

Ørsted

Q2 2025 earnings call

Transcription

11 August 2025

Rasmus Errboe

Hello, everyone, and thank you for joining today's presentation.

In connection with the release of our result for the second quarter this morning, we are announcing the plan for a fully underwritten rights issue, which is expected to amount to 60 billion in gross proceeds, and that is supported by our majority shareholder, the Danish state. The rights issue is intended to fulfil an incremental funding requirement, which has arisen following our decision to discontinue the divestment and associated non-recourse project financing processes related to our Sunrise Wind project in the US. With the rights issue, we will strengthen our capital structure to cover for the full ownership of Sunrise Wind and provide the needed financial robustness and flexibility for the execution of our strategic plan, as announced in February, and position us for future growth.

While we do not take this decision lightly, it is based on a comprehensive assessment of our options, and we have no doubt that this is the right decision for Ørsted and our shareholders, and puts us on the path to maximise shareholder value going forward. We are very pleased with the support from our majority shareholder.

Before going through the details of the planned rights issue, let me turn to slide 5, where I will talk you through some of the operational highlights for the first half of 2025.

First, we are pleased with the operational performance for the first half of the year, where our EBITDA, excluding new partnerships and cancellation fees, amounts to 13.9 billion. We remain on track to deliver our full year EBITDA guidance of 25 billion to 28 billion, despite the lower wind speeds in the first half of the year. During 2025, we have made solid progress within our construction portfolio. I will cover the progress in more detail in a few slides, but would like to highlight that we have achieved first power on Greater Changhua 2b and 4 in Taiwan, finalised the installation of turbine foundations on Revolution Wind in the US, and likewise initiated installation of turbine foundations at Sunrise Wind.

Through our partnership and divestment programme, we have secured 7 billion of proceeds from divestments. And likewise, we closed the project financing for Greater Changhua 2, raising approximately 20 billion for the 632 MW offshore wind farm. The availability across our offshore portfolio in the first half of the year was 92%, which is a significant increase compared to the same period last year, primarily driven by the fact that we, last year, were resolving issues with the electrical infrastructure on the export transmission cable on two offshore wind projects. Our renewables share generation was at 99%, in line with our targets.

Our total recordable injury rate increased to 2.7, slightly above our target of 2.5. To ensure improvement of our safety performance, we have launched an internal programme across the full organisation, which is intended to further increase training, safety awareness and management focus, all aimed at lowering the incident rate and bringing our people home safe every day.

Let's turn to slide 6 and a status on our four strategic priorities that we shared as part of our full

year 2024 results, and which will continue to be our key focus in delivering our business plan.

The first priority is to strengthen our capital structure. While the rights issue, obviously, will be an essential component of this, we have also taken several measures through lowering our build-out ambitions and reducing our investment programme. During the first half of 2025, we progressed these measures as we closed divestments related to stakes in a US onshore portfolio and our West of Duddon Sands project, and also closed the project financing package for Greater Changhua 2.

The project financing package is supportive for the overall project returns, and I am pleased that we received a very strong support from both international and local banks, as well as export credit agencies, which shows that there is a healthy appetite to support premium assets. Furthermore, the continued earnings contribution from our operational portfolio is an important part of strengthening our capital structure, and I am pleased with the performance that we have seen in first half of 2025.

The second priority is to deliver on our 8.1 GW offshore wind construction programme, and we have reached a number of significant milestones during the first half of the year. By delivering on our current construction portfolio, we will almost double our installed offshore capacity by end of 2027, which will further solidify our position as the leader of the industry.

Our third priority is to focus and sharpen our capital allocation with a disciplined and patient value-over-volume mindset. This emphasis led us to discontinue the development of Hornsea 4 in its current form. While we are currently reconfiguring the project on a different timeline, we continue to view the long-term fundamentals for offshore wind in the UK as strong, and we see an attractive potential for the future deployment of Hornsea 4 as we continue to hold the seabed rights, the grid connection, as well as the development consent order for the project.

Our fourth priority is to improve our competitiveness. We have taken several measures during the first half of the year, for instance, through a restructuring of our organisation and the addition of new members to our executive management team, such that, with a chief of development, construction and generation now have the full lifecycle of an offshore wind project reflected in our executive leadership team. In addition to these, we continue to introduce efficiency measures and right-size of our organisation, which I will talk more into shortly.

Turning to slide 7, and an update on the progress on our construction projects. We continue to deliver on our offshore construction programme according to plan.

On Borkum Riffgrund 3, we have installed all foundations and turbines and are currently awaiting the grid connection from the German transmission system operator. In the interim, we are receiving financial compensation from the TSO for the delay in grid connection. The TSO grid converter offshore installation is finalised in the meantime. First power is expected towards the end of this year, and the project is expected to be commissioned in the beginning of 2026.

On Greater Changhua 2b and 4, we achieved first power in July and have continued to make further installation progress. At this point, we have installed all of the turbine foundations more than a month ahead of schedule, and likewise installed more than half of the turbines. Furthermore, we

have successfully energised the onshore substation. However, we have had to update our expected installation schedule, driven by a slow start to array cable installation and delays in the delivery of turbine blades. Therefore, we now expect one-third of turbines to achieve first power progressively during Q1 '26. While we do not expect any material financial impact to the business case as a result of this development, we are, of course, assessing options to mitigate and reduce the delay.

Altogether, we expect the commissioning of the section related to Changhua 2 by the end of 2025, and commissioning of the full project during first half of '26. The project continues to focus on array cable installation, and managing any potential schedule implications caused by the weather conditions, and will, in the coming period, continue to progress the installation of turbines, export and array cables.

Turning to an update on our northeast programme in the US, starting with Revolution Wind, where we have continued making good progress and remain on track for commissioning in the second half of 2026. We have made progress on the construction of the onshore substation, as well as the installation of monopoles and turbines. During the quarter, we have completed the installation of all turbine foundations and have installed nearly 70% of the turbines. The progress made during the quarter has increased the degree of completion to around 80%. The project continues to progress on a number of scopes that are critical to the delivery of the updated project schedule.

In June, damage to one of the installation vessel's legs was identified, and thus a need arose for the vessel to go into harbour for inspections. The inspection and repair work were carried out efficiently by the team over the course of five weeks, and the vessel has since returned to service at sea. There is no expected impact to the commissioning of the project. We expect to complete the installation of turbines towards the end of this year, and once complete, we will subsequently commence the installation of turbines for Sunrise Wind.

For the onshore substation, we are continuing to progress the equipment installation according to the updated schedule. We remain on site to manage the continued installation of the project and expect energisation early next year. The monopile for the offshore substation that was not suitable for use because of seabed resistance was successfully removed in the quarter. The installation of the new monopile will take place in the coming period, and the installation of the offshore substation is scheduled to take place in the coming period as well, utilising the already-contracted installation vessels that are undertaking work at Sunrise and Revolution Wind. We remain on track for commissioning in the second half of 2026.

