

An aerial photograph of a white wind turbine in a green field. The turbine's nacelle and three blades are visible, extending from the center towards the top and left. The ground is a mix of green grass and brown soil, with some construction equipment and materials visible in the lower right corner.

Welcome

Vestas
Capital Markets Day
21 June 2016

Disclaimer and cautionary statement

This presentation contains forward-looking statements concerning Vestas' financial condition, results of operations and business. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements.

Forward-looking statements include, among other things, statements concerning Vestas' potential exposure to market risks and statements expressing management's expectations, beliefs, estimates, forecasts, projections and assumptions. There are a number of factors that could affect Vestas' future operations and could cause Vestas' results to differ materially from those expressed in the forward-looking statements included in this presentation, including (without limitation): (a) changes in demand for Vestas' products; (b) currency and interest rate fluctuations; (c) loss of market share and industry competition; (d) environmental and physical risks; (e) legislative, fiscal and regulatory developments, including changes in tax or accounting policies; (f) economic and financial market conditions in various countries and regions; (g) political risks, including the risks of expropriation and renegotiation of the terms of contracts with governmental entities, and delays or advancements in the approval of projects; (h) ability to enforce patents; (i) product development risks; (j) cost of commodities; (k) customer credit risks; (l) supply of components from suppliers and vendors; and (m) customer readiness and ability to accept delivery and installation of products and transfer of risk.

All forward-looking statements contained in this presentation are expressly qualified by the cautionary statements contained or referenced to in this statement. Undue reliance should not be placed on forward-looking statements. Additional factors that may affect future results are contained in Vestas' annual report for the year ended 31 December 2015 (available at vestas.com/investor) and these factors also should be considered. Each forward-looking statement speaks only as of the date of this presentation. Vestas does not undertake any obligation to publicly update or revise any forward-looking statement as a result of new information or future events others than required by Danish law. In light of these risks, results could differ materially from those stated, implied or inferred from the forward-looking statements contained in this presentation.



Vestas[®]

Wind. It means the world to us.

Market outlook

Anders Runevad, Group President & CEO

London, 21 June 2016

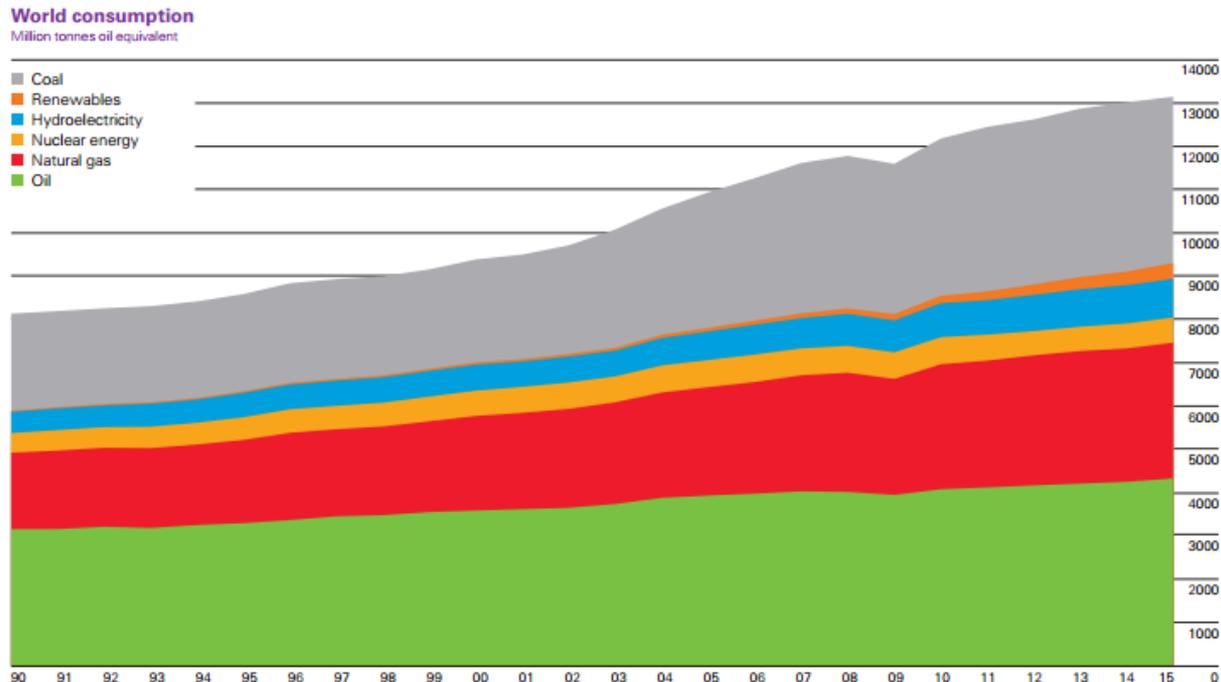
Classification: Public

What is the real market opportunity?

Today, renewable energy only accounts for a small portion of total world energy consumption

World energy consumption by source

Million tonnes oil equivalent



World primary energy consumption grew by a below-average 1.0% in 2015, the slowest rate of growth since 1998 (other than the decline in the aftermath of the financial crisis). Growth was below average in all regions except Europe & Eurasia. All fuels except oil and nuclear power grew at below-average rates. Oil remains the world's dominant fuel and gained global market share for the first time since 1999, while coal's market share fell to the lowest level since 2005. Renewables in power generation accounted for a record 2.8% of global primary energy consumption.

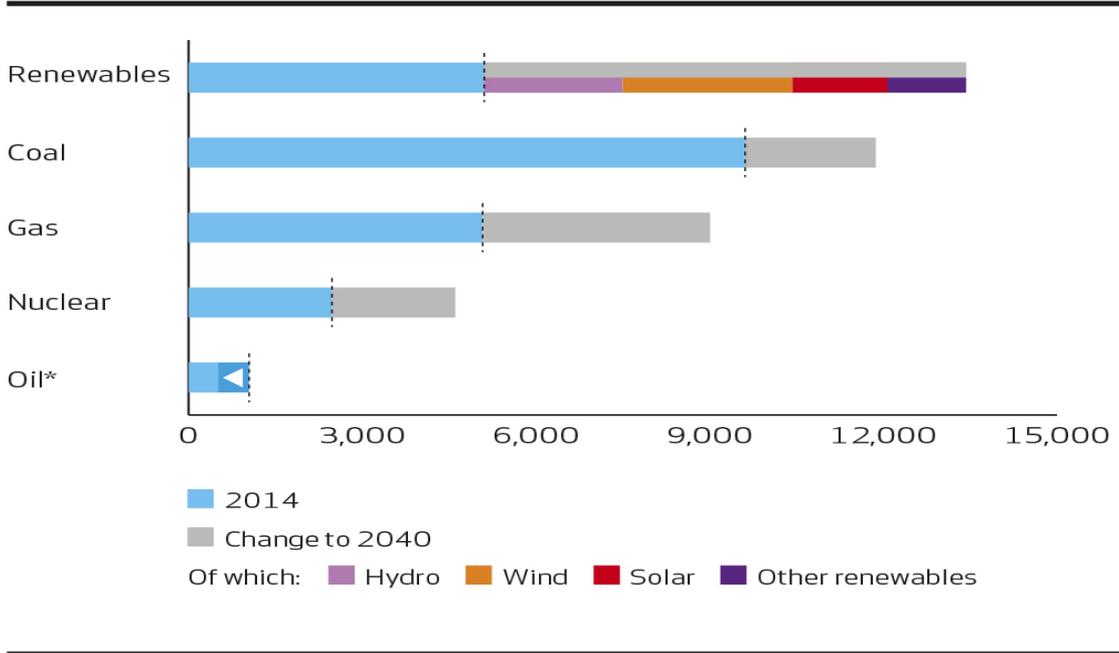
Source: BP Statistical Review of World Energy 2016.

Renewable energy to lead the way in global electricity generation

Growth in energy demand expected to be met primarily by renewable energy sources with wind forecasted to lead

Global electricity generation by source in 2014 and 2040

TWh



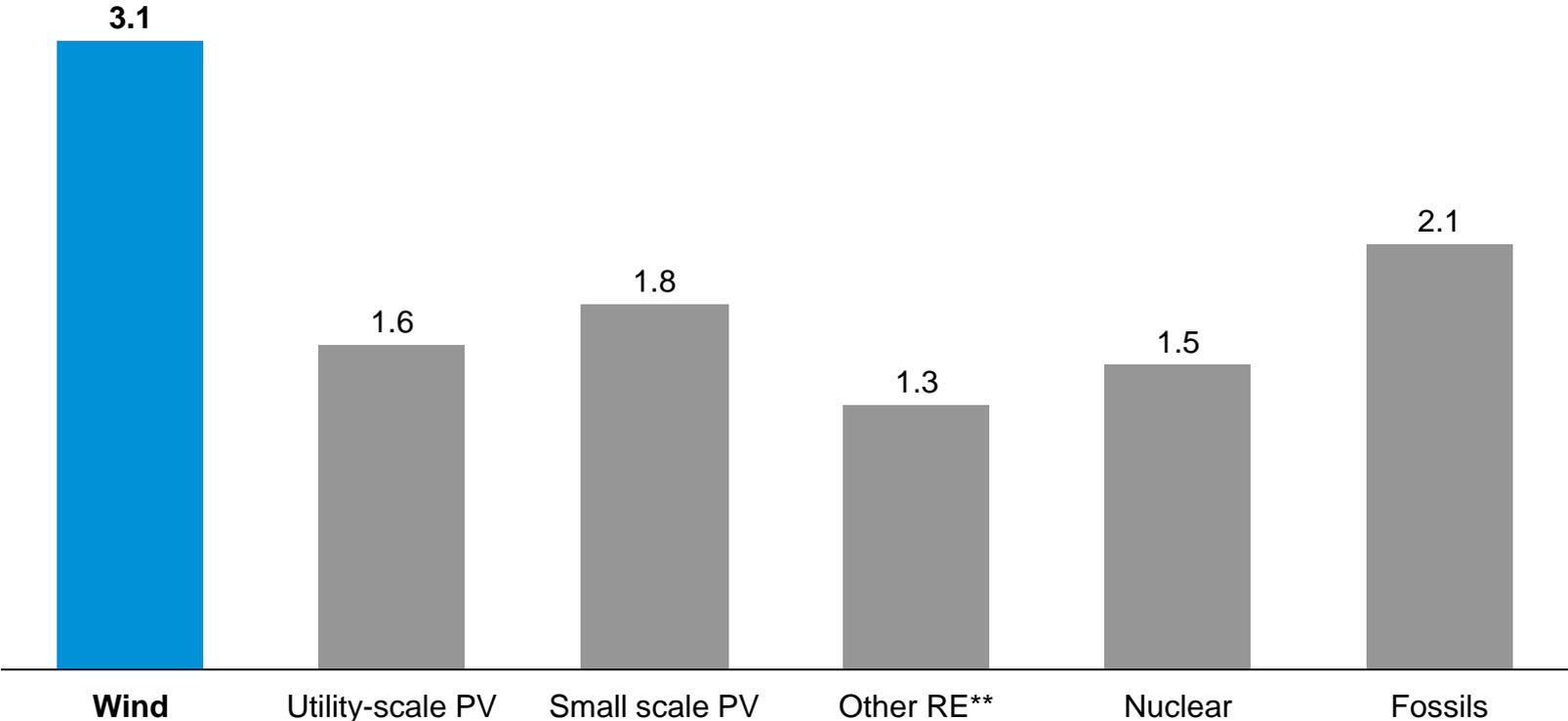
Renewables expected to account for half of additional global electricity generation, overtaking coal around 2030 to become the largest power source.

