Ørsted Wind Power Holding A/S

Annual report for 2017

CVR no. 18 93 66 74

(22th Financial year)

Adopted at the annual general meeting on 30 May 2018

Ulrik Jarlov
chairman

Contents

Statement by management on the annual report

The board of directors and the executive board have today discussed and approved the annual report of Ørsted Wind Power Holding A/S for the financial year 1 January - 31 December 2017.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2017 and of the results of the company's operations for the financial year 1 January - 31 December 2017.

Management recommends that the annual report should be approved at the annual general meeting.

Skærbæk, 16 May 2018

Executive board

Martin Neubert

Board of Directors

Marianne Wiinholt chairman	Hanne Legardt Blume Levy deputy chairman	Jakob Askou Bøss

Independent auditor's report

To the shareholder of Ørsted Wind Power Holding A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 december 2017 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Ørsted Wind Power Holding A/S for the financial year 1 January - 31 December 2017, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes ("financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 16 May 2018

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Thomas Wraae Holm
State Authorised Public Accountant
MNE no. mne30141

Poul P. Petersen
State Authorised Public Accountant
MNE no. mne34503

Company details

The company	Ørsted Wind Power Holding A/S Kraftværksvej 53 Skærbæk 7000 Fredericia	
	Telephone:	+45 99 55 11 11
	E-mail:	info@orsted.dk
	Website:	www.orsted.com
	CVR no.:	18 93 66 74
	Reporting period: Financial year:	1 January - 31 December 2017 22nd financial year
	Domicile:	Fredericia
Board of Directors	Marianne Wiinholt, chairman Hanne Legardt Blume Levy, deputy chairman Jakob Askou Bøss	
Executive board	Martin Neubert	
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup	
Consolidated financial statements	The company is included in the consolidated financial statements of the parent company Ørsted A/S, CVR no. 36 21 37 28 The Group Annual Report of Ørsted A/S, CVR no. 36 21 37 28 may be obtained at the following address: www.orsted.com	

Accounting policies

The annual report of Ørsted Wind Power Holding A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied are consistent with those of last year.

The annual report for 2017 is presented in TDKK

Pursuant to sections §112, of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

Basis of recognition and measurement
Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Hedge accounting
Changes in the fair value of financial instruments that are designated and qualify as fair value hedges of recognised assets and liabilities are recognised in the income statement together with any changes in the fair value of the hedged asset or liability that can be attributed to the hedged risk.

Accounting policies

Changes in the fair value of financial instruments that are designated and qualify as hedges of expected future transactions are recognised in equity under retained earnings as regards the effective portion of the hedge. The ineffective portion of the hedge is recognised in the income statement. If the hedged transaction results in an asset or a liability, amounts deferred under equity are transferred to the cost of the asset or liability. If the hedged transaction results in income or expenses, amounts deferred under equity are transferred to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair value of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, while the ineffective portion is recognised in the income statement.

Other operating expenses
Other operating expenses comprise items of a secondary nature relative to the company's activities.

Other external expenses
Other external expenses include expenses related to administration etc.

Financial income and expenses
Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions and surcharges and allowances under the advance-payment-of-tax scheme, etc. Financial income and expenses also include realised and unrealised gains and losses relating to the hedging of currency risks that have not been entered into to hedge revenue, cost of sales or non-current assets.

Profit/loss from investments in subsidiaries and associates
Dividend from investments is recognised in the reporting year in which the dividend is declared.

Tax on profit/loss for the year
The company is subject to the Danish rules on compulsory joint taxation of the Ørsted Group's Danish subsidiaries. The ultimate parent company (the management company), Ørsted A/S, has in 2005 chosen international joint taxation with the Group's foreign subsidiaries. Subsidiaries participate in the joint taxation arrangement from the time when they are included in the consolidated financial statements and until the time when they withdraw from the consolidation. Ørsted A/S expect to withdraw from the international joint taxation scheme in 2017. 2016 will therefore be the last year with international joint taxation.

Accounting policies

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed Danish entities in proportion to their taxable income. Danish entities with tax losses receive joint taxation contributions from the parent company equivalent to the tax base of the tax losses utilised (full allocation), while companies that utilise tax losses in other Danish companies pay joint taxation contributions to the Parent Company equivalent to the tax base of the utilised losses.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge is recognised in the income statement as regards the portion that relates to profit/loss for the year and in the equity as regards to the portion that relates to entries directly in equity.

Balance sheet

Investments in subsidiaries and associates

Investment in subsidiaries and associates are measured at cost. If cost exceeds the recoverable amount, a write-down is made to this lower value.

Cost is written down to the extent that dividend distributed exceeds the accumulated earnings after the date of takeover.