Turning to the other part of our northeastern programme, our Sunrise Wind project, where we have also continued to see good progress across the different scopes and remain on track for commissioning in the second half of 2027. The degree of completion for the project remains around 35%, and while it is only a slight increase since Q1, it is important to note that the metric reflects a combination of schedule progress and financial spend, and as such does not necessarily capture all the progress achieved during a quarter.

In fact, the project has made solid progress according to plan, as we have started the installation of

monopile foundations, with currently more than 13 turbine foundations installed. This work will continue throughout the current installation window, where we will also initiate the turbine installation once completed at Revolution Wind. The project's focus remains on a number of items that are critical to delivering the project on the updated schedule. The fabrication of monopiles is progressing according to plan, and will continue throughout 2025, which is when we expect to have all foundations completed. As mentioned, we have commenced the installation of turbine foundations and will continue this work over two seasons, due to the time-of-year restrictions of when they can be installed.

On the export cable, we continue to see good progress on fabrication, as two out of three sections are completed, and final one being near complete. Final factory acceptance testing is expected to be completed in September. On the jacket structures for the HVDC, it has passed the final phase of quality control and been loaded onto transport vessels, and is on track to be installed later this year. We continue to manage the risks related to execution of the project, and we remain on track for commissioning in the second half of 2027.

At our Hornsea 3 project in the UK, the construction continues to progress as planned, with the onshore work to build the converter station and cables on track. The offshore scope is under way, focusing on preparing the export cable route following the completed removal of the unexploded ordnances. We are working closely with suppliers to manage the ramp-up and delivery of components to be installed offshore during 2026, with fabrication and monopiles being a key focus.

There are multiple suppliers contracted for the monopile fabrication, and, if relevant, we can utilise the flexibility gained from this. Further, we are also closely monitoring the installation schedule of the project's grid connection. As there are a number of renewable energy projects under construction in the same area for the grid connection, we are also working closely with National Grid such that we can maintain current expectations for first power and commissioning of the project. The construction work for the co-located battery storage solution is planned to start during the second quarter of this year.

In Poland, our Baltica 2 project is moving ahead according to schedule, and our collaboration with our partner PGE is working really well. We are progressing the first phases of the construction project, and in the second quarter this included continued construction work at the onshore substation site and cable route preparation, onshore and offshore, as well as progress on the manufacturing of the offshore substation and monopile fabrication.

We are closely following the fabrication progress of the key components and taking the necessary mitigation actions, for instance, for the offshore substation, where the project is managing various items related to design, alignment, defence, and security. We remain on track for earliest possible sail-away mid-2026 from Vietnam for the four offshore substations. The progress on the installation harbour in Poland is still on track, and with float in the schedule. We will continue progressing the fabrication, cable route preparation, and also finalise cable design, to initiate the cable manufacturing. We are closely engaged with contractors and regulators to ensure that we progress according to the current schedule. Finally, the project is undertaking regular site visits with our

partner to secure a high focus on safety. Lastly, the construction of our onshore projects across Europe and the US continues to progress according to plan.

With that, I will now turn to slide 8 and cover how the use of proceeds from the rights issue will strengthen Ørsted's foundation.

First, it is intended to enable us to fund the full ownership of the Sunrise Wind project on our balance sheet, following the discontinuation of the farm-down and financing processes that we had progressed for the project.

Secondly, the rights issue will strengthen our foundation and secure and improve capital structure, which is required to unfold our business model and optimise the value of our operational assets and construction portfolio.

Thirdly, it is intended to enable a more value-accretive and flexible approach to timing of partnerships and divestments.

And finally, it is intended to ensure that we are strongly positioned to pursue the most attractive offshore wind projects going forward in our core markets.

Altogether, this results in the proposed rights issue of a size of 60 billion by way of a fully underwritten rights issue.

Let me go through each of these components in detail, starting with slide 9 and the developments around the farm-down and the associated project finance processes related to Sunrise Wind.

As mentioned previously, we continue to see good progress in terms of construction of the project and delivery according to schedule. As part of the financing of the project and our business plan, we had decided to pursue a divestment of a stake in the project and to pursue a non-recourse project financing package, including a tax equity bridge loan for capital management purposes. Up until April 16th, 2025, we had progressed the project financing process, which, at that point in time, was very well on track with oversubscription of the entire debt package. We were also well progressed in negotiations with relevant equity investors. However, following the stop-work order on Equinor's Empire Wind project, the perceived risks of the US offshore wind market among investors and banks increased significantly.

This extraordinary and unprecedented development, which arose unexpectedly and was outside of our control, impacted our dialogues during recent months, where investors involved in the equity process substantially increased their required risk protections and return requirements, and the banks involved on project financing ultimately were not able to continue the process under current market conditions, without material risk protection, including recourse from Ørsted's parent company.

Based on these developments, we decided today to discontinue the process, as it is not possible to complete the partial divestment and associated non-recourse project financing of Sunrise Wind on terms which would provide the required strengthening of our capital structure and support our

investment programme and business plan. As a result of this, a significant additional incremental funding requirement is needed to cover for the lack of proceeds from both the equity divestment project finance package, as well as incremental CAPEX requirements following our decision to assume full ownership of the project throughout the construction phase.

The combined effect of these developments has led to an incremental funding requirement of around 40 billion across the period 2025 to 2027. Despite these developments around the funding of Sunrise Wind, the project is, as said, moving forward well, with an absolute return level on a lifecycle basis that remains at the mid-single-digit level we have communicated before.

Turning to slide 10, and a walk-through of why a strong capital structure is required for Ørsted's business model to optimise the value of our operation and construction portfolio.

For Ørsted to leverage our business model and optimise execution, a strong capital structure is a prerequisite. Given the nature of our capital-intensive business, where we are developing, constructing, and operating large, complex infrastructure assets with long duration, we have numerous counterparts across trading, suppliers, partners, and lenders.

To ensure that we have the optimal conditions to operate the company and create most value for our shareholders, our counterparty arrangements require that we have a strong capital structure. If that was not to be the case, there are a number of clauses and triggers that would negatively impact our business operation and execution. Towards both incoming asset partners and suppliers, we would be required to increase risk protection, thus worsen the terms on which we can enter into partnerships and agreements.

A weaker capital structure and, consequently, lower credit rating would also require that we post additional collateral related to trading and hedging activities, as parent company guarantees would not be sufficient. And furthermore, it would reduce our access to favourable terms for funding activities. For these reasons, we remain firmly committed to maintain a robust capital structure with a targeted, solid investment-grade rating.

Turning to slide 11, and the financial flexibility that the rights issue will provide. As part of the initiatives already taken to strengthen our capital structure, we have a sizeable divestment programme at a point in time where conditions for divestments have been challenging due to the macroeconomic conditions and updated views on offshore wind as an asset class. Under these conditions, we have, as planned, delivered almost 30 billion of proceeds over the past 18 months.