Source: IEA, World Energy Outlook 2015, November 2015.

Positive investment outlook for wind and renewables until 2040

Planned investments in wind leaves plenty of opportunities for continuously increasing competitiveness

Cumulative investments 2016e-2040e*
tnUSD (real)



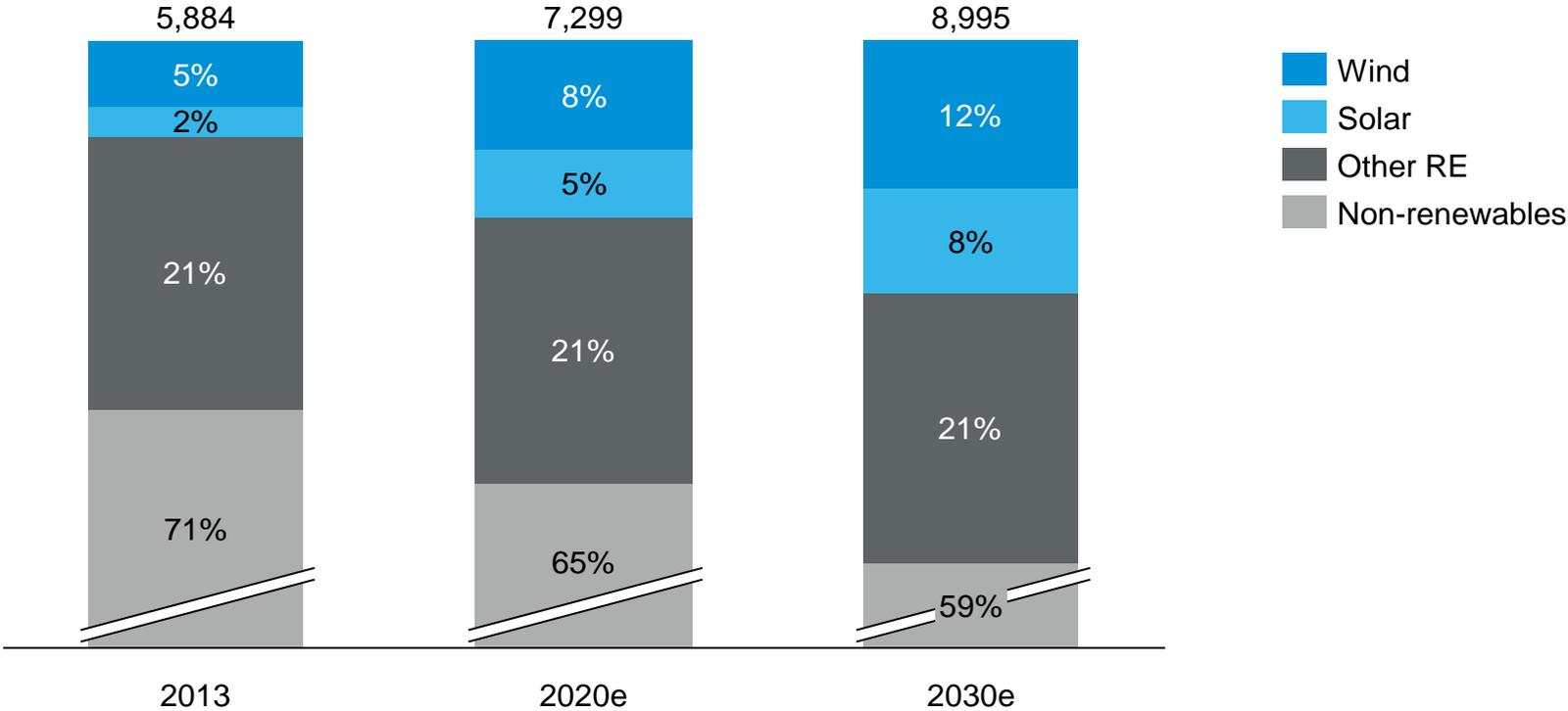
* Onshore and offshore. ** Biomass, Geothermal, Hydro, CSP.

Source: BNEF New Energy Outlook June 2016, IEA World Energy Outlook 2015, Nov 2015.

Long-term outlook for wind and renewables

Wind to remain the main utility-scale renewable energy source

Cumulative capacity
GW

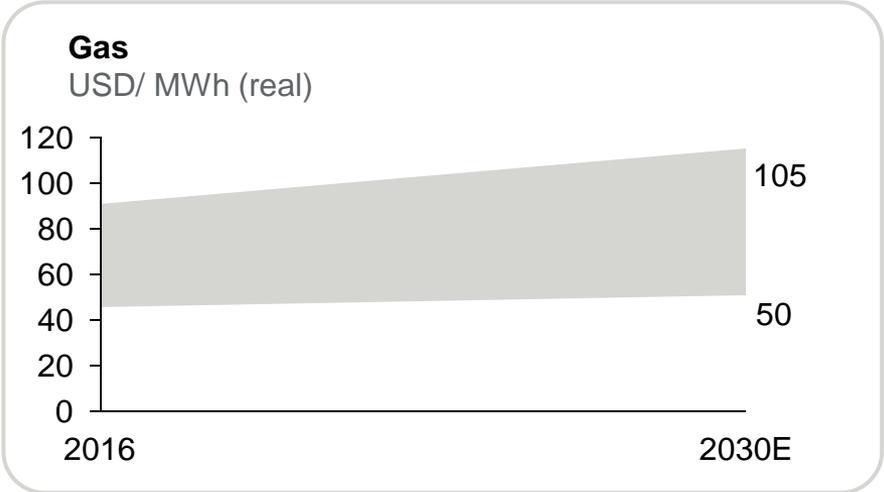
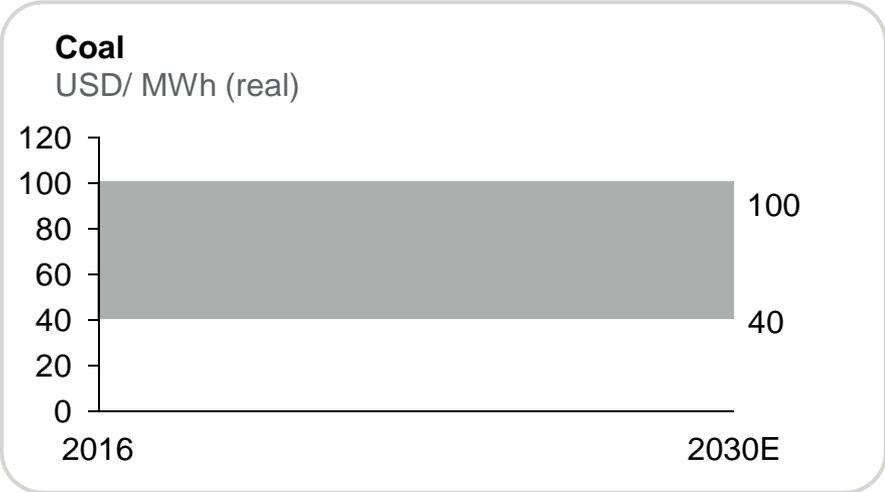
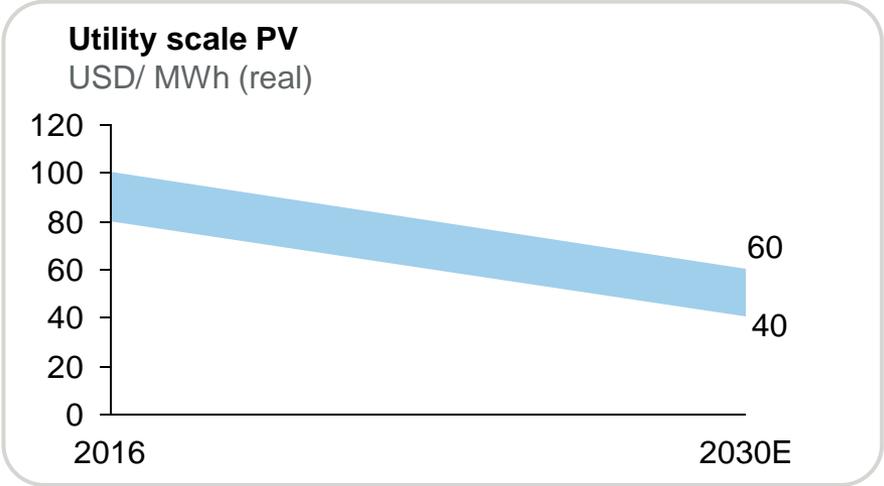
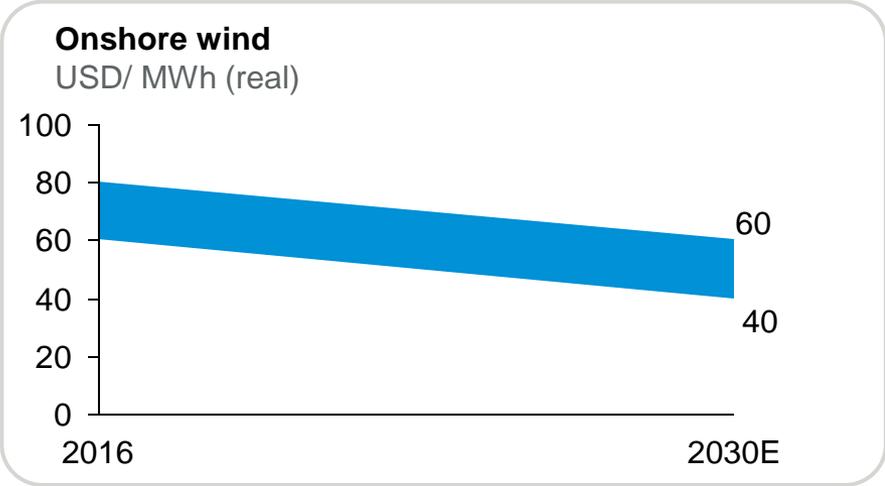


* Onshore and offshore. ** Biomass, Geothermal, Hydro, Solar thermal.

Source: IEA World Energy Outlook Nov 2015.

