

Orsted A/S

Headwinds continue

28 November 2025

Company Overview

Orsted A/S, formerly Dong Energy A/S, is the world's largest developer of offshore wind energy. The Denmark-based energy company operates through three segments: Wind Power (development, construction and operations of wind farms; ~58% of revenue); Bioenergy and Thermal Power (generation of electricity and heat from thermal power stations; ~6% of revenue); and Distribution and Customer Solutions (purchase, sale and distribution of energy; ~26% of revenue). Orsted has >17 gigawatts ("GW") in installed capacity.

Investment Overview

Well positioned to tap on Europe's energy-transition story, with its market leadership and proven operational track record in offshore wind. European utilities are forecasted to invest EUR95-100 billion in capex per year in renewable energy, which represents a 21% increase from 2021 levels, based on Bloomberg's estimates. We believe Orsted is well positioned to tap onto the broader renewable growth trend given that Orsted is the world's largest and most experienced developer of offshore wind farms with over 30 years of experience.

3Q25 adjusted EBITDA missed estimates. Adjusted EBITDA (excluding new partnerships and cancellation fees) came in at DKK3.1bn (-31% y/y), missing consensus by 20%. The sharp y/y drop reflected the absence of last year's cancellation-fee reversals and materially weaker offshore earnings due to low wind speeds, softer trading gains and scheduled subsidy step-downs on ageing assets.

Management's reaffirmed outlook. Full-year adjusted EBITDA guidance of DKK24-27bn (YTD DKK17.0bn) was reiterated, implying 4Q25F adjusted EBITDA of DKK7.0-10.0bn (versus 4Q24's DKK7.6bn). Management expects a stable 4Q underpinned by normalised wind speeds and steady operations. Offshore earnings will remain lower y/y due to ongoing subsidy step-downs, weaker trading income and elevated US cost inflation, while Onshore and Bioenergy should deliver higher contributions from solar and BESS ramp-up. Capital allocation remains focused on balance-sheet strengthening via the DKK60bn rights issue and the Hornsea divestment, which materially de-risks forward capex.

HOLD with TP of DKK130. With balance sheet strain persisting and capital discipline paramount, we view valuation as fair and retain our fully valued stance.

Risks

Key risks include turbine and cable-installation delays due to weather, US regulatory/tariff uncertainty, supply-chain constraints, inflationary pressures on steel and subsea work, and remaining variability in construction-agreement outcomes.

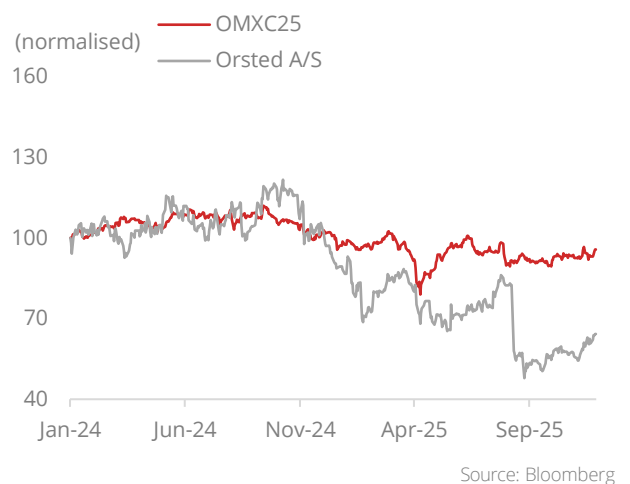
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Key Financial Data

Bloomberg Ticker	ORSTED DC
Sector	Utilities
Share Price (DKK)	133.60
DBS Rating	HOLD
12-mth Target Price (DKK)	130.0
Market Cap (USDb)	27.4
Volume (m shares)	0.8
Free float (%)	62.7
Dividend yield (%)	-
Net Debt to Equity (%)	63.1
Fwd. P/E (x)	16.6
P/Book (x)	0.9
ROE (%)	1.5