Going forward, and once we have delivered on our key ongoing transactions, which Trond will come back to, we will be able to take a more value-accretive and flexible approach towards the timing of partnerships and divestments, and lower our dependency on farm-downs below 50% ownership of operational assets to fund our business plan, thereby also lowering the execution risk. Retaining a larger share of projects' operational cash flows supports our capital structure long term.

Turning to slide 12, and how the rights issue can support our positioning in the growing European

offshore wind market. While the rights issue is aimed at securing our funding requirement and strengthening our capital structure for the period 2025 through 2027, it would also solidify our long-term financial position, and thereby strengthen our ability to pursue the most attractive offshore wind opportunities from a position of strength.

Despite the headwinds that offshore wind as an industry has faced in recent years, we continue to see a very strong outlook for the technology, particularly in Europe, where electricity demand is projected to more than double by 2050. Europe must secure its energy future by ensuring affordability, decarbonisation, competitiveness, increased energy independence, and strategic autonomy. Achieving these goals requires a safe, sustainable, and reliable energy system, one that meets rising electricity demand through a diverse mix of clean energy technologies.

Offshore wind remains essential to this transition, as it reduces reliance on fossil fuel imports, stabilises energy prices, strengthens energy security and resilience, and delivers large-scale, cost-efficient wind power. Across projections of future energy mix in Europe by 2050, offshore wind is expected to deliver between 20% and 25% of future electricity generation. This would correspond to a capacity between approximately 300 to 500 GW of offshore wind capacity, which is a very significant increase from the current installed level of around 37 GW.

In the near term, we are also seeing signs in terms of improved industry conditions. To give a few examples, we have, over the past three years, seen investments of more than €5 billion in increasing the European manufacturing capacity. Also, the challenging viability of projects have reduced the appetite for developers in recent years, which demonstrates that remaining developers need to improve business cases and revenue certainty via contract for differences.

When we look at the market-specific conditions, we are also seeing encouraging signs. In the UK, the CfD contracts have been extended from 15 to 20 years in new tenders. In Denmark, the government has responded promptly following the auction end of last year, and has switched to CfDs in a new, accelerated tender. In Poland, they have adjusted CfD frameworks to reflect the shifting market fundamentals. Netherlands is planning to adjust framework conditions to better reflect market fundamentals. In Ireland and Belgium, we are also seeing a push towards CfD tenders. Lastly, Germany is considering changes to their framework. And just last week, we saw no bidders in the market-based auction.

We remain firmly committed to offshore wind as a focused, disciplined and competitive leader of the industry. As stated repeatedly, we will continue to employ a focused and disciplined capital allocation framework, and we will pursue new offshore wind opportunities once the risk-return equation for new projects is sufficiently attractive. The rights issue, combined with the initiatives that we are presenting today, will ensure that we will be well-positioned to pursue future value-accretive opportunities.

Let's turn to slide 13 and go through the key measures that we are taking to sharpen our focus and competitiveness. At current, we are significantly growing our portfolio and will almost double our installed offshore wind capacity by 2027. For our future capital allocation, we will have a strategic

emphasis on offshore wind in our core markets in Europe and select markets in APAC. For projects in the US, we are fully committed to complete installation of our Northeastern programme, so Sunrise and Revolution Wind. We will scale back further development projects to focus only on retaining the value and strategic optionality of our offshore lease areas.

We will continue to be very financially disciplined in the way we decide to allocate capital. We will uphold our return requirement of 150 to 300 basis points, which is based on a fully cost-loaded lifecycle perspective, including all development, overhead and decommissioning costs, while not taking into account potential benefits from farm-down gains or leverage.

The strategic emphasis on offshore wind has implications for our remaining business area. Within our onshore business, we have initiated a process where we are exploring a potential full divestment of our European onshore business, in line with the increased focus of our core offshore business activities.

Similarly, we have decided that our US onshore business will hold a degree of strategic flexibility going forward that can be used to optimise the value of the group's overall portfolio. This means that the US onshore business will be granted a higher degree of autonomy and independence going forward. Our US onshore business has a strong foundation and continues to deliver attractive earnings and operational cash flows. Within our bioenergy business, we are also focusing our activities, as we will not pursue further carbon capture tenders in the immediate future.

In addition to these decisions, we are also introducing measures and initiatives to increase our competitiveness and cost efficiency.

First, we are making investments into our trading and revenue business that will optimise the value from our growing operational portfolio. This is expected to contribute an expected incremental EBITDA impact of 0.5 billion to 1 billion annually from 2027 and onwards. Secondly, we are taking several measures within our generation organisation to improve our output and lower cost base through portfolio and operational efficiencies, technological innovation, standardisation, and generation excellence. With our current initiatives, this is expected to drive incremental annual cash flow improvements in the range of 2 billion to 2.5 billion from 2027 and onwards, approximately half of which is expected to have EBITDA impact.

Finally, we are in the process of rightsizing our organisation throughout 2025 and 2026 to lower our cost base, as we are aiming to design an organisation that reflects our current build-out and is more flexible going forward. We expect to provide further information on these initiatives towards the end of the year.

Let's turn to slide 14, where we cover our capital allocation principles. First, it is key for us that future investment decisions will be taken within the parameters of strong capital structure, with a targeted FFO-to-adjusted-net-debt above 30%. We see this as the right level for us to ensure that we can maintain our solid investment grade rating. And, as I have described, it is important for our business model and the value we create from our construction and operational portfolio.

Regarding dividend, we remain committed to reinstate dividends for the financial year 2026, with pay-out in 2027. We fully appreciate the importance of dividends to our shareholders and reiterate our commitment to reintroduce it. Lastly, we will only pursue opportunities that meet our strict value-creation criteria. We have already illustrated this commitment with our decision to discontinue development of Hornsea 4 in its current form. We will continue with our disciplined value-over-volume mindset and only pursue new opportunities once the risk-return equation for new projects is sufficiently attractive for us.

Based on the committed capital of 145 billion through 2027, the projections of our credit metrics indicate a significant increase in our investment headroom beyond 2027, which we look to utilise governed by the strict capital allocation principles that I just described. This implies that the projected financial headroom will be utilised for value-creating offshore wind investment opportunities, or, alternatively, shareholder remuneration. With that, let me hand over the financial update to you, Trond.

Trond Westlie

Thank you, Rasmus, and good morning from me as well. Before going to the numbers of the business plan, let's turn to slide 16 and walk you through the key development of our EBITDA in the second quarter. For the second quarter, we realised a total EBITDA of 6.6 billion, and when I referred to numbers, they are all in Danish kroner, except otherwise stated. That is slightly higher than last year. Excluding new partnerships and cancellation fees, we realised in EBITDA of 5.3 billion, and that is the same level as for Q2 of 2024.

For the offshore business, earnings came in around the same level as last year. Earnings from sites increased by more than 400 million, driven by ramp-up generation at Gode Wind 3, compensation related to Borkum Riffgrund 3, higher availability rate, as well as higher pricing on green certificates and inflation-linked subsidies. This was partly offset by the impact of lower wind speeds. The decrease in other costs within the segment primarily relates to costs reallocation, which does not impact the overall earnings of the business.

