

Overall Winner

Best Supply Chain Solution

Ørsted AS

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Ørsted AS is a renewable energy company. It has operations in the UK, Denmark, Germany, the US, the Netherlands, Ireland and Taiwan. Headquartered in Denmark, Ørsted employs approximately 8,300 people and in 2024, the group's revenue was DKK71.0bn (€9.5bn).

Flexible and scalable SCF solution for Ørsted AS

The challenge

Since 2019 the economics of the industry have changed. New competitors, including traditional energy companies, have entered the sector by diversifying into clean renewable energy production. Additionally, decreasing input prices due to supply line industrialisation and lower capital costs have led governments to reduce or eliminate subsidies, replacing them with auction-based contracts that have reduced returns for developers.

This increasingly competitive environment led to tighter project returns and increasing financial pressure on project developers and sponsors. In 2022 the covid pandemic struck adding significant increases in material costs, inflation and interest rates to the challenges already faced by the sector.

Having the commitment to continuing its large investments into the development and construction of new renewable energy projects and with such large-scale offshore projects tying up capital for extended periods, Ørsted looked towards solutions to increase its financial flexibility and ease the burden on its cash flows and balance sheet. To address this, Ørsted turned to supply chain finance as a tool to extend payment terms while giving suppliers early access to funds. The goal was simple: free up cash and strengthen the balance sheet without disrupting operations. Ørsted works with large industry leading suppliers, procuring major components for wind farms and solar projects, such as turbines, cables, foundations and solar panels.

Extending payment terms with several months would free up cash, but if pushed too far would risk straining the challenged suppliers and potentially causing delays to projects, which would be costly. Ørsted needed a potential solution that freed up cash while largely keeping suppliers unaffected.

The solution

In 2023, the company invited proposals for a supply chain finance programme that would allow suppliers to be paid early by banks. It would also enable Ørsted to extend payment terms to improve its cash flow, but without straining its supply chain. Citi won the mandate due to its global reach, expertise in complex financing, strong track record in supply chain finance and the support provided by the Citi organisation and executives.

The programme was launched in early 2024 and unlike companies with simpler corporate structure, Ørsted's offshore projects are structured as separate legal entities. This meant the programme needed to cover ten to 15 different project companies. This required a flexible and scalable solution that could work across multiple projects while maintaining consistency.

To make this work, Citi led the supplier onboarding process by working proactively with Ørsted's procurement teams, enabling a smooth integration into the programme. Priority went to extending payment terms with large suppliers, as their contracts carried the highest costs and cash flow demands. Citi worked closely with Ørsted to adjust payment processes and integrate IT systems, allowing invoice management and payment flows to run more efficiently, so suppliers could tap into early payments effectively with minimal to no issues or hitches.

With this foundation in place, the focus has now shifted to scaling the programme. Citi is bringing in additional banking allies to increase liquidity, spread financial risk and empower suppliers continue to have reliable access to early payments as the programme expands, helping facilitate its resilience.

Best practice and innovation

Given the multibillion Euro projects and large supply contracts involved, Ørsted's supply chain finance programme sets a high bar for how offshore wind developers can effectively manage capital. What makes this programme innovative is how it scales across multiple projects and suppliers.

Ørsted has built a financial model that supports both its own cash flow and the stability of its supply chain. Unlike traditional financing, this solution helps free up capital without delaying or straining supplier payments, helping to keep major projects – including the next generation of offshore wind farms – on track.

Key benefits

- Cost savings.
- Process efficiencies.
- Return on investment.
- Increased automation.
- Risk mitigation
- Improved visibility.
- Errors reduced.
- Number of banks/bank accounts reduced.
- Manual intervention reduced.
- Future-proof solution.

As Ørsted expanded its operations and increased its CAPEX into renewable energy projects, they faced increasing competition, rising material and capital costs. Ørsted looked to improve its working capital and wanted to implement a scalable supply chain finance (SCF) solution to help strengthen its balance sheet while at the same time supporting its suppliers' cash flows. Ørsted selected Citi to implement a global SCF programme, setting a new benchmark for how offshore wind developers can successfully manage working capital.

Citi and Ørsted have been onboarding suppliers across multiple jurisdictions, prioritising large contracts with the highest costs and cash flow demands. The programme is designed to cover multiple project companies in different countries and is expected to become one of the largest in the renewable energy sector.

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