Long-term outlook for LCOE

LCOE for wind and solar to decrease



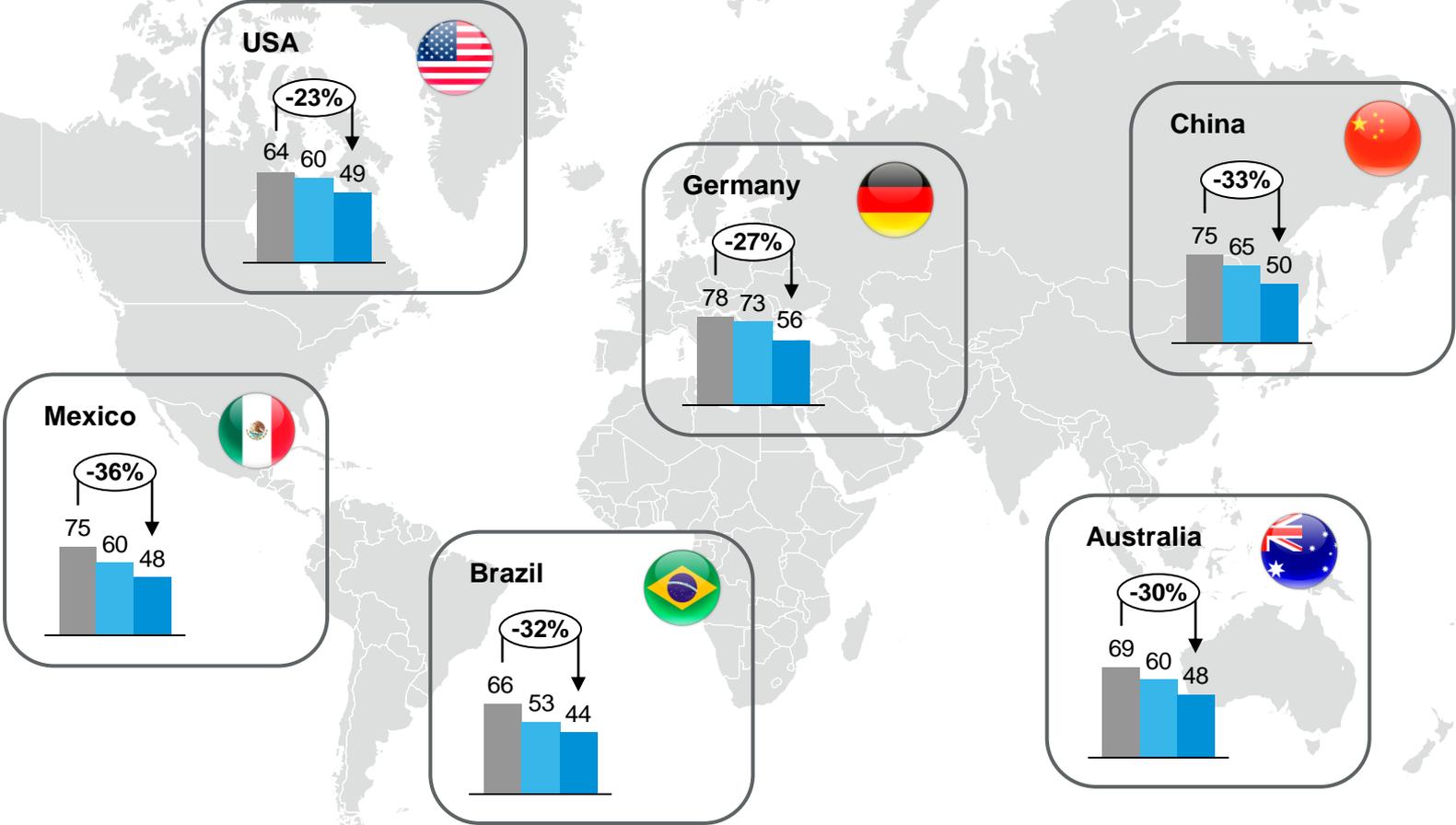
Source: BNEF New Energy Outlook June 2016, Vestas analysis.

Why wind will remain the preferred renewables choice

The competitiveness of wind will continue to improve. Market specific reduction between 23 and 36 percent expected 2016-2030

Expected LCOE development, onshore wind
USD/MWh

2016 2020e 2030e

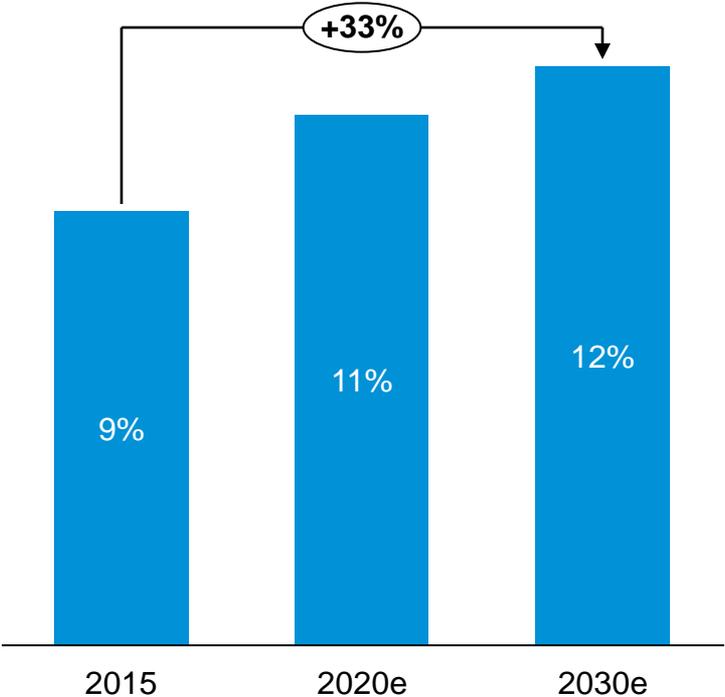


Source: BNEF Global Wind LCOE Update H1-2016.

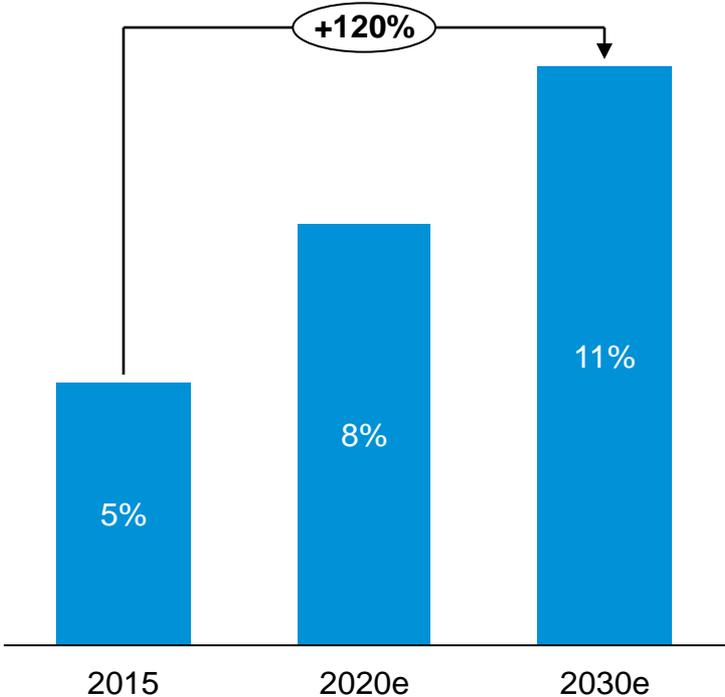
Long-term outlook for wind penetration

Significant upside in both OECD and non-OECD markets

OECD wind* penetration
Percent of cumulative capacity



Non-OECD wind* penetration
Percent of cumulative capacity



* Onshore and offshore.
Source: BNEF New Energy Outlook June 2015.

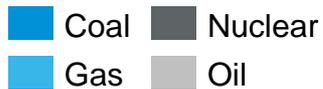
Drivers of renewable demand – OECD markets

Decommissioning of assets and long-term policy targets secure wind and renewables additions

Significant asset pool to be decommissioned

Decommissioned capacity between 2016-30e

GW



- A total of **344 GW** is expected to be decommissioned between 2016-30.

Push for early retirement of non-renewables

Economic decarbonising, and demand driven:

- Shut down of seven power plants (gas and coal) in UK to avoid costly retrofits. 
- Shut down of all AGL-owned coal plants by 2050 to decarbonise and to make new investments. 
- Enel will shut down 8 GW of gas plants in Europe among others due to the rise of renewables. 

Long-term support for renewables

Strong regulatory support:



- 2030 targets:
- 27% RE share.
 - Cut GHG by 40%*.



- PTC support until 2023.
- CPP to set long-term emission targets**.

COP21 creating push for long-term RE support.

* Based on 1990-levels. ** Clean Power Plan awaiting Supreme Court decision.

Source: BNEF New Energy Finance June 2015, BNEF Global Summit April 2016 Corporate Procurement, BNEF H2 2015 Australia Energy Market Outlook; BNEF Q1 2016 European Policy Update, European Parliament Briefing Jan 2016, Press.

Drivers of renewable demand – non-OECD markets

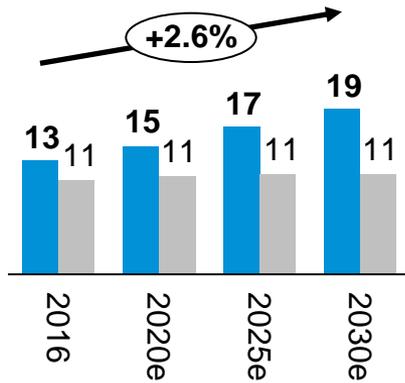
According to IEA, non-OECD countries will account for all the increase in energy use

Significant growth in electricity demand

Growth in electricity demand

GWh

■ Non-OECD ■ OECD



- Non-OECD CAGR of **2.6%** expected from 2016-30e.

Long-term support for renewables

Strong regulatory support:



- **RE targets** in place or increasingly coming so.
- Establishment of **framework policies** around REs.

COP21 creating push for long-term RE support.

New growth markets opening up

MoUs on energy investments:



- Laos.
- Pakistan.
- Ethiopia.