In our offshore business, earnings increased by 200 million, driven by ramp-up generation from new assets and sale of components. Within Bioenergy and Other, earnings increased, mainly driven by higher achieved offtake prices and increased offtake volumes.

For new partnerships, we recognised an EBITDA gain of 2.8 billion relating to divestment of 24.5% stake in the West of Duddon Sands project. For cancellation fees, the total amounted to a net loss of 1.5 billion. This related to the decision to discontinue development of Hornsea 4, which led to a negative EBITDA impact of 2.9 billion. This was partly offset by a positive impact of 1.3 billion from various supplements and other contract payments relating to the Ocean Wind 1 project. On the related notes, we have now virtually worked our way through the contract settlements related to ceasing development of Ocean Wind 1, and we have ultimately managed to settle on better-than-assumed terms for more than 9 billion in total.

Turning then, to slide 17, an update to our investment programmes towards 2027, following the

planned rights issue.

Our guidance on gross investments continue to reflect our share of the CAPEX that we have committed to our ongoing construction projects. Compared to our previous guidance of 130 billion of committed CAPEX, the increase of approximately 15 billion relates to the incremental CAPEX from increasing our ownership share in the Sunrise Wind project throughout the entire construction phase, as well as higher anticipated costs due to the imposed tariffs in the US.

As shown on the graph, part of our CAPEX outlook is realised during the first half of 2025, so the incremental CAPEX requirement is around 120 billion. Of that, around 110 billion is expected to be deployed towards the installation of our 8.1 GW offshore construction portfolio, and the remainder will be used for construction of our projects within Onshore and Bioenergy businesses.

Turning now to slide 18, and an update to our partnership and divestment programme.

Since we launched the acceleration of our farm-down programme, we have, except for Sunrise Wind, progressed according to plan. With the planned rights issue, we will reduce some of our planned activities and only execute on selected number of divestments to optimise value creation.

Across, '25 and '26, we now expect to secure proceeds of more than 35 billion across a number of transactions. We have already secured almost 7 billion of proceeds this year by closing of a transaction of a stake in the US onshore portfolio, as well as the divestment of the stake in the West of Duddon Sands project. The additional proceeds are expected to come from a small number of transactions, but primarily from partial divestments of our ownership shares in the Hornsea 3 and Greater Changhua 2 projects. In addition to this, as Rasmus also mentioned, we have launched the sales process for a potential full divestment of our European onshore business as part of our strategic prioritisation.

We have made good progress on both the divestment process in Greater Changhua 2, which is progressing according to plan. Regarding Hornsea 3, of today, we are well progressed with the preferred bidder. As we have said over the past quarters, it is a buyer's market which we see reflected in the return requirements from the potential incoming partners. We are always looking to optimise our divestment according to our three objectives. And for the potential divestment of Hornsea 3, capital management is a particularly important consideration, given the scale and the fact that it is in the relatively early construction phase as we speak.

Compared to the previous target of 50 billion to 60 billion of proceeds in the '25 and '26, the main adjustments relate to the removal of the previous expected farm-down of Sunrise Wind and removal of some divestments below 50% ownership in operational assets. Going forward, we will have a more value-accretive and flexible approach to timing of partnerships and divestments, which will be driven by value optimisation rather than funding requirements. Hence, we lower our dependency of divestments as a funding tool. In this regard, we now plan to undertake the entire financing on Sunrise Wind ourselves, and we'll reassess our stake in the project at the later stage, depending on the development of the market conditions.

Turning to slide 19, and our earnings projections towards '27.

For our EBITDA, we continue to see earnings growth towards 2027, mainly driven by commissioning of the projects we are currently constructing. For 2025, our guidance range on EBITDA remains unchanged, despite the lower wind speeds in the first half of the year, and we expect EBITDA for 2026 to be more than 28 billion, and for '27 to be more than 32 million.

For 2026, we adjusted our EBITDA expectations downwards, driven solely by a change of the expected timing of the farm-down of Greater Changhua 2 project, as we now assume to divest the stake early in the year, compared to previously assumed towards the end of the year, as well as the removal of anticipated earnings from the construction agreement for Sunrise Wind.

For '27, The EBITDA growth compared to previous years is driven by ramp-up generation and commissioning of new projects towards the end of the year. Also, there are benefits from trading and revenue initiatives, optimisation of generation, as well as reduction in organisational cost included.

For the return on capital employed, we expect to be average around 11% for the period '25 to '27, and more than 13% for '28 to '30. Compared to the ROCE for the same period under previous guidance, the impact is coming from higher investments following full ownership of Sunrise Wind, which lowers the ROCE with approximately two percentage points over the period '25 to '27. Hence, the average ROCE for the period '25 to '27 would be around 13% if we exclude the increased capital employed, which we will incur due to the full ownership of Sunrise Wind.

Towards '27, the investments undertaken in our large construction portfolio are impacting the metrics significantly, as the average capital employed for construction projects not contributing to earnings during the period is expected to be 50 billion. To put this into perspective, our capital employed at the second quarter is around 165 billion.

Turning to slide 20, and our sources and uses towards '27.

As Rasmus covered, the discontinuation of partial divestment and the associated financing process for Sunrise Wind led to an incremental funding requirement over the period '25 to '27. To ensure that we continue to have the right level of capitalisation throughout the coming years, we have concluded that the total rights issue of 60 billion will ensure this. We continue our work on farming down major, fully-owned projects.

With the planned rights issue, we will, for the period towards '27, significantly strengthen our liquidity position. With the combination of our existing liquidity reserve, the proceeds from the planned rights issue, the future expected cash flow from operation and tax equity proceeds for the coming years, we will be able to fund the remainder of our construction portfolio without the need for any further divestments, thus ensuring that we have a full back-up plan for the coming years.

It is important to note that the rights issue is addressing the challenges to our capital structure and the headroom within our credit projections. Financial headroom within our credit projections reflects the investment capacity above our targeted FFO-net-debt levels for the given period. To ensure we

continue to stand by our commitments also in the coming year, the rights issue will fully address the adverse impact to the headroom following the adverse development relating to the Sunrise Wind divestment.

Going, then, to slide 21, and the outlook of our performance beyond '27.

Once we have completed our sizeable construction portfolio by '27, we will be in a financially strong position. First, we will start to have the full earnings benefit from the completion of the build-out. Once our current offshore construction portfolio is fully commissioned, these projects will annually contribute with around 11 billion to 12 billion of EBITDA in Ørsted accounts.

Secondly, a return on capital employed is expected to increase above 30%, on average between '28 and '30. This is expected either through investment into higher-return projects or from lower capital employed due to a lower investment level. The exact level will depend on utilisation of projected financial headroom.

