

Research Update

Orsted A/S And Orsted Wind Power TW Holding A/S Ratings Affirmed At 'twAA/twA-1+'; Outlook Stable

August 20, 2020

Rating Action Rationale

Taiwan Ratings Corp. today affirmed its 'twAA' long-term and 'twA-1+' short-term issuer credit ratings on Danish wind offshore giant **Orsted A/S** (also rated 'BBB+/Stable/A-2' by S&P Global Ratings) and **Orsted Wind Power TW Holding A/S**, the holding company for Orsted's activities in Taiwan. The outlook on the long-term ratings is stable.

The ratings on Orsted A/S reflect the company's position as the global leader in offshore wind power generation with a market share of about 30% globally, solid track record of completing wind farm construction projects on time and within budget, a committed financial policy of maintaining a ratio of funds from operations to net debt at around 30% with flexible capital expenditure and dividends, and likely extraordinary support from the State of Denmark. Execution risks for expansion outside of Europe, an aggressive capital expenditure plan for 2020-2025, and a significant increase in zero-subsidies auctions partly offset these strengths.

We equalized the ratings on Orsted Wind Power TW Holding to those on Orsted because the parent guarantees all obligations of Orsted Wind Power TW Holding irrevocably and unconditionally, and that all clauses of the guarantee remain unchanged and valid.

Related Criteria & Research

Related Criteria

- General Criteria: Group Rating Methodology - July 01, 2019
- General Criteria: Guarantee Criteria - October 21, 2016
- General Criteria: Country Risk Assessment Methodology And Assumptions - November 19, 2013
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions - March 25, 2015
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities - November 13, 2012
- Criteria | Corporates | General: Corporate Methodology - November 19, 2013

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- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments - April 01, 2019
- General Criteria: Hybrid Capital: Methodology And Assumptions - July 01, 2019
- General Criteria: Stand-Alone Credit Profiles: One Component Of A Rating - October 01, 2010
- General Criteria: Methodology: Industry Risk - November 19, 2013
- Criteria | Corporates | Industrials: Key Credit Factors For The Unregulated Power And Gas Industry - March 28, 2014
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers - December 16, 2014
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings - April 07, 2017
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings - March 28, 2018

Related Research

- Taiwan Ratings' Ratings Definitions – August 10, 2020
- Research Update: Wind Offshore Giant Orsted A/S 'BBB+' Rating Affirmed As Steady Performance Is Expected Despite COVID-19; Outlook Stable, www.capitaliq.com – April 21, 2020

(Unless otherwise stated, these articles are published on www.taiwanratings.com)

Ratings List

Ratings Affirmed

Orsted A/S

Orsted Wind Power TW Holding A/S

Issuer credit rating

twAA/Stable/twA-1+

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.taiwanratings.com for further information. Complete ratings information is available to subscribers of Rating Research Service at rrs.taiwanratings.com.tw. All ratings affected by this rating action can be found on Taiwan Ratings' public website at www.taiwanratings.com.

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