Ørsted shares rebound on plan to slash capex

Proactive Investors (UK)
February 6, 2025 Thursday 10:12 AM EST

Length: 234 words

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Body

Ørsted shares were blown almost 5% higher on Thursday after the offshore wind turbine maker announced a 25% cut in investment after markets closed last night.

The Danish giant released an updated business plan where it cut planned capital expenditure for the next five years in order to avoid raising funds from a share issue, with its shares having more than halved over the past two years to return to levels last seen in early 2017.

It cut its 2026 underlying profit guidance 3% and reiterated the reinstatement of dividend is still expected next year.

CEO Rasmus Errboe said investment was being reduced via "a stricter, more value-focused approach to capital allocation... to ensure a stronger balance sheet, supporting a solid investment grade rating, and to ensure that we only invest our capital in the most financially attractive opportunities".

The cutting back will not affect the work on the 9 gigawatts of renewable projects that ***Ørsted*** is currently constructing, the company stressed, with a construction portfolio that has 'line of sight' to an expansion of renewable capacity from 18 GW to more than 27 GW.

Errboe said the "number one priority throughout the next three years" will be to deliver on this committed offshore wind construction programme.

"The market remains challenging, but delivering on this programme will solidify our position as the undisputed global leader in offshore wind."

Load-Date: February 6, 2025