Finally, we expect to see an increase in the financial headroom, which will provide flexibility to pursue the most value-accretive investment opportunities under a disciplined approach, or, alternatively, lead to shareholder remuneration. The planned rights issue will significantly derisk our trajectory towards a more financially strong position, so to deliver on these elements, our top priority will be to continue delivering on our construction portfolio.

Turning to slide 22, and the summary of our business plan. What we expect to deliver in the mid-term earnings growth is based on installed renewable capacity of 27 GW by 2027, all of which is based on projects currently in operation, and our more-than-8-GW construction portfolio. This brings in line of sight of EBITDA growth towards 27, where we expect an EBITDA above 32 billion. Our expectation of return of capital employed is around 11% for the period '25 to '27, which is impacted by the incremental CAPEX requirements from constructing Sunrise Wind under full ownership.

As I just mentioned, we expect this number to increase beyond '27, where average return on capital employed is expected to be above 13% in the period between '28 and '30. We will uphold strict capital discipline and continue to target return requirements of 150 to 300 basis points on a fully cost-loaded lifecycle perspective. We reaffirm our intention to reinstate the dividend for financial year '26 with payout in '27. And finally, we remain committed to continue our work on reducing greenhouse gas emissions across scope 1 through 3.

Finally on my part, let's turn to slide 23, and the key parameters on the rights issue.

The rights issue provides pre-emptive subscription rights for existing shareholders. The targeted proceeds are 60 billion, and it is supported by the Danish state for its 50.1% pro rata share of the capital increase. The remaining part of the rights issue and the expected proceeds are fully underwritten by Morgan Stanley & Co International.

Next step will be to host an Extraordinary General Meeting, where the board will authorise the rights issue. This is expected to take place on September 5th. Once authorised, the prospectus will

be released, and the transaction is expected to close during the first half of October. And with that, I will hand back to Rasmus for closing remarks.

Rasmus Errboe

Thank you very much, Trond. Let's turn to slide 25, where we summarise the presentation.

We continue to solidify our leading position with offshore wind, with our more than 10 GW of capacity in operation, and more than 8 GW of capacity to be commissioned over the coming years. We own an attractive operational portfolio that continues to deliver solid, predictable earnings, and we are initiating measures that will further improve the value of the portfolio through generation excellence and revenue optimisation.

We are continuing to progress the installation of our more than 8 GW of offshore wind construction projects, which provide clear line of sight and significant earnings growth in the short term. We are further sharpening our strategic emphasis on offshore wind towards core markets in Europe and select opportunities in Asia, where fundamentals are in place for sufficiently value-accretive growth.

With the planned rights issue, we will enhance our financial flexibility and solidity, which will support higher value retention in partnerships and divestments. Finally, we will continue to apply a disciplined capital allocation with strict prioritisation of value over volume. Objective financial headroom will be applied towards value-accretive offshore wind opportunities, or alternatively shareholder remuneration. With that, let's turn to Q&A. Operator, please?

Operator

We will now begin to question-and-answer session. Anyone who wishes to ask a question may press star and one on their telephone. You will hear a tone to confirm that you have entered the queue. If you wish to remove yourself from the question queue, you may press star and two. Questioners on the phone are requested to disable the loudspeaker mode when asking a question. In the interest of time, please limit yourself to one question. Anyone with a question may press star and one at this time. Our first question comes from Harry Wyburd from BNP Paribas. Please, go ahead.

Harry Wyburd

Hi. Morning, everyone. Thanks for taking the question. So, I'll keep it to the allowed one. Can we just do an inventory of what you gain from doing the rights issue? So this is what I have, but maybe you could fill in if I've missed anything. So, you're going to keep 100% of Sunrise now, so you get more earnings from that, and you're going to do less farm-downs, so more projects at 50% rather than lower, and you've got an optimisation of your trading revenue and some operating cost improvements. Have I missed anything there? And is that all in the 2027 EBITDA guidance?

And given that so many projects are starting up in the second half of 2027, what will we be looking at for 2028 EBITDA? You mentioned 11 billion to 12 billion from the under-construction projects, how much of that 11 billion to 12 billion is missing in 2027? And obviously, the reason for the

question is one of the lower bounds for your share price is going to be your full EBITDA, EV/EBITDA as in 2028. So if you could help us roughly see where full EBITDA will be in 2028 with all the projects up and running, that would be very helpful. Thank you.

Rasmus Errboe

Thank you, Harry. So, three things. First of all, you are broadly right about what we gain from this. So, as said, it is four things. It is the situation on Sunrise Wind. It is to make sure that we have a strong capital structure so we can unfold our business model. It is to enable a flexible and more value accretive approach to farm-downs. And it is very much to increase the financial robustness and flexibility going forward, so that we are very well positioned to continue to lead the way on offshore wind in Europe, where we believe that the long-term fundamentals are very strong in our core markets.

Then, on your point on '27 and '28 guidance, as I hear you, we don't give guidance for EBITDA in 2028, we have communicated, as you have seen today, but, of course, the 11 billion to 12 billion that are coming of EBITDA from our 8.1 gigawatts construction projects, of course, gives you some feeling for what is coming. Remember, that is a full year effect from 2028 and onwards. And as you are trying to work that in your model, then, of course, you should take a look at the projects that are expected to be COD'd by the back-end of 2027, so Sunrise Wind and Hornsea 3 as examples. Of course, with Sunrise Wind, our EBITDA contribution will be very significant because we assume to do that on 100% basis. So that gives you some feeling, Harry, for the EBITDA. But we don't guide on '28.

Harry Wyburd

Okay. And maybe just have one last stab at the question, would you be able to tell us how much of the 11 billion to 12 billion is from projects that are starting up in 2027, or even give us a rough share of the 11 billion to 12 billion that's coming from Sunrise and Hornsea 3 and Baltica 2?

Rasmus Errboe

No, Harry, we don't guide on EBITDA on individual projects. We believe that with the 11 to 12 we have put out, we feel very good the incremental value that you will get from the construction portfolio that is ongoing.

Harry Wyburd

Okay. Understood, thank you.

Operator

The next question comes from Peter Bisztyga from Bank of America. Please, go ahead.

Peter Bisztyga

Good morning. Peter Bisztyga here from Bank of America. My question was on execution risks remaining to your new business plan. It strikes me that there are two big ticket items here that I was

hoping you could comment on. One is Hornsea 3 where, if I heard correctly, you're down to one preferred bidder, versus press reports suggesting that other bidder has pulled out. So wondering what the risk is that that process could fall through or take longer than you'd indicated for rating agencies.

And then, I guess the other big one is actually completing the construction of your two US offshore projects. Are you 100% comfortable that the US administration cannot block either of those projects now that Empire Wind was allowed to restart? And what contingency is there? What sort of Plan B is there if either of those things fall through? Thank you.

Rasmus Errboe

Trond, why don't you take Hornsea 3 first, and then I take construction of the US projects.

