen

Those are good and difficult questions, Mark. Anything I would do differently? When I think back, there are obviously a lot of things, Mark, that we could have done differently, things we should have done, things we should not have done. I'm not sure I'm going to point to anything in particular.

I had a similar question earlier today from a journalist just half an hour ago, and I can tell you what I told him, which is in hindsight, I wish we had been faster in pulling the block on the Danish Hejre oil field six/seven years ago. When I think back, that's a decision that dragged on for six to nine months too long in hindsight.

In terms of advice for successors, again, I'm probably not the one to be providing that advice. There is a very competent chairmanship and a very strong CFO and a strong executive committee who'll take very good care of the next CEO of the company, so I'm not sure I'll be the one dispensing a lot of advice.

What I would point to is that this company has a very strong soul. It has a very deeply embedded passion for what it does, and that passion is a very strong competitive edge for the company. I would look after the soul of the company and nurture it. That is ultimately what will continue to drive the success of Ørsted.

Thomas Thune Andersen

Agreed.

Mark Freshney, Credit Suisse

Thank you very much, Henrik.

Operator

The next question received from Deepa Venkateswaran of Bernstein. Your line is now open, madam, please go ahead.

Deepa Venkateswaran, Bernstein

Thank you. So, Henrik. I also wanted to thank you for leading the company and the industry and you've been truly a very inspiring leader to watch and learn from. So, I think a lot of good questions have already been asked. So, my question really was that if we had lived in a different world, we would have probably had your CMD one week ago.

Was it always your plan to announce post-CMD that you were going to step on to do something bigger or is this some epiphany that has come in the self-isolation for you?

And my second question is I think to Thomas and that is really on the CEO succession. I think in the past, your company has really had the very Nordic sort of leadership. Do I take that it might be possible that you're open to a different nationality, keeping in mind the global footprint of the company? Thank you.

Henrik Poulsen

Thanks, Deepa. No, it was not my intention to announce this post June CMD. This is frankly something that has matured relatively fast. I felt that this was probably as good a window as they are going to come. The company has come a long way in transforming itself. The growth platform is as strong as ever and the company is financially and strategically in a very good position. And I felt if I wanted to go do something else in my life, now was probably a pretty good time to do so and this is a consideration that has matured relatively rapidly for me.

And you never know how these things start and how they kind of progress, but it's not my perception that it came out of being self-isolated during the COVID crisis. It's not like I've been going through some big existential thing here. It's just a matter of having been here for eight years, feeling that I've contributed what I can contribute to the company. And then to be very frank, I admire CEOs who can stay on for 20/25 years in the same role. I am unfortunately not one of them. At some point, I need to move on, so that's also simply a matter of my inner timing.

Thomas Thune Andersen

And on the other question, of course Ørsted, as I see it, has over the last eight years here become a truly transnational company and as a natural consequence of that and our presence around the world, we will be looking worldwide for a successor.

Deepa Venkateswaran, Bernstein

Thank you.

Operator

The next question we received is from John Musk of RBC. Your line is now open, sir, please go ahead.

John Musk, RBC

Yes, thank you and good evening everyone and at the risk of sounding like a broken record, thank you also too, Henrik, for all your time and expertise over the last few years.

A question really to the chairman on the process for identifying the new CEO. Can you remind me on the composition of the board and how much government influence ultimately there will be in that process? Will they have ultimately a veto, I guess, on that decision?

Thomas Thune Andersen

On the latter point, no. This is a board decision, the CEO succession. The board today comprises six colleagues plus three employee representatives. So, we're nine in total, all with equal board responsibility, and we have initiated the process. Of course, we always, also in conjunction with Henrik, have been looking at what is internal potential within the organisation and grooming that and so forth. And when we get in the situation as we have right now, the day a resignation hits the table, of course we need to look at the internal field and we need to look at the

external field and then make the judgment from there. And it is a process which we feel is it's very important as I think it is always in these situations, but it has to be very robust and it has to be very as fast as we possibly can do.

But we need to have the priority of finding the right person, needless to say. Did that cover your - I think it was three parts to your question, wasn't it?

