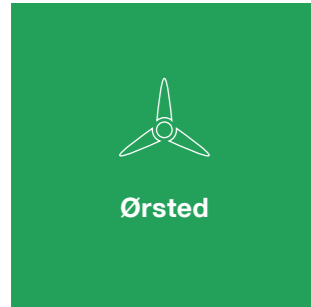


Ørsted

Wind energy

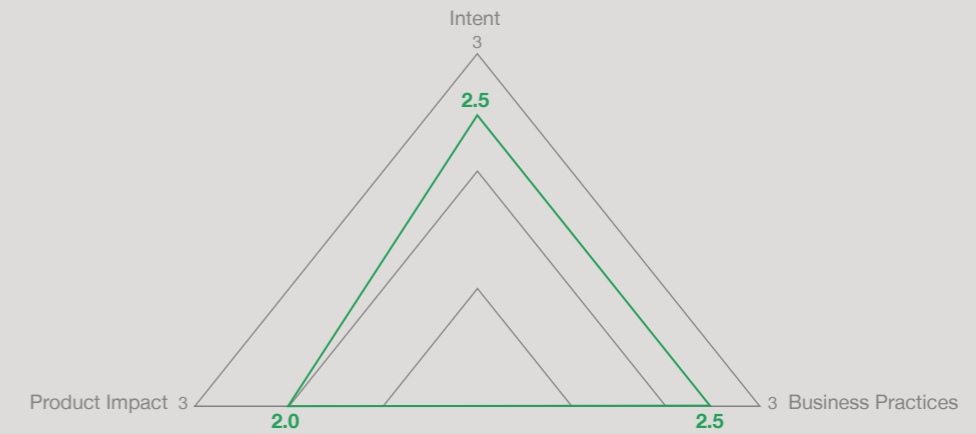


The Ørsted vision is a world that runs entirely on green energy. Ørsted develops, constructs and operates offshore and onshore wind farms, bioenergy plants and innovative waste-to-energy solutions. It also provides smart energy products to its customers.

Investment Case

What challenge is the Company tackling?	Fossil fuels have driven rising prosperity for more than 200 years and now provide 80% of human energy needs. But carbon dioxide emissions from their use are causing potentially catastrophic climate change. To avoid that, we need to achieve net zero emissions by 2050, according to the International Panel on Climate Change. The challenge requires a profound transformation of global energy systems – from black to green energy. Huge investment in renewable sources will be required over the next four decades. Ørsted's vision is to create a world that runs entirely on green energy.
Is the Company's offering sufficiently different and better than the status quo?	Thanks to large investments in offshore wind and the ongoing conversion of power generation from coal to biomass, Ørsted's carbon intensity is significantly lower than the industry average and is expected to reach zero emissions by 2025, years ahead of the 2-degree target for the energy sector. Offshore wind is one of cleanest sources of electricity on a lifecycle basis, but high costs were a concern in the past. Over the last few years, the costs of offshore wind have plummeted due to the adoption of larger turbines, standardisation of the supply chain, and innovations that make operation and maintenance cheaper which Ørsted has played a significant role in.
Is there a committed management team? What have they done before?	Ørsted's strategy revolves around providing green energy and Henrik Poulsen, CEO understands the importance of climate change. Ørsted have invested heavily in offshore wind, even when it was an unproven technology, and played a significant role in creating the industry, including formalising the supply chain and providing confidence for turbine manufacturers to increase its production. Non-renewable businesses have been divested and acquisitions have brought new renewable technologies.
How does the Company treat stakeholders?	As part of their legacy as a state-owned utility, the Danish Government retain a majority stake in Ørsted. Company reporting and monitoring of gender equality across the organisation is impressive as is the attitude towards mental health and stress management for employees. Work life balance is clearly something that Ørsted takes seriously and have a good reputation for. Ørsted is also bringing their customers with them on their green transition, providing renewable energy to all residential customers at no extra cost and achieving high customer satisfaction scores.
Is there a potential to create a profitable and defensible business?	Ørsted has 30% market share of global offshore wind farms in operation and under construction. Since its IPO, Ørsted has maintained its market share by winning 33% of all offshore wind capacity auctioned, despite the introduction of competitive auctions in many markets. Ørsted's competitive advantage is scale and vertical integration. This provides Ørsted with the ability to select individual suppliers rather than relying on complete solutions, which gives it more scope to add value through de-risking projects. It also provides more opportunities for learning and cost reductions. The company has consistently delivered returns above its costs of capital.
Is the business attractively valued?	Offshore wind should experience strong growth over the coming decades as the world installs more renewable energy. Ørsted should benefit from this growth. Its current project pipeline should drive EBITDA growth of around 20% per year until 2023. For this, we are asked to pay a low-teen EV/EBITDA, which seems attractive. If we look at discounted cash flow, the current share price seems to price in only existing projects and doesn't factor in future growth. Ørsted has many offshore wind growth opportunities, including in Japan, South Korea, Poland and India, which should generate shareholder value over the long-term.