Trond Westlie

I will do that. When it comes to the progress of the farm-down on Hornsea 3, as we said, we're in the in the preferred bidder stage, and that is according to the timeline that we have been having all along. And, of course, we don't comment on the content of those negotiations, but the only reason why we have come with this news is, of course, the situation in the US that has triggered this. When it comes to all our other farm-downs, they are progressing as we have planned. So nothing in addition of comfort I can give you there, but there's no news other than being on plan on Hornsea 3.

Rasmus Errboe

And with respect to the construction of our northeast programme, So Sunrise Wind and Revolution Wind, the construction is moving forward fully according to plan, as we set it out in February. So we are at 70% of the turbines have been installed on Revolution Wind, 34 array cables, all foundations except for the remainder on the offshore substation. Onshore substation, progress on track. So our focus now on that project is installation speed. It's the onshore substation, and obviously also the last monopile.

Same for Sunrise Wind. Moving forward fully according to plan, 13 foundations installed. The offshore substation is ready for sail-out mid-August expectedly. All export cables are also produced and ready for sail-out. 35 of the monopiles has been produced and are progressing and so on. So the progress on both the projects is moving forward according to plan, and we expect, as said, COD of Revolution Wind in '26 and COD of Sunrise Wind in '27.

And with respect to the regulatory environment that you are alluding to, at this stage, we have no indication of a similar decision or work order against our northeastern US programme. And I'm not going to speculate about potential regulatory changes that are outside our control. Our projects have completed multiyear reviews, have followed all state and federal procedures, and we remain 100% committed to the continued construction of our programme. And with respect to the last part, on the buffer, and we, of course, have addressed the tariffs in our business cases, Trond can come back to that, and then we believe we have sufficient contingency in our plan.

Trond Westlie

And as I mentioned, there in my presentation, we do have the necessary funds available now to actually fund all our projects. And as a result of this, if, for any reason, there are postponements or timelines or elements to that, we have the necessary funds available.

Peter Bisztyga

Understood. Okay, thank you very much.

Operator

The next question comes from Kristian Tornøe from SEB. Please, go ahead.

Kristian Tornøe

Thank you. I'm going to continue at the same line, because if I understood you correctly, then, after the Empire Wind stop-work order, equity investors and project financing providers are not willing to take on the risk that Sunrise Wind was facing. So with this 60 billion rights issue, you are now asking your shareholders to take this risk instead, essentially. So just a bit more elaboration on what buffer you have to cope with this risk after the equity issue, especially the 45 billion in remaining CAPEX for these two projects. 20 billion buffer that you get from the rights issue and your capital structure, would that be enough to cope with the risk on this remaining CAPEX? And similarly, should the northeast projects be materially delayed on the commissioning, how will that impact your FFO-to-adjusted-net-debt for 2028?

Rasmus Errboe

Thank you, Kristian. I can start, and then I would pass it on to Trond. So, overall, we believe that with the capital raised that we are putting forward now, you will have a very robust foundation for Ørsted, a robust financial foundation for Ørsted, which also means that we can cater for, as Trond also will have alluded to, relevant uncertainties to our business plan, including relating to the two projects in the US.

Trond Westlie

And when it comes to the risk element to this, we do have, as of now, the 100% risk of the Sunrise Wind project. When we have discussed a possible farm-down of Sunrise Wind, it was, of course, an important element of having risk mitigation. What we have experienced in the negotiations after April is, of course, that that is not possible at this stage relative to the market conditions, and thereby we need to mitigate that risk going forward. And looking at that, this is the result of that. And basically, that is the main part of what we're trying to address here.

Kristian Tornøe

Just maybe my last part on the step-up in the FFO-to-adjusted net debt, will there still be a step-up if Sunrise doesn't start to produce in '28 as planned?

Rasmus Errboe

You are breaking up a little bit, Kristian, at least on my line, but I hear you basically say whether it will be a step-up in our FFO metrics in '28, despite a potential delay of Sunrise Wind. So a little bit hypothetical, but that's the way I hear. And the answer is yes.

Kristian Tornøe

Okay. Thank you.

Operator

The next question comes from Rob Pulleyn from Morgan Stanley. Please, go ahead.

Rob Pulleyn

Hi, good morning, gentlemen. Can I just ask a couple of questions on, shall we call it, the process? So, the EGM, September 5th, maybe this is a very technical question but why is there a delay? If you could talk a little bit around that? And also, could you share any conversations you've had with the credit rating agencies around the equity raise and new financing plan, i.e. was this proactive from Ørsted, or was this reactive to credit rating agencies contacting the company, obviously, given the situation in the US. Thank you very much.

Rasmus Errboe

Thank you, Rob. Two questions I can take and you can supplement, Trond. So on the process towards the EGM, this is standard according to Danish corporate law. There is simply a notice period from when you convene to general meeting. So when we convene the general meeting now, then we would be able to have it on 5th of September. So it's not a delay as such, it is the way Danish corporate law works.

And then, with respect to your question on the rating agencies, we have had a good, constructive dialogue with the rating agencies as part of leading up to the day today, and as we also continue to move forward the Sunrise Wind divestment, but with an increased risk on the transaction. It was, you can say, proactive from our part, and a good constructive dialogue.

Rob Pulleyn

Okay, thank you. I will turn it over.

Operator

The next question comes from Alberto Gandolfi from Goldman Sachs. Please, go ahead.

Alberto Gandolfi

Thank you. I just wanted to ask you, on the net debt, consensus is DKK 75 billion for the year, however it's never quite clear what is gross, what is net. Is there any way you can guide net debt, post-right issue for year-end or pre-rights issue for year-end? Because I wonder if, now that you

don't sell Sunrise, maybe the 75 billion, is it okay, or should the starting consensus net debt be more 85 billion, 90 billion? It makes a huge difference for valuation.

And as a side note, if you allow me, I'm sure you've done the calculation, so are you telling us that maybe walking away, stopping Sunrise, would have been more expensive than doing what you're doing today, which is literally raising half of your market cap? I know it's a two-part question, but if you could answer, it'd be very helpful. Thank you so much.

Trond Westlie

When it comes to the net, that I don't have the actual net debt in my head right now, Alberto. So I'll refer that to the IR that can actually give you that. Of course, in annual report note, you will find the net debt structure, but, as we see it now, that the capital increase of the rights issue will, of course, help us by the 60 billion. But when it comes to the exact number, as of now, I have to refer to IR.

Rasmus Errboe

And with respect to the Sunrise Wind, Alberto, as I hear you, the decision not to walk away from the project, with a project that is so far progressed, 35% constructed, it is by far the most value-accretive option to move forward with the project. As you know, when you execute an offshore wind project, the vast majority of the of the construction costs to your suppliers are committed at the point of FID, so where you lock in pricing of equipment and so on. So, therefore, in that sense, you are obviously very much locked in at FID. And then also, remember that construction of the project is going well, that we are looking at a lifecycle IRR of mid-single digit, and that the forward-looking IRRs are very attractive.

Alberto Gandolfi

Thank you.

Operator

The next question comes from Mark Freshney from UBS. Please, go ahead.