John Musk

Yeah, that does. I was just checking the government and how much influence they have on that decision or really is it totally out of their –

Thomas Thune Andersen

Of course they are a majority shareholder, but this here is a board decision.

John Musk, RBC

OK, that's great, thank you.

Operator

The next question received is from Robert Pulleyn of Morgan Stanley. Your line is now open, so please go ahead.

Robert Pulleyn, Morgan Stanley

Thank you. Good evening, everyone. So, first question to Henrik. I think we would all love to hear what's going to be more exciting than the leading renewables company in the world, if you can shed any light as to what might be the next step. And secondly, I think whilst we all appreciate this may be a personal choice, given it is such a sudden announcement for the market to digest, I feel somewhat duty bound to ask why right now, especially given many exciting growth projects you have ongoing?

And lastly, if I may venture a third to Thomas, given there's not a succession plan already in place, is six months enough time – six/seven months enough time to find the right candidate? Thank you very much.

Henrik Poulsen

Thank you. No, you're absolutely right. This is one of the most exciting CEO jobs you'd find, not only in this part of the world, but I would say even globally. Being a leader of one of the leading green energy companies is as exciting as it comes, so there is absolutely nothing that I don't like about the job. I have a strong, trust-based relationship with the board and my colleagues in the executive committee, so there's nothing of that kind that would make me walk away. But I come back to this being a matter of me having a certain cycle, apparently. It's not something that I necessarily would want to have, but it's simply the way I work. I've been here for eight years. It's been an incredible ride as I said, and I enjoyed it a lot. I still enjoy being part of the team here, which is also why I'm so happy that I'll move into the board of directors at the next AGM.

So, there's nothing to it except that at some point I simply have to move on and find a new set of challenges, and I want to do it while I'm going full speed. So, it's in the interest of the company that I don't wait until I'm sort of past the peak. I think it's in the interest of the company that I stop while I'm still going at full capacity. So, there is nothing else behind this.

And in terms of it being a sudden piece of news, there is really no other way. It will always come out of nowhere. It's not something you can prepare the market for, right? So, there's really nothing else to it then it is, indeed, a personal choice.

Thomas Thune Andersen

And I think it's been eight really good years and again eight years or something that I think the whole company appreciates so that's good.

Henrik Poulsen

It is the longest lasting employment in my professional life.

Thomas Thune Andersen

And on the question about the timing, and of course it's impossible to give kind of a guaranteed yes or no on six months or whatever, it is our ambition that we can do it faster than that. Any company like ours here, we of course have all – we're all the time looking at what are some of the internal potentials, what does the market look like? We're talking to the management team about that.

So, of course there's a lot of ideas and thoughts in our head, but the right thing now is to say with Henrik's resignation on the table, is to say OK, fine, now we do the professional process and it's our hope that we will be able to do that faster than the six months. But again, we need to make sure that we find the right person and it has to take the time it takes. But our ambition level is faster than that.

Robert Pulleyn, Morgen Stanley

Thank you very much, gentlemen. Thomas, if I could just pick up on that, hopefully you find the right person. We wish you all the best of luck in the process, but may I ask if you don't, for whatever reasons, by the end of January 2021, would we have a different transition CEO or would you stay on, Henrik? Just wondering about the contingencies for that eventuality. Thank you.

Henrik Poulsen

It's not a conversation we've had. It's a bridge you would cross at that point. I don't think there's any need to for us to start speculating about that scenario. If that's where we end up, the company will certainly find a solution. I'm quite confident of that, but I think we will cross that bridge when we get there.

Robert Pulleyn, Morgan Stanley

Fair enough. Thank you very much for your thoughts and best of luck, Henrik, with the future.

Henrik Poulsen

Thank you.

Operator

Ladies and gentlemen, again as a reminder, if you would like to ask a question, please press 01 on your telephone keypad now.

And the next question received is from Elgin Mamadow of Bloomberg Intelligence. Your line is now open so please go ahead.

Elchin Mammadov, Bloomberg Intelligence

Hi there. First of all, best of luck to you, Henrik, and you've done a tremendous job and whoever comes in your place will have big shoes to fill. I have two questions. First one is on the type of successor. If I'm not mistaken, you came outside of the power and oil and gas industry. Do you think - is there a requirement for candidates to come from an energy background, or are you open to external candidates from like consumer industry and whatnot?