Rising investments in RE:



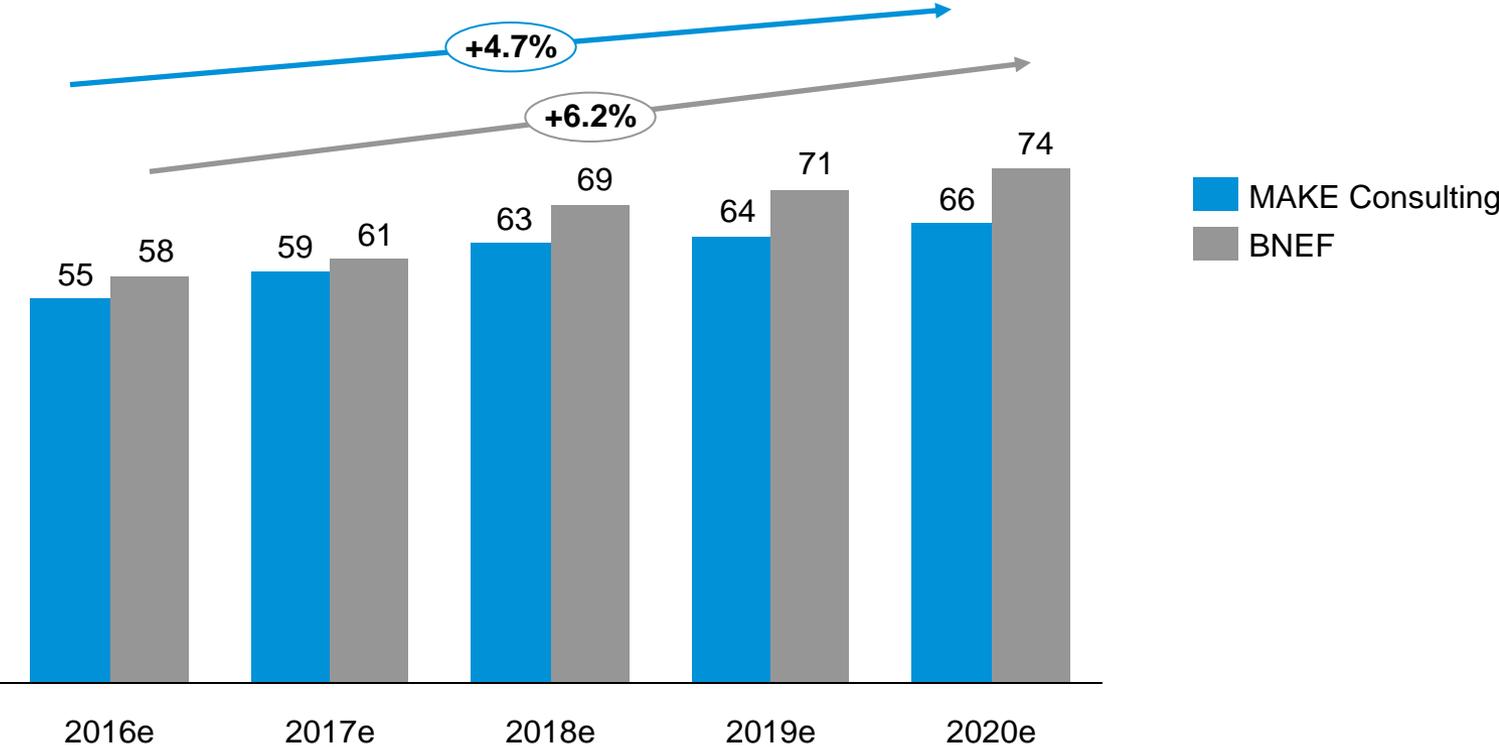
- Chile.
- Argentina.
- Peru.
- Ecuador.

Source: BNEF New Energy Finance June 2015, Vestas Public Affairs, European Parliament Briefing Jan 2016, IEA.

Steady growth expected for wind

Forecasts agree on a steady development for onshore and offshore market

New wind additions (onshore and offshore), global
GW



Source: BNEF Q2 2016 Global Wind Market Outlook, June 2016, MAKE Consulting Q2 2016 Global Wind Power Market Outlook Update.

Vestas key differentiators remain intact...

Global reach, technology and service leadership, and scale give Vestas a unique position to compete in the marketplace



Global reach

- Pioneer and most experienced wind energy company in the world.
- Unique global reach in terms of sales, manufacturing, installation, and service.
- In 2015, Vestas had order intake from 34 countries and deliveries in 34 countries.



Technology and service leadership

- Wind turbines covering all wind classes across the world.
- A broad range of service offerings securing optimal performance.
 - Best-in-class quality.
 - World-class siting and forecasting.



Scale

- More people dedicated to wind than anyone else, largest volume.
- Largest global installed base of 75 GW across 75 countries.
- Largest service organisation with 63 GW under service.
- Data insights from monitoring of more than 30,000 wind turbines.



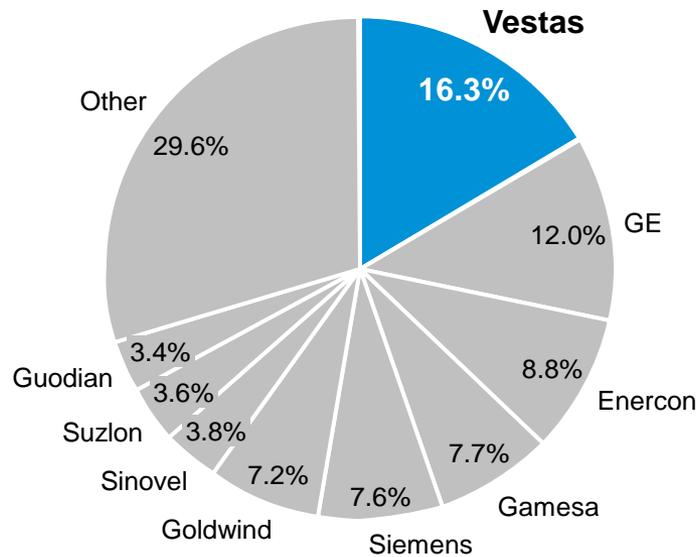
... and we are well positioned

According to Make Consulting, Vestas is the global No. 1 in terms of market shares. Further, Vestas was also the largest company in the industry as measured in revenue

Cumulative historic installations

Onshore and offshore, end 2015

Percent



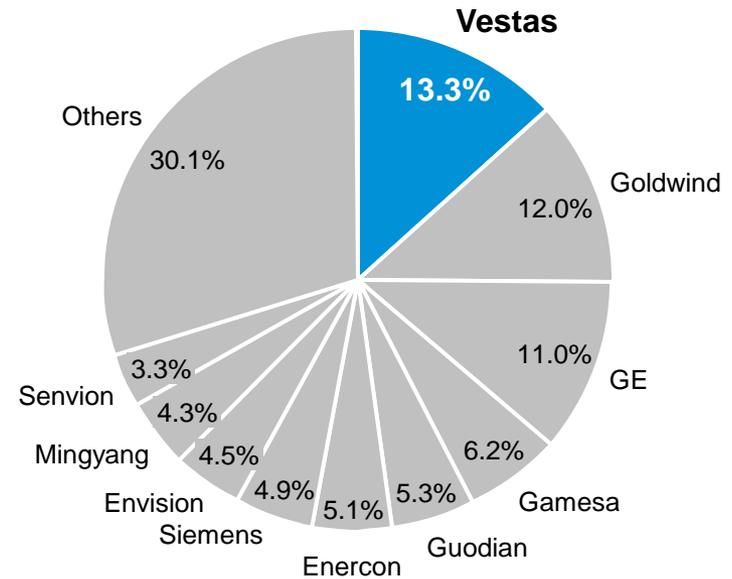
100% = 431 GW

Vestas all time No. 1.

2015 grid-connected

Onshore, 2015

Percent



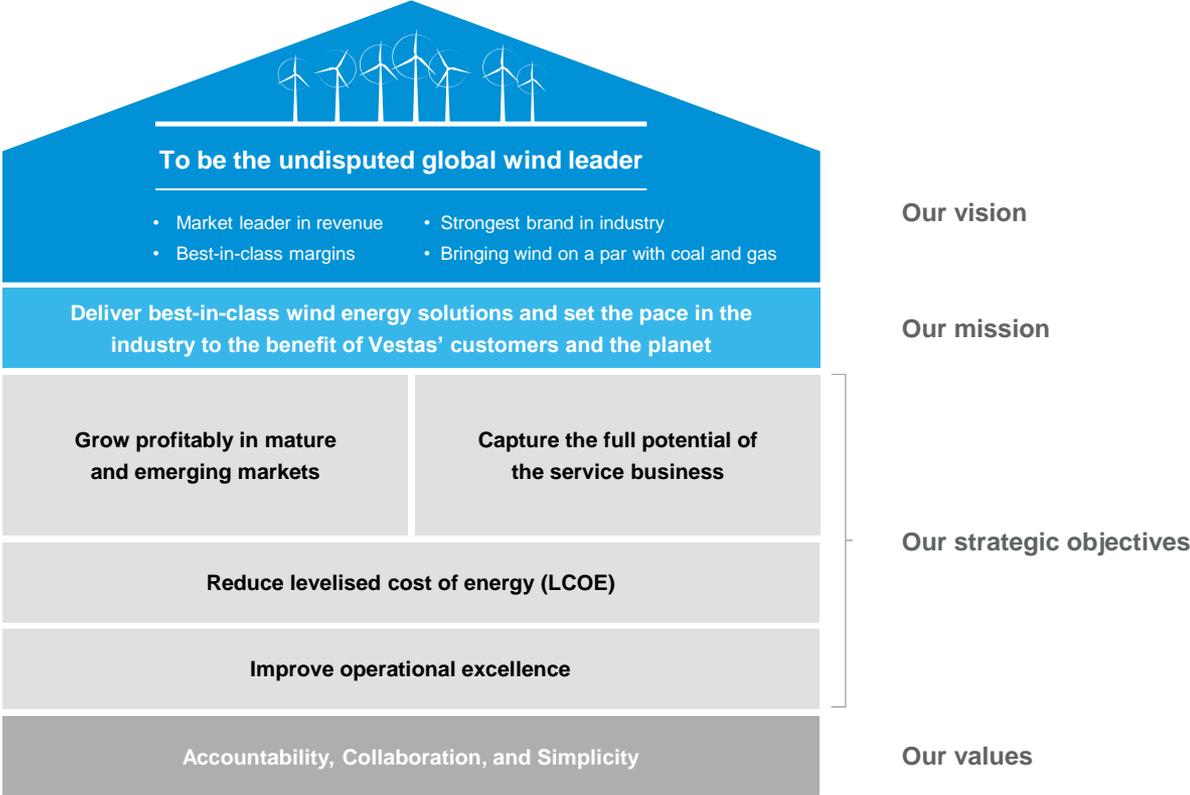
100% = 58 GW

Vestas No. 1 in 2015.

Source: MAKE Consulting Global Wind Turbine OEM 2015 Market Share, March 2016.

