



Company announcement No. 05/2018

Annual report 2017

Strong results support Ørsted's green transformation

The Board of Directors of Ørsted today approved the annual report for 2017. In 2017, we achieved a strong operating profit (EBITDA) of DKK 22.5 billion, 18% up on 2016.

We increased our share of renewable energy by 14 %-points to 64%. Our target is for at least 95% of our heat and power generation in 2023 to be green.

Development in financial performance in 2017:

- Our underlying operating profit (EBITDA) adjusted for non-recurring items was 56% higher than in 2016.
- Wind Power's EBITDA increased by 74% to DKK 20.6 billion. The farm-downs of 50% of Walney Extension and Borkum Riffgrund 2 contributed significantly to this. Earnings from our offshore wind farms in operation increased by 45%.
- Return on capital employed (ROCE) increased to 25% in 2017 from 17% in 2016, disregarding non-recurring income from gas contracts totalling DKK 4.3 billion in 2016.
- The net profit for the continuing part of the group increased by DKK 1.1 billion to DKK 13.3 billion.
- The Board of Directors recommends that dividend payments be increased by 50% from DKK 6 to DKK 9 per share (DKK 3.8 billion in total).

CEO Henrik Poulsen says:

"In 2017, we took decisive steps towards completing our strategic transformation to a green energy company. We continued our build-out of green energy generation from offshore wind and biomass, we divested our oil and gas business, and we made the decision to be coal-free by 2023. It was also the year when we won projects both in Germany and the UK, and for the first time offshore wind was able to compete on cost with new-builds of coal- and gas-fired power stations.

2017 was a financially strong year for us. We delivered our highest operating profit ever and achieved delivered performance across our business units. The farm-downs of Walney Extension and Borkum

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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 (Ørsted). In 2017, the group's revenue was DKK 59.5 billion (EUR 8.0 billion). For more information on Ørsted, visit <https://orsted.com/> or follow us on Facebook, LinkedIn, Instagram and Twitter.

Riffgrund 2 also prove that our partnership model remains very attractive for institutional investors.

We are making good progress in the strategic expansion of our offshore wind business. In November, a panel of experts under the Taiwanese environmental authorities recommended granting environmental permits to our four offshore wind projects in Greater Changhua. In December, we submitted our first bid for an offshore wind farm project in the USA. The bid concerns the Bay State Wind project in Massachusetts, where we want to construct an offshore wind farm together with our partner, Eversource Energy.

In our utility business, we inaugurated the biomass-converted Skærbæk Power Station, continued rolling out smart meters in Danish homes and introduced differentiated tariffs in Radius' grid. This supports the green transformation by incentivising our customers to smoothen their power consumption thereby allowing for a more efficient use of green energy generation and the distribution grid.

In the coming years, we will pursue our objective of continued build-out of offshore wind. We also want to make our utility business greener, create a smart power distribution grid and improve our customer experience through digitisation and innovation of our products. In addition, we are working to expand our portfolio of long-term growth opportunities within green energy. For instance, we have established a new unit to explore energy storage and solar PV projects, and we are also looking more closely at the market for onshore wind."

Financial key figures for 2017 and Q4:

DKK million	Q4 2017	Q4 2016	%	2017	2016	%
EBITDA	13,032	6,310	107%	22,519	19,109	18%
Underlying EBITDA	13,032	5,871	122%	22,519	14,442	56%
Profit (loss) for the period from cont. operations	9,350	3,988	134%	13,279	12,161	9%
Profit (loss) for the period from discont. operations	79	(473)	n.a.	6,920	1,052	558%
Profit (loss) for the period	9,429	3,515	168%	20,199	13,213	53%
Cash flows from operating activities	3,078	1,752	76%	1,023	11,272	(91%)
Gross investments	(5,805)	(4,732)	23%	(17,744)	(14,960)	19%
Divestments	14,875	5,013	197%	16,982	9,055	88%
Free cash flow	12,148	2,033	498%	261	5,367	(95%)
Net interest-bearing debt	(1,517)	3,461	n.a.	(1,517)	3,461	n.a.
FFO/adjusted net debt	50%	64%	(14%p)	50%	64%	(14%p)
ROCE	25%	24%	1%p	25%	24%	1%p

Outlook 2018

From 2018, we have decided to change our guidance method.

In the future, our guidance will only include the effect from existing offshore wind partnership agreements. Previously, our outlook also included the effect from partnership agreements which we expected to conclude during the year. That made our outlook particularly sensitive to the timing of farm-downs in Wind Power as well as the distribution of income between the years. In 2017, EBITDA from the new partnerships concerning Walney Extension and Borkum Riffgrund 2 totalled DKK 9.8 billion.

EBITDA (business performance) excluding new partnership agreements is expected to be DKK 12-13 billion in 2018 compared with DKK 12.7 billion in 2017.

We still expect a 50% farm-down of Hornsea 1, either in H2 2018 or in 2019. Should the divestment materialise in 2018, EBITDA including new partnerships is expected to be higher than the DKK 22.5 billion achieved in 2017.

Gross investments for 2018 are expected to amount to DKK 16-18 billion, reflecting a high level of activity related to our offshore wind farm projects, the biomass conversion of Asnæs Power Station as well as the installation of smart meters.

Further information

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Conference call

In connection with the presentation of the annual report, a conference call for investors and analysts will be held on Thursday, 1 February 2018 at 10.00 CET.

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The conference call can be followed live at:

<https://orsted.eventcdn.net/2017annualreport/>

Presentation slides will be available prior to the conference call:

<https://orsted.com/en/Investors/Key-figures-and-presentations/Financial-reporting#0>

The annual report is available for download at:

<https://orsted.com/en/Investors/Key-figures-and-presentations/Financial-reporting#0>