And the second question is on the long-term strategy. Again, you've made the right choice by betting on offshore wind and now on wind in general as a big lever for growth. As we look to the next ten years or so, there are a few emerging technologies that could be the future, like - I don't know - hydrogen, carbon capture and storage, battery storage. Do you think any of these merit a big bet like you did on offshore wind or not and why? So, that's all from me.

Thomas Thune Andersen

On the first question, of course we will be looking globally for the successor, which means that it can both be within or from other industries. It is the right person that is the kind of the main target here. And, yes, on strategy, Henrik can supplement on that one, but I think the journey we have is very much of a diversified renewable energy major and, for example, we did report on the very big hydrogen potential projects, which of course is an example of expansion into some of the adjacent but very important renewable areas as Henrik just –

Henrik Poulsen

Absolutely, I fully agree with that and again, as Thomas said, it's probably not a prerequisite to have had a lot of offshore wind experience. On the other hand, it would be a big advantage, so I don't think we should neglect that industry experience is an advantage, but I don't think you could say it's a prerequisite. I joined the company eight years ago without having any energy experience but of course having sector experience will always be an advantage.

On the strategic bets, I would emphasise what Thomas mentioned. We are very excited about the long-term prospects of green hydrogen as a further forward extension of our offshore wind platform, not least, and we are also, as you know, engaged in battery storage. Whether CCS is going to be a technology for us - it might be. You might actually need the CCS to complement the green hydrogen production in order to be able to produce electrofuels that combine those two ingredients. So that's also something we are looking at.

So, combining that with onshore wind, solar energy and a global offshore wind platform, the company, frankly, has so many growth opportunities that I think our key task will be to make sure we go after the right ones, the ones that generate the best risk return for the company.

Elchin Mammadov, Bloomberg Intelligence

Thank you.

Operator

And we received a follow-up question from Sam Arie of UBS. Your line is now open again. Please go ahead.

Sam Arie, UBS

In the end I couldn't resist coming back on with a question. I think most of the topics on all of our minds has been covered but - and again, I don't want to be presumptuous about what your plans are here. You've been quite

circumspect in talking about what you might do next. I assume if you're going to take a board role at Ørsted that probably means there may be other jobs in other companies that you wouldn't be eligible for at the same time as being on the board, but do you mind if I just ask you, in theory, if you were approached by one of the oil majors to take over their business and turn them into a green major, is that a role you'd be interested in and do you think it's possible?

Henrik Poulsen

That is certainly not part of my plan, Sam, and you could say I've gladly accepted the offer from the board of directors to be nominated for a board membership at the AGM next year. Obviously, if it was in my plans to join a competitor or an oil major, I would never have accepted that offer. So, I have a tremendous amount of affection for this company. My loyalty within the energy sector is solely with Ørsted and that's the way it should be.

Sam Arie, UBS

So, I apologise, I was kind of trying to say I think that you probably couldn't do that because of your plans to stay on the board, but I'm very interested in, and I guess we won't have the chance to ask you the question for a while, but whether you think that that assignment would be doable by somebody?

Henrik Poulsen

To transform one of the oil majors like we've transformed Ørsted? No, I do believe that just over the past 18 months, I think, some of the oil majors are beginning to see that that may in fact be the journey that they are on long term. It'll probably be a slightly longer journey. As you know, they have much, much bigger legacy businesses than where we started but fundamentally, it is the same journey moving out of fossil fuels over time and gradually building up a futureproof green energy business and I think they have made big decisions recently, some of them, signalling that they are in fact now beginning that journey.

Sam Arie, UBS

Interesting. We will keep following that and we'll keep following you and thank you for the extra questions.

Henrik Poulsen

Thanks, Sam.

Operator

As there are no further questions, I will hand back to the speakers for closing remarks.

Thomas Thune Andersen

Thank you very much for joining all of you. Stay safe in this special world we have at the moment and have a great day.

Operator

Ladies and gentlemen, this now concludes our conference call. Thank you all for attending. You may disconnect your lines now.