Focus on Profitable Growth for Vestas continues

Market environment and Vestas key differentiators continue to support our profitable growth strategy





Well positioned to capture growth opportunities

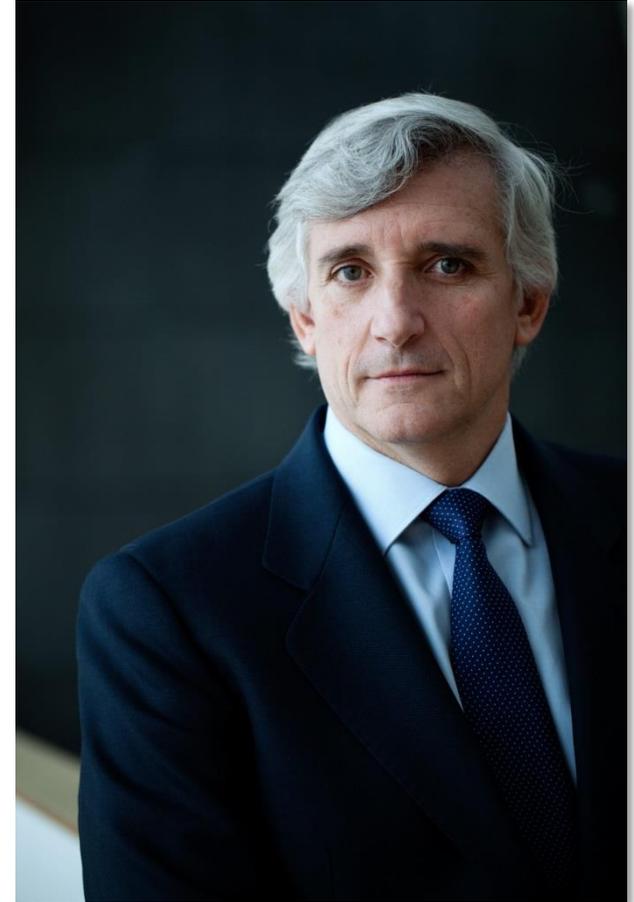
Juan Araluce, Executive Vice President & CSO

London, 21 June 2016

Introducing your speaker

Juan Araluce

- Executive Vice President & **CSO**.
- **Joined Vestas in 2007** as **President for Vestas Mediterranean**.
- Appointed **CSO in 2012** based in Copenhagen, Denmark.
- **Education:**
 - Complutense, Economics and Business Administration.
 - ICADE, PhD Courses in Economics.
 - IESE Business School – AMP.
 - Kellogg University (Chicago), Marketing Postgraduate program.
- Prior experience: **BP (1988-2007)**: Retail, Oil derivatives trading, Power, LNG; **based in Madrid and London**.



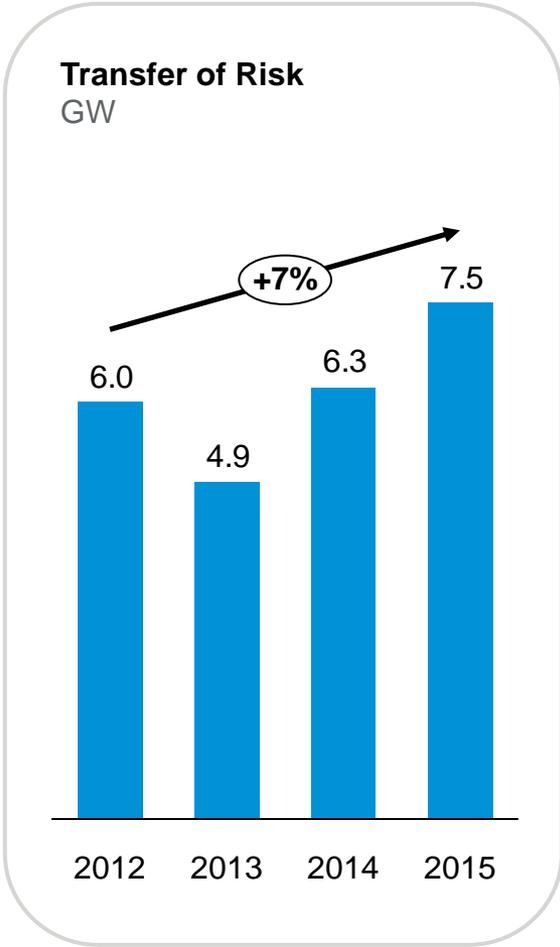
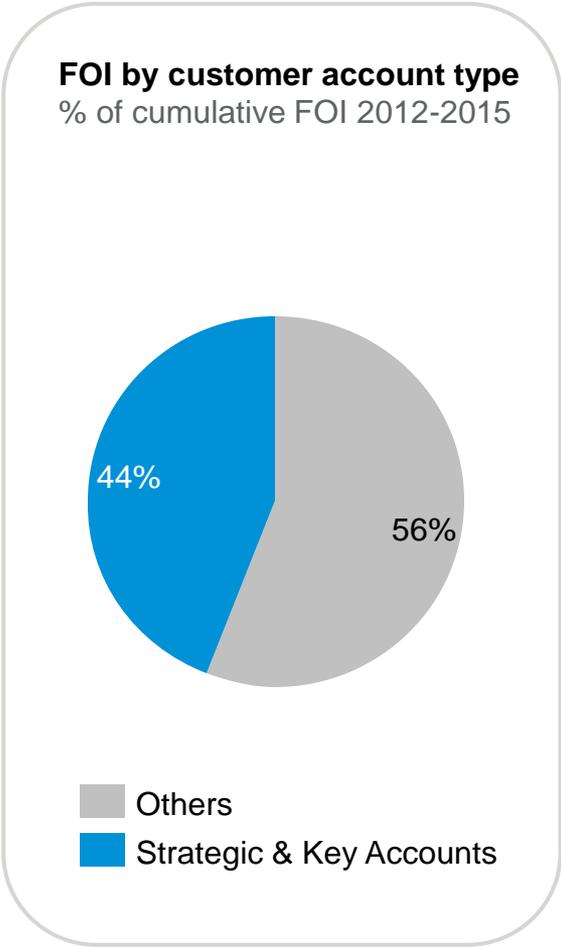
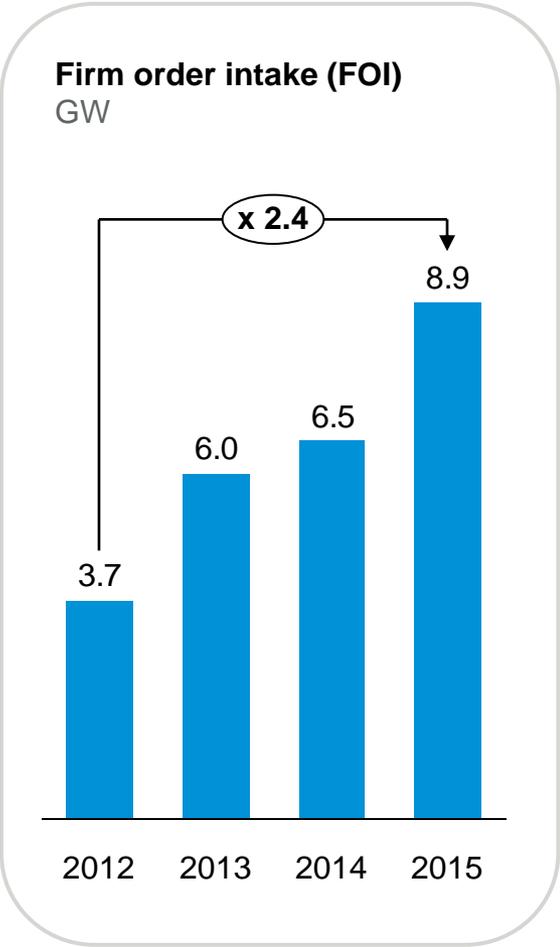
Agenda



- 1. Introduction and commercial strategy**
2. Growth opportunities
3. Summary and questions & answers

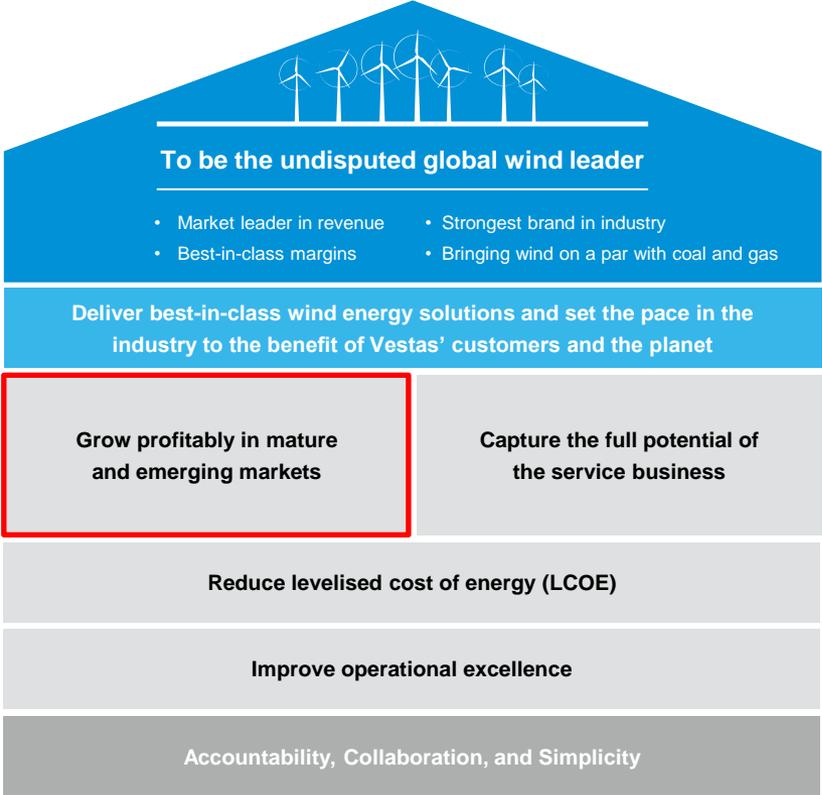
Our track record speaks for itself

We have performed well on our set targets



Markets moving at different speeds and levels of stability

Mature and emerging markets: two parallel tracks, different challenges.



Looking ahead:

Executing on both tracks

Focus remains on both mature and emerging markets

Varying characteristics and requirements in mature and emerging markets call for different approaches. To succeed, we must master both tracks.

Mature market strategy

Objective

Grow market share profitably

Main initiatives and enablers

- A** Key account management.
- B** Value engineering & pricing.
- C** Sales force development.

Emerging market strategy

Objectives

Build and hold leadership position in new markets and profitably increase market share in China, India and Brazil

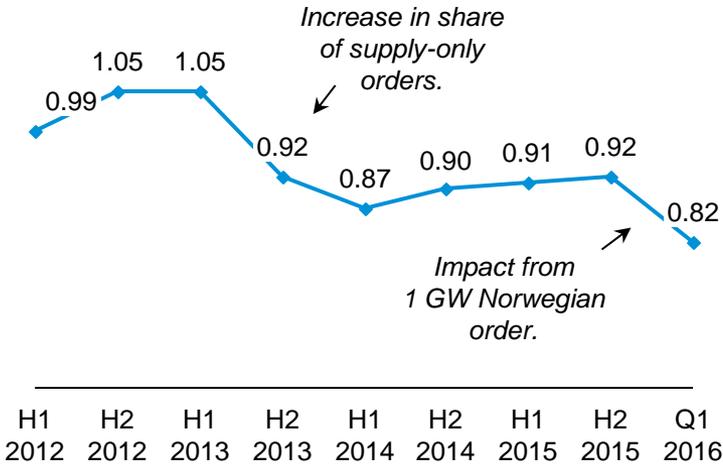
Main initiatives and enablers

- A** Key account management.
- B** Value engineering & pricing.
- C** Business development.
- D** Localisation.