Mark Freshney

Hello, thank you for taking my question. I was most intrigued by the slide where you point to cost reduction plans and so forth. Can you clarify the number you mentioned, which I believe is 2 billion to 2.5 billion? Is that in addition to the existing cost reduction plans that I think we're committed to one and two years ago? So my question is, what's new and what's not new?

And further to that, you talk about trying to extract more value from trading, as I recall, it was problematic with some of the trading in the UK, and some of the losses that you had made two to three years ago, so what's changed there with the potential to make profits that you couldn't make in the past? Thank you.

Rasmus Errboe

Thank you, Mark. So just as a starting point, there are three elements, if you will, of our competitiveness and efficiency approach. One is the right-sizing of our organisation that we have talked about before. And to that end, to answer your question directly, we have delivered on the numbers that we have previously put out. The way you should think about it is that we will continue to right-size our organisation throughout '25 and '26 to match the flexibility required and the new business environment we are in. But we are not putting numbers to that today. We will expect to return, as we have said, throughout 2025, with more information by the end of the year.

With respect to the 2 to 2.5 that you are referring to, I take that to be the initiative around generation. As I said before, we have recently appointed a new chief generation officer, Godson Njoku, who is reporting to me and the team, and we are moving forward really well with various initiatives in our generation business to improve our competitiveness. It is efficiencies, it is portfolio, different portfolio approach, vessels, etc., innovation, all to cater for the fact that we, during the coming years, will have a portfolio that is close to double the size of what we have today, which obviously brings opportunity for cost improvements.

And then, the third leg is on trading and revenue that you also alluded to. So, the 0.5 billion to 1 billion of EBITDA expected from '27 and onwards is basically coming from, you can say, three components. Mainly, it is increased value from selling and buying certificates. It is increased activity, day to day, in the intraday and day-ahead markets, and also third-party origination of PPAs.

Again, due to the fact that we have a larger portfolio, and also, again, with a focus on our core business, which is power and offshore wind, and not in any way that would increase our risk appetite. That is not commensurate with our business risk and our approach to our core business model.

Operator

The next question comes from Lars Heindorff from Nordea. Please, go ahead.

Lars Heindorff

Morning, thank you for taking my question. It's on the CAPEX, and also that in relation to the EBITDA guidance, the CAPEX of 145 billion that you guide. We're having this discussion before, is this a gross or net number? And the reason why I ask is how much have you assumed in terms of farm-downs that are included in those 145 billion? It will be fair to assume that you have taken in 50% farm-down of Hornsea 3? And maybe also you can indicate at what point of time? You appear to have stated that it will be probably in 25. But if it's later, I assume that then there will be even less CAPEX contribution, or not contribution but CAPEX to Hornsea 3. And also in that relation, the 11 to 12 EBITDA guidance, is that assuming 50% farm-down of Hornsea 3 and also Changhua? Is that fair to assume?

Trond Westlie

Just taking the CAPEX first, Lars, the 145 is the number from 1st January 25, so you have to take out the number that we have spent so far, so the 25-ish. So we're down to 120 from now on. And what

we have said is 110 for the construction projects, or the construction portfolio of offshore, and about ten on onshore and bioenergy. So I hope that clarifies the number. It's our share. It's not the gross share. As we have said, we do expect to farm-down our Changhua and Hornsea 3 with the 50% level. And the EBITDA coming from these projects is anticipating that we come down to the 50% level on these, or around the 50% level, on these assets.

Lars Heindorff

But just on the CAPEX side, Trond, it doesn't really answer my question, sorry. But you said the split, I can read that between on and offshore, but how much of that, I don't know if you can mention a gross number? Because I assume that the 145 also includes some kind of farm-down of both these two projects that we just talked about?

Trond Westlie

That is correct. It is assuming a farm-down from the period that we expect the farm-down to happen.

Lars Heindorff

And what time frame are we talking about?

Trond Westlie

Well, basically, as we have said, and as I said on the EBITDA guidance on '26, we expect the Changhua one to happen in the beginning of '26. And we have not been concrete on the Hornsea 3, but of course it is in process, so we expect the progress on Hornsea 3 to be happening as planned, but we haven't put down a date on that.

Lars Heindorff

Okay, alright. Thank you very much.

Operator

The next question comes from Jenny Ping with Citi. Please go ahead.

Jenny Ping

Hi, thanks very much. Can I just come back to the equity-raise and the farm-down interaction between each other? Obviously, the €8 billion is quite a sizeable number, and I just wondered why are you still pursuing a sell-down of Hornsea 3 and Taiwan, given the admission that it's very much of a buyer's market as we stand. Given the size of the raise, why not pause those and push forward with those once they've de-risked as operating assets?

And then secondly, along with that, just in terms of you mentioned US being a standalone autonomous unit, is the intention still to sell it when the market conditions improve? Or what do you mean by standalone autonomous unit? Thank you.

Trond Westlie

When it comes down to the capital management and the capital planning, the element going forward is, of course, in consideration also with the dialogue that then inputs that we have got from the rating agencies. And so, we are going on and pursuing those kinds of measures. Even though we say it's a buyer's market out, there is always risk mitigation and a capital management aspect to this. Because, as you know, Hornsea 3 is a big project, and we need to make sure that some risk mitigations, as well as the management is, on its way.

Rasmus Errboe

And with respect to your question on US onshore, as said, we have initiated a process of basically uniting and also separating out our US onshore business, which means, as you point out, that it will become a more standalone organisation. We do this because it will drive value for that business through lower overhead costs, they reduce global and US complexities, and also clear governance.

It's important to note that our current US onshore business, with 5.6 gigawatts of installed capacity, is a well-run, attractive business and is quite accretive to our earnings and also positive for our capital structure. And just to be clear, we have not, at any point in time, indicated that we would exit that business. But on the offshore side, we are saying that we will focus on our execution progress, Revolution Wind and Sunrise.

Jenny Ping

Thank you. Sorry, just to follow up on the first part, I guess what you're saying is that the credit rating agencies are requesting or requiring your Hornsea 3 farm-down. But is it fair to say, if you don't get the price that you want, the equity-raise will be sufficient to fill the gap for a farm-down later on? So just to be clear on this point.

Trond Westlie

No, but the element is, of course, that the rights issue will, of course, put it in a better position relative to the valuation. But as I said in the beginning, and during the presentation, the capital management is an important element when it relates to the Hornsea 3. And of course, if we're not doing any farm-downs, even though we have the funds available, it will definitely put a very heavy pressure on our FFO to-net-debt in this period. And that's what we're trying to avoid.

Jenny Ping

Thank you very much.

Operator

The next question comes from Casper Blom from Danske Bank. Please, go ahead.

Casper Blom

Thank you very much. A question relating to the comment Rasmus gave a couple of times that this

rights issue will also give you some muscle and flexibility to pursue the most attractive projects going forward. You're in a position right now where you are constructing a lot towards 2027, quite a spending spree, and then it slows down. And there are no big CAPEX planned, as it is right now, for '28 and onwards. Now, let's assume that you saw opportunities, when would you need to secure an award in order for that to be something that kicks in in '28?

