Wind energy firms Ørsted, Vestas and Siemens spy green shoots but uncertainties remain

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Body

In a busy day for the renewable energy sector, ***Ørsted***, Vestas and Siemens Energy reported varying financial results, with the latter two returning to profit but the former announcing a strategic pullback, shelving its dividend and lowering its renewable energy targets.

Following a challenging year, where its share price collapsed after a warning in August about significantly higher costs on US projects, ***Ørsted*** said it plans to cut up to 800 jobs and exit offshore wind markets in Norway, Spain, and Portugal to become a "leaner and more efficient company."

After an aggressive *push into the US faltered on various hurdles*, the Danish company said it had "learned from these challenges and implemented significant changes", and was now "seeing good signs" for the offshore wind industry.

Its shares, having plunged in late summer to below 250 krone but since bounced back to almost 400kr, fell 2% on the morning of results.

There was a mixed update from Vestas, the wind turbine maker, which returned to profit in the fourth quarter but withheld its payout for 2023 as it said the profit was so small it "would result in a mere token dividend".

This Denmark-based company's operating profit before special items of (EURO)231 million, recovering from a (EURO)1.2 billion loss the previous year.

However, CEO Henrik Andersen said dark clouds were not fully clearing for the industry, saying: "Continued geopolitical volatility as well as slow permitting and insufficient grid build-out across markets are expected to cause uncertainty in 2024."

Its shares, which fell to a three-year low last September but have recovered more strongly than ***Orsted***, rose 6%.

Germany's Siemens Energy also reported a swing back into the black in its first fiscal quarter, largely attributed to a one-off gain from selling a stake in its Indian affiliate.

The company's net profit was (EURO)1.58 billion, compared to a loss of (EURO)282 million last time, with a notable increase in orders and a record-high order backlog.

Management again cited ongoing challenges, particularly with its Siemens Gamesa subsidiary, which experienced a high cash outflow due to a loss and a build-up of operating net working capital in a seasonally weak quarter, it said.

Siemens Energy shares, which hit an all-time low below (EURO)7 in October, continued their recent rally by rising 1.6% to (EURO)14.47.

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