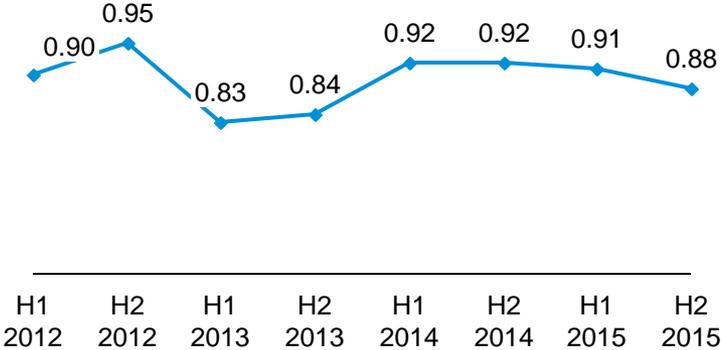
Overall stable pricing, but outliers can distort the ratios

Pricing has come down since 2012, but has reached a new steady-state level

Average selling price of order intake (Vestas)
mEUR per MW



Average selling price of order intake (BNEF)
mEUR per MW



- Price per MW is impacted by many variables.
- Optimisation of unique projects can influence the price (e.g. 1 GW Norwegian order).
- It provides some insight when the composition of order intake is comparable.
- However, geography, scope, WTG mix, and uniqueness of offering can distort the picture.

Source: BNEF Wind Turbine Price Index H1 2016, April 2016.

Value Selling

Pricing and unlocking the value

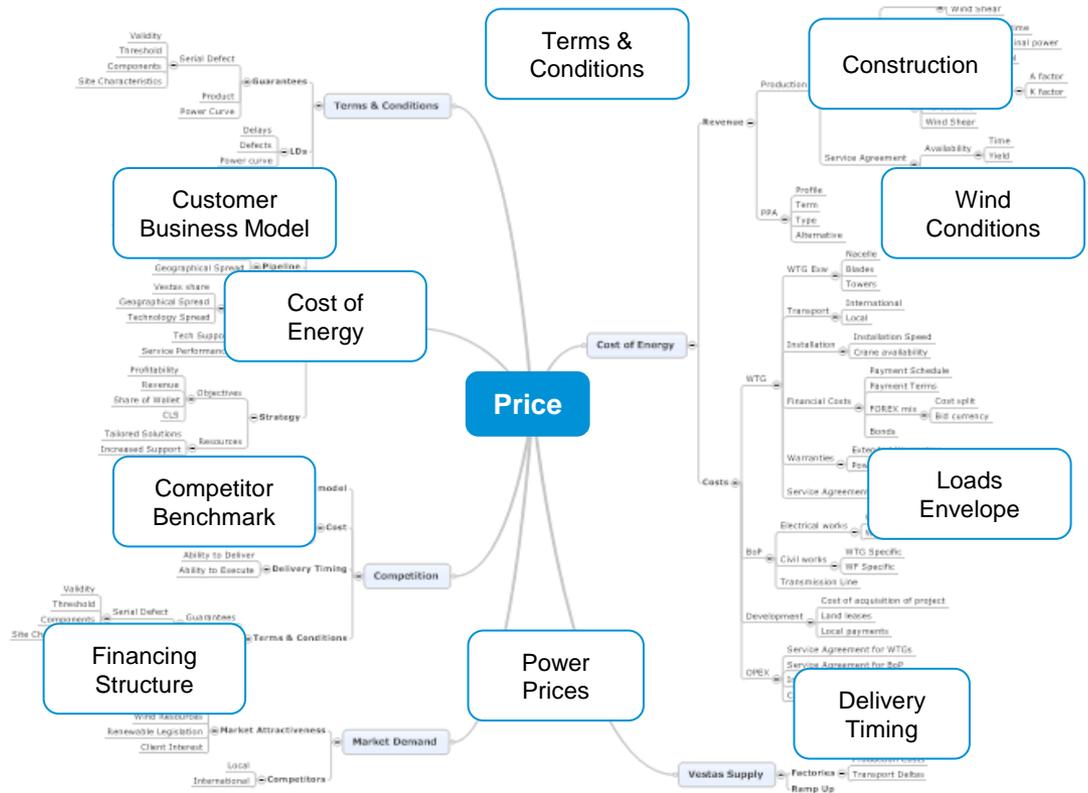


Pricing... is only the tip of the iceberg!



Complexity
many drivers / variables

Value levers
many disciplines



1. Introduction and commercial strategy

2. Growth opportunities

- New opportunities from repowering and decommissioning
- Successful positioning in auctions and tenders
- Continued success in the US and Germany
- Profitable Growth in China, India, and Brazil
- Building on our strong track record in emerging markets

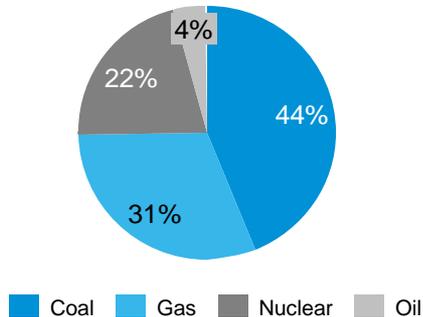
3. Summary and questions & answers

New opportunities arise as the industry evolves

Planned decommissioning and an increasingly ageing installed base to drive wind growth

Decommissioned capacity between 2020-30

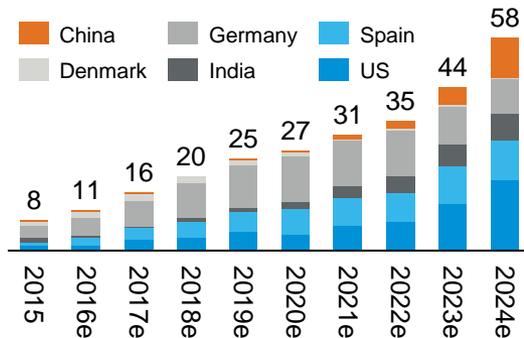
Percent



- A total of 255 GW expected to be decommissioned between 2020-2030.
- New onshore wind projects are the cheapest new energy source to replace fossil fuel and nuclear capacity.

Wind power fleet 15-20 years old in main repowering markets*

GW



Note: Repowering may happen earlier or later during the lifetime of the wind turbines.

- Today, 11 GW.
- By 2020, 27 GW.
- Vestas has the largest installed base.
- Access to 3rd-party WTGs through servicing.



Significant potential from decommissioning and repowering

* Main markets are those with +1 GW installed capacity by 2000 plus China.

Source: BNEF New Energy Outlook June 2015. MAKE Consulting Global Wind Power Project Installation Database, April 2016.

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3. Summary and questions & answers

Auctions and tenders – the new normal

Auctions and tenders are not new phenomena. And they will increase in number going forward.



The use of auctions and tenders will only increase:

- From approx 75% in 2015 to approx 100% in 2018 in markets with a RE policy in place.

Source: BNEF New Energy Finance, IRENA, own analysis.

Our customers succeed in auctions and tenders

We helped our customers succeed in numerous auction systems throughout Latin America, Europe and Africa

Italy

- Vestas continues building profitable wind farms even after the PPA is now half of pre-auction levels.
- Vestas was market leader before the auctions and has then **improved cumulative market shares to 41% with 65% in 2015 alone****.

Brazil

- Vestas installed 713 MW in Brazil, most of them under the current auction system.
- Since new FINAME accreditation, **Vestas secured 557 MW of firm orders***.

Uruguay

- Implemented reverse auctions similar to Brazil.
- Vestas' customers have been able to secure +350 MW.
- Vestas is market leader with **35% market share****.

Argentina

- 700 MW of wind projects were allocated PPAs in 2010.
- Only a few were built, **most of them with Vestas WTGs**.

South Africa

- Vestas supported **7 different customers** including local developers and international powerhouses to **win +1.2 GW**.
- Vestas is the only OEM that has been able to secure MWs throughout the five rounds so far.
- **31% market share**** for Vestas (2nd at 20%).

Only between these markets, Vestas helped customers secure

+3 GW

in the most various auction systems over the past 5 years

* Announced firm order intake as of Q1 2016. ** Cumulative 2012-2015 installations. **Source:** MAKE Consulting, Historical Wind Turbine OEM Market Share Database, March 2016.

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3. Summary and questions & answers

US market introducing long-term stability

Unprecedented PTC certainty underwrites market stability and industry growth. But not without challenges.

PTC extension and IRS guidance provide US policy certainty

Qualification period	Installation period	PTC amount
2015	2016-19	100%
2016	2017-20	100%
2017	2018-21	80%
2018	2019-22	60%
2019	2020-23	40%

- “Place in Service” deadline extended from two to four years.
- Non-exclusive list of “exusable disruptions” for place in service deadline.
- Repowering guidelines (80/20 rule).
- Year-end+105 days delivery period for PTC eligible components (given payment).

Strategic challenges:

- Market certainty invites new entrants.
- Increasing competitiveness of solar.
- Natural gas prices remain low.

Strategic initiatives:

- Support customers’ Safe Harbour ambitions.
- Focus on key account management.
- Site customisation and optimisation.
- Capture repowering opportunity.
- Growing 3rd party service strategy.

Germany moving towards auctions with effect from 2018

Increase market share through key accounts, technology leadership, and operational excellence

German auction system

- Technology-specific auctions.
- Volume 2.8 GW/year 2017-2019 (2.9 GW from 2020).
*Historical avr. 2-2.8GW**
- 3-4 auction rounds per year by law.
- Building permit and bid bond of EUR 30k/MW as prequalification.
 - FiT based on bid value**.
- From auction to installation: 24 months.
 - Support granted for 20 years.

Strategic initiatives:

- Revitalisation of management team.
- Key account management.
- Repowering and EPC.
- Value engineering.
- Plan to capture market share.

Strategic challenges:

- Shift from FiT to auctions.
- Generous transition rule – permit before end 2016 with installation before end 2018 will grant "old" FiT support***.

* Average annual additions from 2010-2015 was 2.8 GW. Excluding peak years in 2014 and 2015 it was 2 GW. **Source:** DEWI.

** Correction for wind resources after winning bid approval allows for fair competition across Germany. *** Proposed one-off cut of 5% in FiT on 1 June 2017.

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Update on China, India, and Brazil

Good momentum in 2015 to be further increased by targeted sales and customer intimacy

China

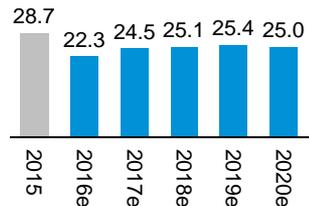
Dominated by local OEMs.
Highly competitive.
Curtailment issues, now being addressed.



Strategic initiatives

- Diversified product portfolio (3 MW platform).
- Service tailored to China.
- Value Engineering.

Annual wind additions, China
GW



Recent FOI:
652 MW*
Vestas



India

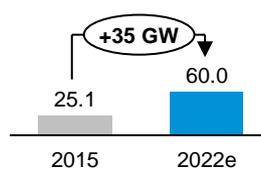
Strong commitment to wind.
“Land bank” and regional differences in regulatory framework.
Lengthy development lead times.



