



Europe: Equinor acquires 9.8% stake in offshore wind company Orsted

Energy: Ukraine and the world

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Body

Norway's Equinor has bought a 9.8 percent stake, valued at about \$2.5 billion, in Danish offshore wind farm developer **Orsted** as it seeks to build out its renewable energy portfolio, Reuters reports.

Orsted shares have fallen 69% from their 2021 all-time high as the offshore wind sector has faced soaring costs and technical problems with turbines.

But Equinor said its stake acquisition was a long-term bet on the sector after the Norwegian company made slow progress in achieving its ambitious renewable energy targets.

The deal will be factored into Equinor's renewable energy portfolio, adding 1.7GW of clean generation capacity to the company's target of 12-16GW by 2030, Chief Executive Anders Opedahl told Reuters.

By the end of 2023, the company had less than 1 GW of installed renewable capacity.

"We see this as a good countercyclical move at this time to get a very attractive portfolio," Opedahl added.

Orsted's share price rose more than 8% on the news before paring gains to rise 5.8% at 13:00 GMT. Equinor shares fell 3.9%.

Equinor said it does not plan to increase its stake by more than 10% and will not seek board representation.

The world's largest offshore wind developer was hit last year by costs and project delays as inflation pushed up prices for turbines and other equipment and services.

"The offshore wind industry currently faces a number of challenges, but we remain confident in the long-term prospects of the sector and the critical role offshore wind will play in the energy transition," he said.

Equinor's ownership position has been built over time through a combination of market purchases and block trades, the company said.

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The investment makes Equinor the second largest shareholder in Orsted after Denmark.

In a bid to restore investor confidence, Orsted in February cut its investment and capacity targets and suspended dividend payments as part of a major review.

"Structurally, this does not change anything for the direction in which Orsted is moving ," said a Sydbank analyst. Jacob Pedersen .

He said the company had broad political support in Denmark and there was no sign that the state would give up its 51% stake.

Denmark attracts Goldman Sachs as a strategic shareholder 10 years ago when the company, formerly DONG Energy , was focused on oil and gas. The Wall Street bank doubled its 8 billion crown investment just two years later when Orsted went public in Copenhagen in 2016. (Enkorr)

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