Where the parent company has a legal or constructive obligation to cover the companies´ negative balances or obligations, such obligation is recognised in liabilities.

Receivables, fixed assets

Receivables, which include receivables from group entities and other receivables, are measured at amortised cost.

Impairment of fixed assets

The carrying amount of investments in subsidiaries and associates is reviewed for impairment, other than what is reflected through normal amortisation and depreciation, on an annual basis.

Where there are indications of impairment, an impairment test is performed for each individual asset or group of assets, respectively. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The value in use is determined as the present value of the anticipated net cash flows from the use of the asset or group of assets and the anticipated net cash flows from the disposal of the asset or group of assets after the end of their useful life.

Receivables

Receivables, which include trade receivables, receivables from group entities and other receivables, are measured at amortised cost.

Accounting policies

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Equity

Dividend

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability at the date of declaration by the annual general meeting.

Provisions

Provisions are recognised when as a result of a past event the company's has a legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions, except for deferred taxes, are measured at fair value.

Provisions for the decommissioning of production assets and restoration are measured at the present value of the future liability in respect of decommissioning and shutdown as estimated at the balance sheet date. The amount provided is determined on the basis of existing requirements and estimated expenses, which are discounted to present value. If specific risks are deemed to attach to a provision, the estimated expenses are recognised. A discount rate is used that reflects the general interest rate level in society. These liabilities are recognised as they arise and are adjusted on a regular basis to reflect changes in requirements, price level, etc. The value of the provision is recognised in property, plant and equipment and depreciated together with the relevant assets. The increase in time of the present value of the provision is recognised in profit/loss for the year as financial expenses.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss allowed for carry forward are measured at the value to which the asset is expected to be realised, either by elimination in tax on future income or by offsetting against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

Accounting policies

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Liabilities
Liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Foreign currency translation
On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign-exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Fixed assets acquired in foreign currencies are measured at the exchange rate at the transaction date.

Derivative financial instruments
On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Positive and negative fair values of derivative financial instruments are included in current receivables from subsidiaries or payables to subsidiaries, respectively.

Income statement 1 January - 31 December

	Note	2017 TDKK	2016 TDKK
Other external expenses		-209	3.439
Gross profit		**-209**	**3.439**
Staff costs	2	0	0
Earnings Before Interest Taxes Depreciation and Amortization		**-209**	**3.439**
Other operating costs	3	-1.000	-16.100
Profit/loss before financial income and expenses		**-1.209**	**-12.661**
Income/expenses from investments in subsidiaries	4	3.700.000	-64.049
Income/expenses from investments in associates	5	0	-19.427
Financial income	6	42.720	118.136
Financial costs	7	-5.328	-12.488
Profit/loss before tax		**3.736.183**	**9.511**
Tax on profit/loss for the year	8	-10.257	-23.111
Net profit/loss for the year		**3.725.926**	**-13.600**

Distribution of profit

Proposed dividend for the year	3.500.000	2.000.000
Retained earnings	225.926	-2.013.600
	3.725.926	**-13.600**

Balance sheet 31 December

	Note	2017	2016
		TDKK	TDKK
Assets			
Investments in subsidiaries	9	11.709.426	11.349.059
Investments in associates	10	0	0
Other receivables		20.254	20.254
Fixed asset investments		**11.729.680**	**11.369.313**
Fixed assets total		**11.729.680**	**11.369.313**
Trade receivables		0	263
Receivables from group companies	11	5.411.174	4.095.036
Other receivables		6.834	23
Corporation tax		323.950	310.304
Receivables		**5.741.958**	**4.405.626**
Current assets total		**5.741.958**	**4.405.626**
Assets total		**17.471.638**	**15.774.939**

Balance sheet 31 December

	Note	2017 TDKK	2016 TDKK
Liabilities and equity			
Share capital		1.800.000	1.800.000
Retained earnings		12.109.479	11.883.553
Proposed dividend for the year		3.500.000	2.000.000
Equity	12	**17.409.479**	**15.683.553**
Other provisions	13	57.859	59.748
Provisions total		**57.859**	**59.748**
Trade payables		84	63
Payables to group companies		4.113	27.924
Other payables		103	3.651
Short-term debt		**4.300**	**31.638**
Debt total		**4.300**	**31.638**
Liabilities and equity total		**17.471.638**	**15.774.939**
Main activity	1		
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Statement of changes in equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January 2017	1.800.000	11.883.553	2.000.000	15.683.553
Ordinary dividend paid	0	0	-2.000.000	-2.000.000
Net profit/loss for the year	0	225.926	3.500.000	3.725.926
Equity at 31 December 2017	**1.800.000**	**12.109.479**	**3.500.000**	**17.409.479**

Notes

1 Main activity

The purpose of the company is to hold shares in subsidiaries.