We've often heard that the timelines in offshore wind are very long, so how long can you wait to get something that you can construct in '28? Or is it more realistic to assume that there can be a couple of years vacuum with no big construction going on in Ørsted? If you could sort of elaborate a bit there?

Rasmus Errboe

Absolutely. Thank you, Casper. So, first of all, important to emphasise that we believe, as I've said a few times, very much that there is a very strong outlook for offshore wind, in particular in Europe, and also very much that there is a rebasing happening in the coming years, so investments in the supply chain, as I talked about, and also that, frankly speaking, there is a rebasing happening right now in the market.

At the same time, you will see, I believe, around 110 gigawatts of centralised tenders coming in our core markets alone in the coming years, so UK, Denmark, Holland, Belgium, Ireland, Germany, and Poland. And then, on top of that, we have our proprietary portfolio, Hornsea 4 was an example that I talked about of, I think, around sort of 10, 11 ish gigawatts, UK, Poland, Ireland, Belgium. So therefore, there is plenty of opportunities for us to go for a sufficiently attractive growth in Europe for the long horizon. But remember that we will only do that if we see the value there, and we are not in a hurry in any way.

I, of course, fully acknowledge, as you also allude to, that there is a likely scenario where we could have a couple of years with fewer or no CODs towards the back end of this decade, a year or two, or what it ends up being. And this is obviously clearly manageable for us. We are in this for the long run. We are right-sizing our organisation, as I talked about. We are becoming more flexible to manage this than we have been historically. So that is the way we think about it. It will be value over volume, and we will not pursue opportunities just to fulfil a hole in the pipeline, if you will.

Casper Blom

If not today, then maybe at a later point, it would be really interesting to hear how you protect the capabilities in Ørsted and your knowledge base, if you actually come to a point where there are no construction projects going on. Just as a comment.

Rasmus Errboe

Absolutely, Casper. Remember also the construction timeline for projects in our construction business, there is also a lot of time spent also on the development. And as you alluded to before, the development cycles and the construction cycles for offshore wind are long. So we are not concerned about retaining the capabilities we have in Ørsted. We have a unique team with a unique

capability across all elements of the lifecycle of a wind farm. And this is, of course, something that we will continue to focus on, that we always retain the very best people.

Casper Blom

Thank you.

Operator

The next question comes from Dominic Nash from Barclays. Please, go ahead.

Dominic Nash

Good morning. One question from me, please, would be follow-up on the terms for the rights issue, if that's okay? You say that the terms don't get published till September, but you say that it is underwritten and that you have the support of your majority shareholder, but could you please give us some colour on a couple of things, please? Firstly, what's the costs, financial costs, for undertaking this capital increase? And the underwriting, has a price been agreed, or will it be set in a month's time, after the share price moves that we have clearly seen today?

And a quick follow-on on your majority shareholder, I think there's a thing up on Bloomberg saying that the government is supportive but it's conditional on other shareholders. I just want to know if you could add some colour to that one as well. Thank you.

Rasmus Errboe

Thank you. So, why don't I take the latter first, and then you can talk about the technicalities, Trond, on the rights issue, including undertaking and so on. So, Dominic, just to be absolutely clear, we have the full support from the Danish government, as stated earlier today. So the Danish government will subscribe for their pro rata share of the capital-raise. And then, the remainder will obviously be to all the shareholders based on the pre-emptive rights. And then, to the extent that is not used, and, of course, as we have also said, then it would be fully underwritten by Morgan Stanley. So that is, that.

Trond Westlie

On the cost side, that will be disclosed in the prospectus, when we issue that are subsequent to 5th of September. When it comes to the details, those commercial terms have been agreed, so it's not like it's a floating element, but we will not disclose those numbers. We have benchmarked those cost elements towards the market of placements with around the ten, 15 comparable transactions happening in Europe, so we're very comfortable at the cost level.

Dominic Nash

Could I just follow up? Does that mean that the underwritten price has already been agreed?

Trond Westlie

No, but the cost of doing it has been agreed. But it will be disclosed. So, the pricing will happen just

after the prospectus is issued.

Dominic Nash

Okay. All right, so the lower your share price falls, the risk is that the lower the underwriting price becomes.

Trond Westlie

I wouldn't speculate in the actual pricing as of now.

Dominic Nash

Thank you.

Operator

The next question comes from Ahmed Farman from Jefferies. Please, go ahead.

Ahmed Farman

Hi, thank you for taking my questions. I just wanted to come back to the overall plan, where you have the equity-raise, but then also the disposal programme, and then execution of Sunrise Wind is going to be critical. I wonder if you would give us some sort of a sense of what should we expect on it's the disposal programme for 2025, and where you expect Sunrise Wind to be by the end of this year in terms of its progress?

Or would you say that there is enough, with this equity-raise that there is enough, headroom, that the timing as to when the disposal programme is delivered from a credit rating perspective doesn't really sort of matter too much? So whether it's by December '25 or mid-2026, there's quite a lot of headroom in the programme. So that's one question. Second question is anything you can say about market conditions around European onshore wind assets? That would be helpful, to hear your perspective on interest for such assets. Thank you.

Rasmus Errboe

I can take a Sunrise and European onshore, Trond, but why don't you start.

Trond Westlie

When it comes to the headroom, Ahmed, when we finish the rights issue, we, of course, have, timing-wise, much more headroom relative to the timing elements of certain things. So I would say that, yes, there are no fixed metrics of having to be done by year-end, not having to be done by year end. When it comes to the credit metrics, it's more sort of a continuous, over-time element. But, of course, I cannot say when or how they will evaluate the different elements. But I'm comfortable that the rights issue of 60 will give us enough headroom on the timing, on the execution of different elements.

Rasmus Errboe

And, Ahmed, on the Sunrise Wind, basically your question on where the project will be by the end of the year, the project is, as I have said, moving forward according to plan. The degree of completion is going up as we have expected, and rounded to 35%, as we have said. And we are pleased that we have now installed 13 out of the 84 of foundations. So, again, the project is moving forward well, according to plan, on the construction side.

And then, with your question on the market conditions for Europe onshore, the process we are running I assume, we are in the middle of it, so therefore I'm not going to give too much detail, but just say that it's a very good platform we have. It's a very capable team, and we are not concerned in any way about the liquidity or the depth in the M&A market for a platform of that nature.

Ahmed Farman

Thank you.

Operator

Ladies and gentlemen, this concludes today's question-and-answer session. I would now like to turn the conference back over to Rasmus Errboe for some closing remarks.

Rasmus Errboe

Thank you very much. Thank you, all, for joining. I appreciate, as always, the interaction and the interest. And as always, if you have any further questions, please don't hesitate, our IR team will be here to answer them. Thank you. Stay safe and have a good day.