Closing Price as of 27 Nov 2025
Source: Bloomberg, DBS

Indexed Share price vs Composite Index Performance



The full report and disclaimers are accessible here:



Financial Summary

FY Sep (DKKmn)	FY2022(A)	FY2023(A)	FY2024(A)	FY2025(F)	FY2026(F)
Sales	114,417	79,255	71,034	69,805	81,444
% y/y	47.3	(40.1)	(10.4)	(1.6)	16.9
Gross Profit	35,114	32,631	35,071	33,992	39,521
% y/y	43.0	(7.1)	7.5	(1.8)	15.7
EBITDA	21,064	24,014	24,751	25,200	29,173
% y/y	33.4	14.0	3.1	3.5	17.0
Net Profit	14,549	(21,059)	(923.0)	6,067	10,912
% y/y	42.3	(244.7)	(104.4)	666.2	107.2
FCF	(21,080)	(9,671)	(24,298)	(38,426)	(36,845)
% y/y	(194.0)	(145.9)	(351.2)	(257.9)	(198.4)
CAPEX	33,004	38,203	42,654	52,233	54,438
% y/y	(4.5)	15.8	11.7	22.3	4.3
EBITDA Margin (%)	15.0	30.3	34.8	36.8	36.6
Net Margin (%)	12.7	(26.6)	(1.3)	9.1	13.9
ROA (%)	5.0	(7.1)	(0.3)	1.7	2.9
ROE (%)	16.1	(24.3)	(1.1)	4.8	7.0
Tax Rate (%)	14.8	6.1	99.4	22.2	21.8

Source: Visible Alpha

Valuation Metrics

FY Sep	FY2022(A)	FY2023(A)	FY2024(A)	FY2025(F)	FY2026(F)
P/E (x)	18.2	nm	nm	20.7	16.9
P/B (x)	3.7	2.8	2.2	1.1	1.3
Dividend Yield (%)	2.1	0.00	0.00	0.00	2.2
EV/EBITDA (x)	10.0	11.5	6.4	10.6	9.0
FCF Yield (%)	(7.9)	(6.1)	(17.8)	(26.8)	(20.4)

Source: Visible Alpha

Credit & Cashflow Metrics

FY Sep	FY2022(A)	FY2023(A)	FY2024(A)	FY2025(F)	FY2026(F)
Debt / Equity (%)	74.9	113.2	103.4	61.4	57.9
Net Debt / Equity (x)	0.6	1.0	1.1	0.1	0.3
Debt / Assets (%)	22.8	31.3	32.3	25.5	24.6
Net Debt / Assets (x)	0.1	0.2	0.2	0.0	0.1
EBITDA / Int Exp (%)	1.1	1.7	2.0	3.9	9.3
ST Debt / Total Debt (x)	0.0	0.0	0.0	0.1	0.1
Debt / EBITDA (x)	3.4	3.7	3.9	3.8	3.2
[Cash + CFO] / ST Debt (%)	8.3	100.7	10.1	13.4	12.1
Receivables Days	92.2	102.2	100.7	119.5	119.9
Days Payable	57.0	68.7	107.0	111.5	107.1
Inventory Days	45.0	48.5	89.7	88.8	88.7

Source: Visible Alpha

Target Price & Ratings History



#	Date of Report	Closing Price	12-m Target Price	Rating
1	03 Feb'25	278.10	350.00	BUY
2	16 Apr'25	285.00	220.00	FULLY VALUED
3	19 Aug'25	211.50	220.00	HOLD

Source: DBS

Analysts: Elizabeth Pang

Pei Hwa Ho

DBS Group Research recommendations are based on an Absolute Total Return* Rating system, defined as follows:

STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)

BUY (>15% total return over the next 12 months for small caps, >10% for large caps)

HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)

SELL (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

*Share price appreciation + dividends

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