Impact Analysis



Product Impact

While Ørsted are significant players in offshore wind, it is a small part of the energy mix (albeit one that is growing) and they are still relatively limited in geographical breadth. Their other divisions are small but provide some breadth in technology to address all parts of the renewable energy system.

Intent

Ørsted's targets for delivering renewable energy are clear, stretching and clearly ingrained into how the company is run. Their willingness to take on some of the more challenging aspects of delivering on a world run on clean energy, such as demand management, grid integration and intermittency, are evidence that they are motivated by the big picture outcome and not just electricity generation.

Business Practices

Ørsted show a high level of transparency and have clear commitments to addressing the environmental and social impacts of its business.

	Relevant Targets	Relevant Products
7 AFFORDABLE AND CLEAN ENERGY 	Target 7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.	Ørsted are the largest offshore wind developer in Europe and are expanding geographically. By 2030 it is anticipated that they will contribute a fifth of global offshore wind capacity.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	Target 9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.	Ørsted are converting their legacy fossil-fuel based heat and power generation facilities to sustainable biomass.
13 CLIMATE ACTION 	With reference to UN Framework Convention on Climate Change.	Ørsted's renewable generation helps to reduce the amount of carbon emissions released by the energy sector.

This presentation is intended solely for the use of professional investors and should not be relied upon by any other person. It is not intended for use by retail clients.

IMPORTANT INFORMATION AND RISK FACTORS

Baillie Gifford & Co and Baillie Gifford & Co Limited are authorised and regulated by the Financial Conduct Authority (FCA). Baillie Gifford & Co Limited is an Authorised Corporate Director of OEICs’.

Baillie Gifford Overseas Limited provides investment management and advisory services to non-UK Professional/Institutional clients only. Baillie Gifford Overseas Limited is wholly owned by Baillie Gifford & Co. Baillie Gifford & Co and Baillie Gifford Overseas Limited are authorised and regulated by the FCA in the UK.

Baillie Gifford Investment Management (Europe) Limited provides investment management and advisory services to European (excluding UK) clients. It was incorporated in Ireland in May 2018 and is authorised by the Central Bank of Ireland. Through its MiFID passport, it has established Baillie Gifford Investment Management (Europe) Limited (Frankfurt Branch) to market its investment management and advisory services and distribute Baillie Gifford Worldwide Funds plc in Germany. Similarly, it has established Baillie Gifford Investment Management (Europe) Limited (Amsterdam Branch) to market its investment management and advisory services and distribute Baillie Gifford Worldwide Funds plc in The Netherlands.

Baillie Gifford Investment Management (Europe) Limited also has a representative office in Zurich, Switzerland pursuant to Art. 58 of the Federal Act on Financial Institutions (“FinIA”). It does not constitute a branch and therefore does not have authority to commit Baillie Gifford Investment Management (Europe) Limited. It is the intention to ask for the authorisation by the Swiss Financial Market Supervisory Authority (FINMA) to maintain this representative office of a foreign asset manager of collective assets in Switzerland pursuant to the applicable transitional provisions of FinIA.

Baillie Gifford Investment Management (Europe) Limited is a wholly owned subsidiary of Baillie Gifford Overseas Limited, which is wholly owned by Baillie Gifford & Co. Baillie Gifford Overseas Limited and Baillie Gifford & Co are authorised and regulated in the UK by the Financial Conduct Authority.

Persons resident or domiciled outwith the UK should consult with their professional advisers as to whether they require any governmental or other consents in order to enable them to invest, and with their tax advisers for advice relevant to their own particular circumstances.

Important Information Hong Kong

Baillie Gifford Asia (Hong Kong) Limited 柏基亞洲(香港)有限公司 is wholly owned by Baillie Gifford Overseas Limited and holds a Type 1 and a Type 2 licence from the Securities & Futures Commission of Hong Kong to market and distribute Baillie Gifford’s range of collective investment schemes to professional investors in Hong Kong. Baillie Gifford Asia (Hong

Kong) Limited 柏基亞洲(香港)有限公司 can be contacted at Suites 2713-2715, Two International Finance Centre, 8 Finance Street, Central, Hong Kong, Telephone +852 3756 5700.

