

## Company announcement No. 40 / 2017

### Ørsted divests 50% of Walney Extension offshore wind farm and increases outlook for 2017

Ørsted (the former DONG Energy) has signed an agreement to sell 50% of Walney Extension, a 659 megawatt (MW) UK offshore wind farm project to a consortium consisting of PKA and PFA, two leading Danish pension funds. Each investor will obtain a 25% ownership interest in the project. Walney Extension, which is currently under construction, will be the world's largest offshore wind farm when commissioned in the second half of 2018.

Ørsted will construct the wind farm under a full-scope EPC contract. Ørsted will also provide long-term operations and maintenance services from its O&M base in Barrow-in-Furness and provide a route to market for the power generation from Walney Extension.

Henrik Poulsen, CEO of Ørsted, says:

"We're delighted to welcome two Danish pension funds as co-owners of Walney Extension. We already have a strong partnership with PKA on three other offshore wind farms and we look forward to building an equally long-lasting relationship with PFA on what will be the world's biggest wind farm when completed. Both partners are committed to the green energy transition and I'm pleased that our offshore wind assets continue to be attractive to institutional investors."

The total sales price comprises the acquisition of a 50% ownership share and the commitment to fund 50% of the payments under the EPC contract for the entire wind farm (including the transmission assets), and amounts to approx. GBP 2.0bn, which will be paid during 2017 and 2018. We have hedged the GBP proceeds and these hedges currently have a market value of approximately DKK 2.0bn.

The divestment fully confirms our expectations of the value creation in the project. The transaction price is another proof that the market shares Ørsted's view regarding the value of its projects.

Following the farm down of 50% of Walney Extension, Ørsted increases its EBITDA guidance for 2017 from DKK 17-19bn to DKK 19-21bn. Although the farm-down was expected in 2017, the transaction has resulted in a higher share of the total EBITDA gain on Walney Extension to be realised in 2017. The gain on the share purchase agreement (SPA) is expected to be booked in Q4 2017 and make up more than 75% of the total expected EBITDA contribution from the transaction. The remaining part will be booked as EBITDA from construction contracts, of which we expect around 25% in 2017 and the remainder in 2018. Expected gross investments remain unchanged at DKK 18-20bn.

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Company registration no.  
(CVR no.) 36 21 37 28

1 November 2017

The Ørsted vision is a world that runs entirely on green energy. Ørsted develops, constructs and operates offshore wind farms, bioenergy plants and innovative waste-to-energy solutions and provides smart energy products to its customers. Headquartered in Denmark, Ørsted employs 5,600 people. Ørsted's shares are listed on Nasdaq Copenhagen (Orsted). In 2016, the company's revenue was DKK 61 billion (EUR 8.2 billion). For more information on Ørsted, visit [orsted.com](http://orsted.com) or follow us on Facebook, LinkedIn, Instagram and Twitter.

The transaction is subject to approval by relevant competition authorities and is expected to be completed by Q4 2017.

### **Facts about Walney Extension**

- The offshore wind farm will have a total capacity of 659MW – enough to power more than 500,000 UK homes.
- The offshore wind farm will consist of a total of 87 wind turbines with performance enhancing features: 40 MHI Vestas V164-8.0MW turbines and 47 Siemens Gamesa SWT-7.0 MW-154 turbines.
- The wind farm will be located in the Irish Sea approximately 19km from the Walney Island coast in Cumbria and cover an area of 145km<sup>2</sup>
- Walney Extension is expected to be fully commissioned in second half of 2018.

### **For further information**

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