	2017	2016
	TDKK	TDKK
2 Staff costs		
Average number of employees	1	1

The executive board and board of directors have not been paid remuneration.

	2017	2016
3 Other operating costs		
Revaluation provision oil terminals	1.000	16.100
	1.000	**16.100**
4 Income/expenses from investments in subsidiaries		
Gain and loss on disposal of enterprises	0	-49
Impairment of investments in subsidiaries	0	-64.000
Dividends	3.700.000	0
	3.700.000	**-64.049**
5 Income/expenses from investments in associates		
Revaluations for the year of associates	0	-19.427
	0	**-19.427**

Notes

		2017	2016
		TDKK	TDKK
6	**Financial income**		
	Interest received from group companies	29.660	113.682
	Other financial income	13.060	4.454
		42.720	**118.136**
7	**Financial costs**		
	Financial expenses, group companies	751	11.170
	Other financial costs	4.576	1.318
	Exchange loss	1	0
		5.328	**12.488**
8	**Tax on profit/loss for the year**		
	Current tax for the year	9.026	23.233
	Adjustment of tax concerning previous years	1.231	-122
		10.257	**23.111**

Notes

		2017	2016
		TDKK	TDKK
9	**Investments in subsidiaries**		
	Cost at 1 January 2017	11.413.059	11.316.323
	Additions for the year	360.367	100.467
	Disposals for the year	0	-3.731
	Cost at 31 December 2017	11.773.426	11.413.059
	Revaluations at 1 January 2017	-64.000	0
	Revaluations for the year, net	0	-64.000
	Revaluations at 31 December 2017	-64.000	-64.000
	Carrying amount at 31 December 2017	**11.709.426**	**11.349.059**

		2017	2016
		TDKK	TDKK
10	**Investments in associates**		
	Cost at 1 January 2017	389.748	409.175
	Disposals for the year	0	-19.427
	Transfers for the year	-6.916	0
	Cost at 31 December 2017	382.832	389.748
	Revaluations at 1 January 2017	-389.748	-389.748
	Transfers for the year	6.916	0
	Revaluations at 31 December 2017	-382.832	-389.748
	Carrying amount at 31 December 2017	**0**	**0**

Notes

11 Receivables from group companies

The company's receivables from group companies includes TDKK 5.402.499 in a cash pool scheme with the ultimate parent company, Ørsted A/S (2016: TDKK 4.058.576).

The company's receivables from group companies and payables to group companies includes a net financial instrument payables of TDKK 820 (2016: receivable of TDKK 1.679).

12 Equity

The share capital consists of 1.800.000 shares of a nominal value of TDKK 1.000. No shares carry any special rights.
There have been no changes in the share capital during the last 5 years.

13 Other provisions

	2017 TDKK	2016 TDKK
Balance at beginning of year at 1 January 2017	59.748	51.312
Provision in year	1.000	16.100
Applied in the year	-2.889	-7.664
Balance at 31 December 2017	**57.859**	**59.748**

	2017 TDKK	2016 TDKK
The expected due dates of other provisions are:		
Within one year	54.859	52.500
Between 1 and 5 years	3.000	7.248
	57.859	**59.748**

Other provisions comprise liabilities regarding environmental provision.

14 Subsequent events

No events have occured after the balance sheet date which could significantly affect the company's financial position.

Notes

15 Contingent assets, liabilities and other financial obligations

Liability in joint taxation
The group's danish companies are jointly and severally liable for tax on group jointly taxes income, etc. Reference is made to the annual report for Ørsted A/S, the administration company in relation to joint taxation. The group's danish companies are also jointly and severally liable for Danish withholding taxes on dividends, royalties and interests within the group of jointly taxed entities. Any subsequent corrections to income and withholding taxes may result in an increase in the entities' liability.

The group's danish entities are jointly and severally liable for joint VAT registration.

16 Financial instruments

The company has entered into contracts to hedge future electricity prices.

The market value calculated per 31 December 2017 relating to hedging of electricity prices fall due, assuming unchanged prices, as follows:
2018: TDKK -820.

17 Related parties and ownership

Controlling interest

Ørsted A/S, Kraftværksvej 53, 7000 Fredericia (parent company)

Other related parties

The Danish State represented by the Ministry of Finance
Group companies and associates
Board of directors, executive board and senior employees

Ownership

According to the Company's register of shareholders, the following shareholders hold a minimum of 5% of the voting rights or a minimum of 5% of the share capital:

Ørsted A/S