Important Information Japan

Mitsubishi UFJ Baillie Gifford Asset Management Limited (“MUBGAM”) is a joint venture company between Mitsubishi UFJ Trust & Banking Corporation and Baillie Gifford Overseas Limited. MUBGAM is authorised and regulated by the Financial Conduct Authority.

Important Information Australia

Baillie Gifford Overseas Limited (ARBN 118 567 178) is registered as a foreign company under the Corporations Act 2001 (Cth) and holds Foreign Australian Financial Services Licence No 528911. This material is provided to you on the basis that you are a “wholesale client” within the meaning of section 761G of the Corporations Act 2001 (Cth) (“Corporations Act”). Please advise Baillie Gifford Overseas Limited immediately if you are not a wholesale client. In no circumstances may this document be made available to a “retail client” within the meaning of section 761G of the Corporations Act. This material contains general information only. It does not take into account any person’s objectives, financial situation or needs.

Important Information South Africa

Baillie Gifford Overseas is registered as a Foreign Financial Services Provider with the Financial Sector Conduct Authority in South Africa.

Important Information North America

Baillie Gifford International LLC is wholly owned by Baillie Gifford Overseas Limited; it was formed in Delaware in 2005 and is registered with the SEC. It is the legal entity through which Baillie Gifford Overseas Limited provides client service and marketing functions in North America. Baillie Gifford Overseas Limited is registered with the SEC in the United States of America.

The Manager is not resident in Canada, its head office and principal place of business is in Edinburgh, Scotland. Baillie Gifford Overseas Limited is regulated in Canada as a portfolio manager and exempt market dealer with the Ontario Securities Commission (“OSC”). Its portfolio manager licence is currently passported into Alberta, Quebec, Saskatchewan, Manitoba and Newfoundland & Labrador whereas the exempt market dealer licence is passported across all Canadian provinces and territories. Baillie Gifford International LLC is regulated by the OSC as an exempt market and its licence

is passported across all Canadian provinces and territories. Baillie Gifford Investment Management (Europe) Limited (“BGE”) relies on the International Investment Fund Manager Exemption in the provinces of Ontario and Quebec.

Important Information South Korea

Baillie Gifford Overseas Limited is licensed with the Financial Services Commission in South Korea as a cross border Discretionary Investment Manager and Non-discretionary Investment Adviser.

Important Information Oman

Baillie Gifford Overseas Limited (“BGO”) neither has a registered business presence nor a representative office in Oman and does not undertake banking business or provide financial services in Oman. Consequently, BGO is not regulated by either the Central Bank of Oman or Oman’s Capital Market Authority. No authorization, licence or approval has been received from the Capital Market Authority of Oman or any other regulatory authority in Oman, to provide such advice or service within Oman. BGO does not solicit business in Oman and does not market, offer, sell or distribute any financial or investment products or services in Oman and no subscription to any securities, products or financial services may or will be consummated within Oman. The recipient of this document represents that it is a financial institution or a sophisticated investor (as described in Article 139 of the Executive Regulations of the Capital Market Law) and that its officers/employees have such experience in business and financial matters that they are capable of evaluating the merits and risks of investments.

Important Information Qatar

The materials contained herein are not intended to constitute an offer or provision of investment management, investment and advisory services or other financial services under the laws of Qatar. The services have not been and will not be authorised by the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority or the Qatar Central Bank in accordance with their regulations or any other regulations in Qatar.

Important Information Israel

Baillie Gifford Overseas is not licensed under Israel’s Regulation of Investment Advising, Investment Marketing and Portfolio Management Law, 5755-1995 (the Advice Law) and does not carry insurance pursuant to the Advice Law. This document is only intended for those categories of Israeli residents who are qualified clients listed on the First Addendum to the Advice Law.

Potential for Profit and Loss

All investment strategies have the potential for profit and loss. Past performance is not a guide to future returns. It should not be assumed that recommendations/transactions made in the future will be profitable or will equal performance of the securities mentioned.

This document contains information on investments which does not constitute independent research. Accordingly, it is not subject to the protections afforded to independent research and Baillie Gifford and its staff may have dealt in the investments concerned.

All information is sourced from Baillie Gifford & Co and is current unless otherwise stated.

The images used in this document are for illustrative purposes only

Financial Intermediaries

This document is suitable for use of financial intermediaries. Financial intermediaries are solely responsible for any further distribution and Baillie Gifford takes no responsibility for the reliance on this document by any other person who did not receive this document directly from Baillie Gifford.