Strategic initiatives

- Localisation of manufacturing.
- Adapt business models.
- Adjust product to local needs.

Indian Government wind target
GW, acc. Installed capacity



Recent FOI:
74 MW*
Vestas



Brazil

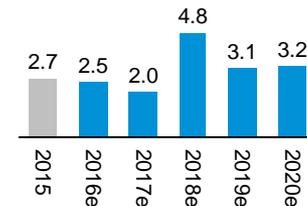
Auction system drives highly competitive market.
Accreditation of BNDES a pre-requisite.



Strategic initiatives

- Localisation of manufacturing.
- Forward selling.
- Technological enhancements.

Annual wind additions, Brazil
GW



Recent FOI:
557 MW*
Vestas



* Announced firm order intake since 1 January 2015.

Source: BNEF Q2 2016 Global Wind Market Outlook, June 2016, GWEC.

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3. Summary and questions & answers

Efforts across emerging markets

Localisation and customer intimacy are key to succeed

Strategic challenges:

- Governmental regulations.
- Auction systems.
 - Proximity.

Strategic initiatives:

- Localisation.
- Value engineering.
 - Key account management.
- Emerging market business development.

Vestas has...

... a global presence in **75 countries**, more than any other OEM.

... pioneered in **37 countries**.

... a cumulative **market share of 35%** in non-BRIC emerging markets.

... entered **new markets in 2015**:
Guatemala, Georgia, and Serbia.

... recently secured **exclusivity agreements** in e.g. Laos, Pakistan, and Ethiopia.

Agenda



1. Introduction and commercial strategy
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3. **Summary and questions & answers**

Summary

1

Strongest commercial track record on a global level.

2

Well positioned to utilise growth opportunities in both in mature and emerging markets.

3

Successfully delivering profitable growth in China, India, and Brazil.



Ensuring Vestas' current and future competitiveness

Anders Vedel, Executive Vice President & CTO

London, 21 June 2016

Introducing your speaker

Anders Vedel

- Executive Vice President & CTO.
- Joined Vestas in 1995 and became CTO in 2012; based in Aarhus, Denmark.
- Engineering degree from Engineering University, Horsens, Denmark, IMD and SIMI Management Programs.
- 2004-2012 Vice President of Service Northern Europe, Vice President of Operations in Vestas Americas, Vice President of CIM, Technology R&D, Managing Director Technology R&D Chennai, India.

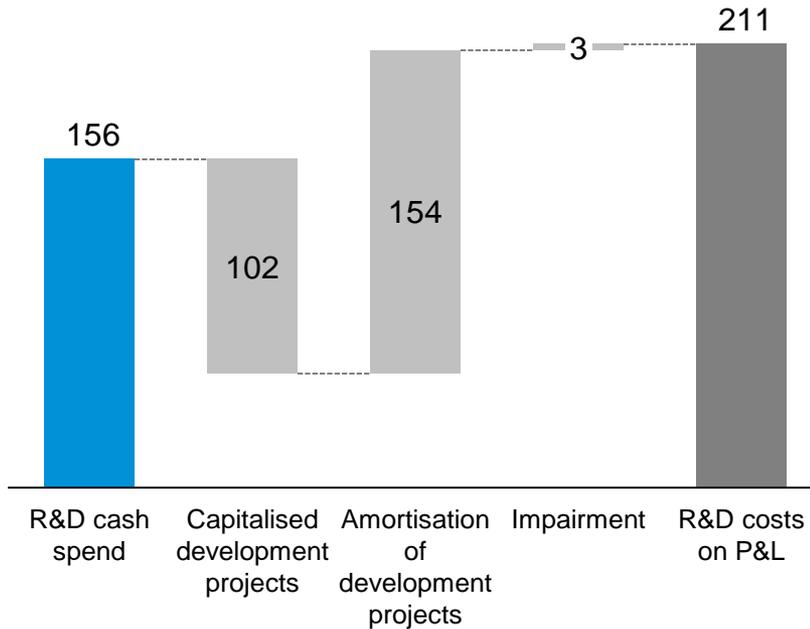


- 1. Introduction and status**
2. Our strategy and the link to LCOE
3. Evolution of Vestas 2 MW and 3 MW platforms
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5. Summary and questions & answers

Highest nominal R&D investments in the industry

Vestas' size allows for large investments in R&D

R&D costs 2015
mEUR



Key takes:

- 2015 cash spend of EUR 156m in the R&D organisation, the highest in the industry, however benefitting from scale only equalling approx. 2% of revenues.
- No material changes expected to investment levels in coming years.
- A total of 1,292 employees in Technology & Service Solutions by the end of 2015 – primarily located in Denmark and India.

Our task

**What does it take to
secure that Vestas has the
industry's most
competitive products**



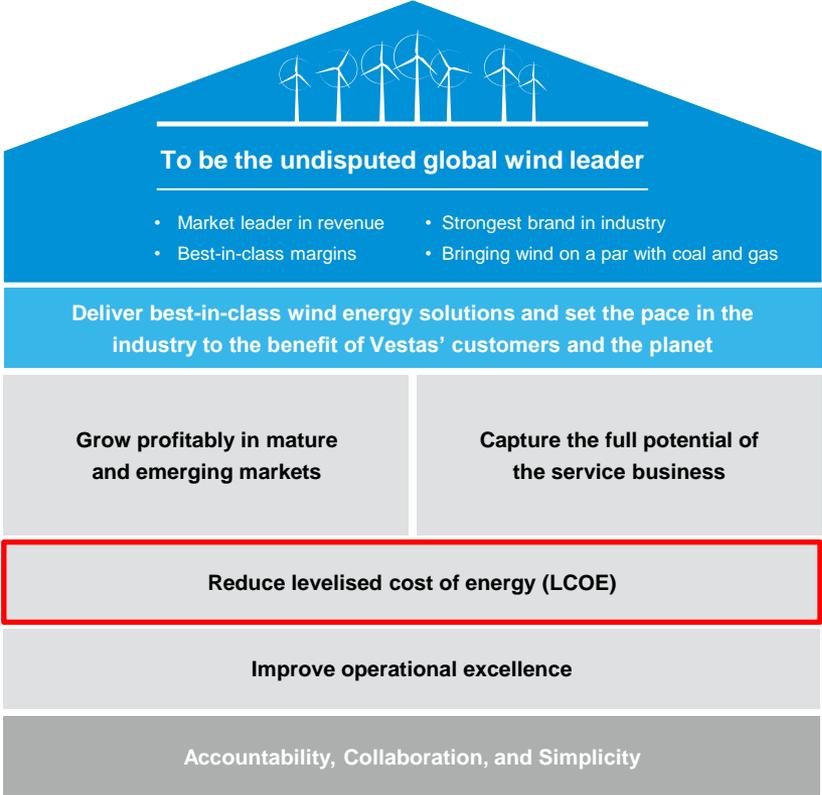
Agenda



1. Introduction and status
- 2. Our strategy and the link to LCOE**
3. Evolution of Vestas 2 MW and 3 MW platforms
4. Investing in innovation in the short-, mid-, and long-term
5. Summary and questions & answers

Enabling Vestas to deliver on profitable growth strategy

Lowering the levelised cost of energy (LCOE) faster than the market average

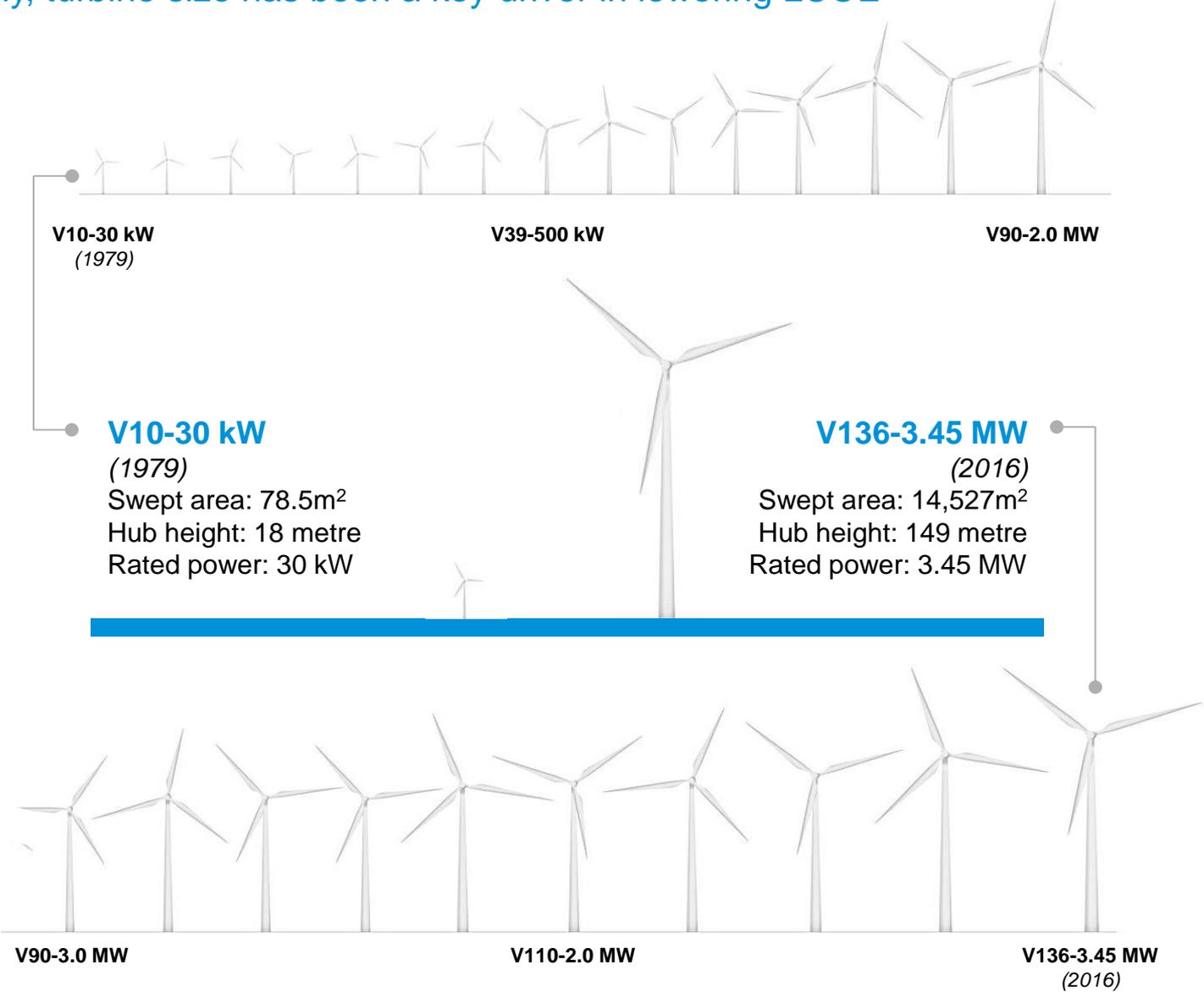


Consistency:

Never rest on our laurels

Innovation driven by constant need to reduce LCOE

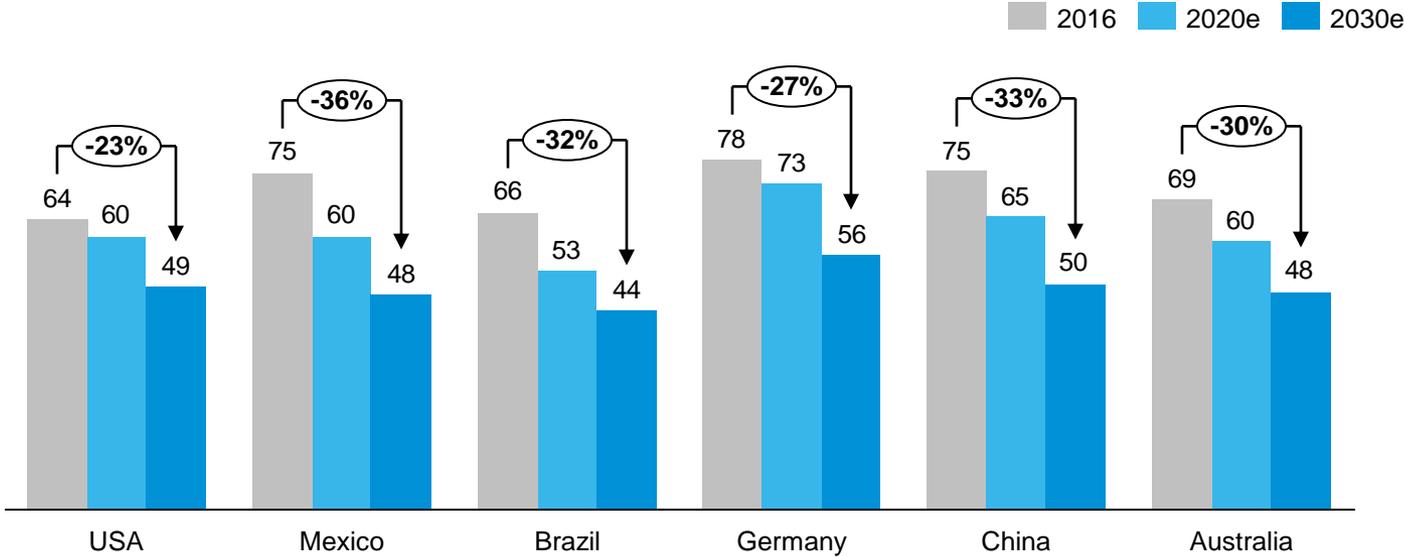
Historically, turbine size has been a key driver in lowering LCOE



Strong future ahead for wind

LCOE reduction expected to continue at significant pace

Expected LCOE development, onshore wind
USD/MWh



- Market specific wind LCOE expected to decrease by between 23 and 36 percent from 2016-2030.
- Global variations around these levels to be expected due to differences in market characteristics.

Vestas has ambitious LCOE targets and will reduce LCOE faster than market average

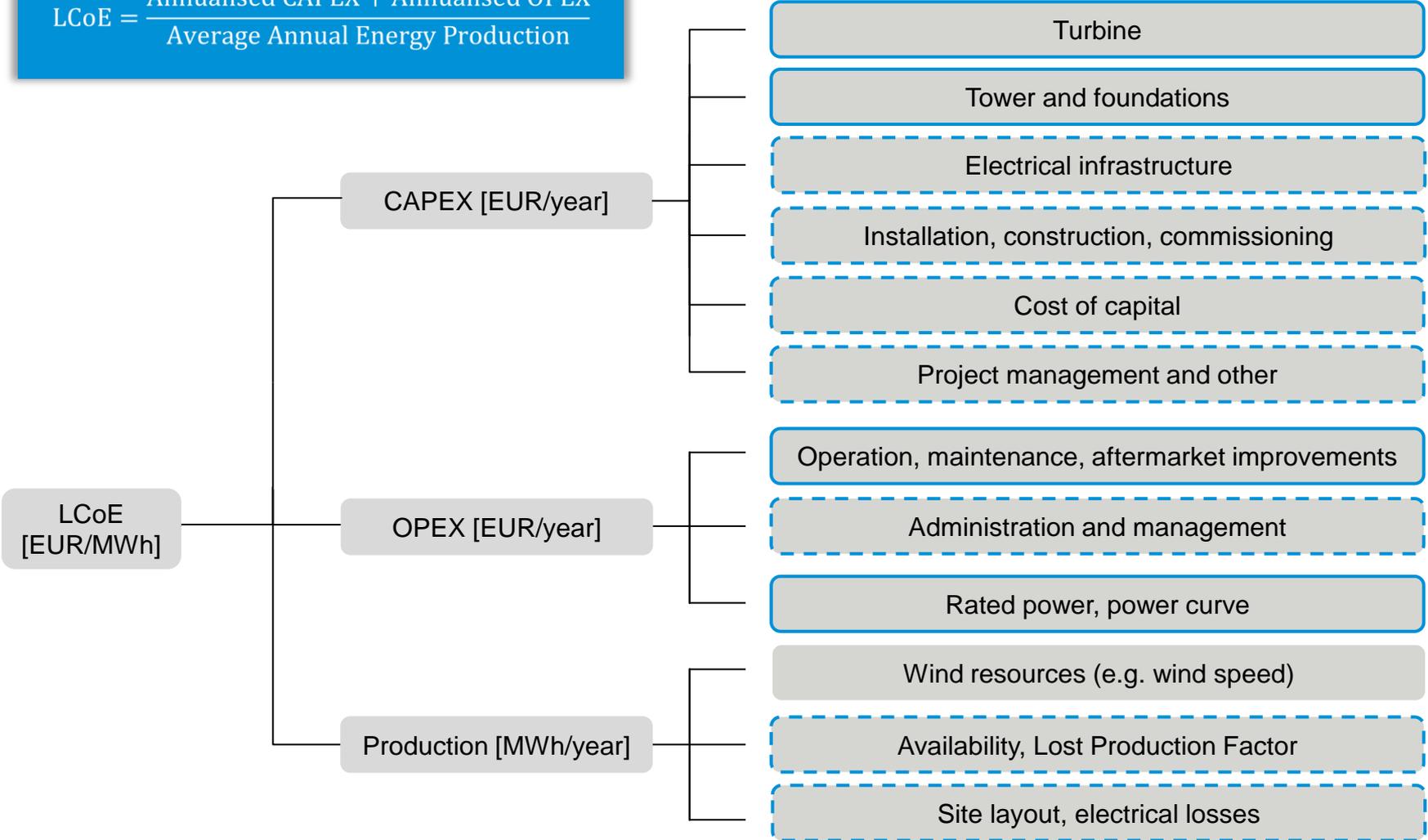
Source: BNEF Global Wind LCOE Update H1-2016.

Drivers of LCOE

How much can Vestas affect?

 Fully influenced by Vestas
 Partially influenced by Vestas

$$\text{LCoE} = \frac{\text{Annualised CAPEX} + \text{Annualised OPEX}}{\text{Average Annual Energy Production}}$$



Agenda



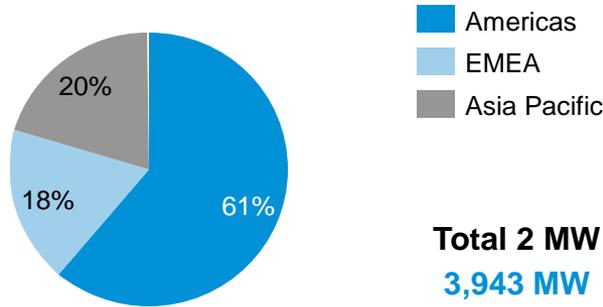
1. Introduction and status
2. Our strategy and the link to LCOE
- 3. Evolution of Vestas 2 MW and 3 MW platforms**
4. Investing in innovation in the short-, mid-, and long-term
5. Summary and questions & answers

Two highly competitive turbine platforms

Vestas is the only company in the industry with significant volume and track record in both 2 and 3 MW segments

2 MW platform

Order intake by region, 2015
MW



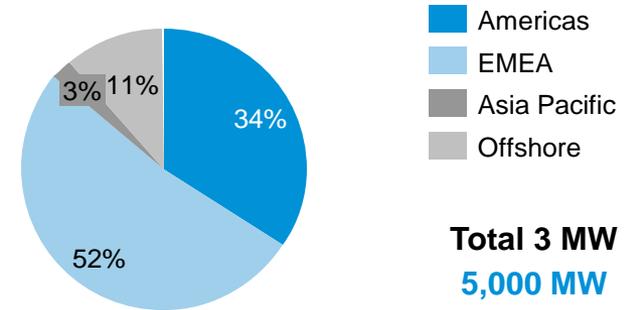
- V90-1.8/2.0 MW
- V100-1.8/2.0 MW
- V100-2.0 MW
- V110-2.0 MW

Demand for proven performance remains strong:

- One of the most trusted platforms in the industry providing customers great certainty on their business case.
- Continued demand highlights US flagship status of the V110-2.0 MW.

3 MW platform

Order intake by region, 2015
MW



- V105-3.45 MW
- V112-3.45 MW
- V117-3.45 MW
- V126-3.45 MW
- V90-3.0 MW
- V136-3.45 MW

Market leading technology with global reach:

- Fulfilling specific needs, e.g. de-icing, LDST, offshore.
- V136 large rotor perfect match for medium to low wind.
- Vestas has the only 3 MW platform to see real volume across more than one continent.

Evolution of the 2 MW platform

Upgrading our proven products result in significant increased production, driving down LCOE



1.8/2.0 MW

- V80/90-1.8/2.0 MW built based on previous model V66-1.75.

IEC I

V80-2.0MW

IEC II

V90-1.8/2.0 MW

IEC III

V100-1.8/2.0MW

First Prototype Installation

2000/2004/2009



2.0 MW

- Upgrade to 2.0 MW nominal rating.
- New rotor: 110m.

V100-2.0 MW

V110-2.0MW

2014



2.0/2.2 MW

- Introduction of the 2.2 MW power optimised mode.

V100-2.0 MW

V110-2.0MW

2015

+18%
AEP
increase
since 2009

* AEP=Annual Energy Production. Comparison of AEP performance in IEC III (V100-2.0 MW IEC III vs V110-2.0 MW). Actual performance depends on site specific conditions.

** Power modes applicable, suitability and performance depends on site specific conditions.

2 MW high-level design changes

Increasing annual energy production and lowering LCOE

Improved cooling system

- New slim Cooler Top Design
- Generator cooling switch from Air/Air to Air/Liquid
- Conditioning system update

Transformer

- Option for ECO transformer (EU)

Generator

- Improved generator bearing lubrication
- New 50Hz Optislim generator improves power mode in higher temperature climates and higher altitudes

Towers

- Optimised light weight towers

Blades

- Aerodynamic add-ons increase power production
- Serrated trailing edges for noise sensitive markets

New power modes - 2.2 MW

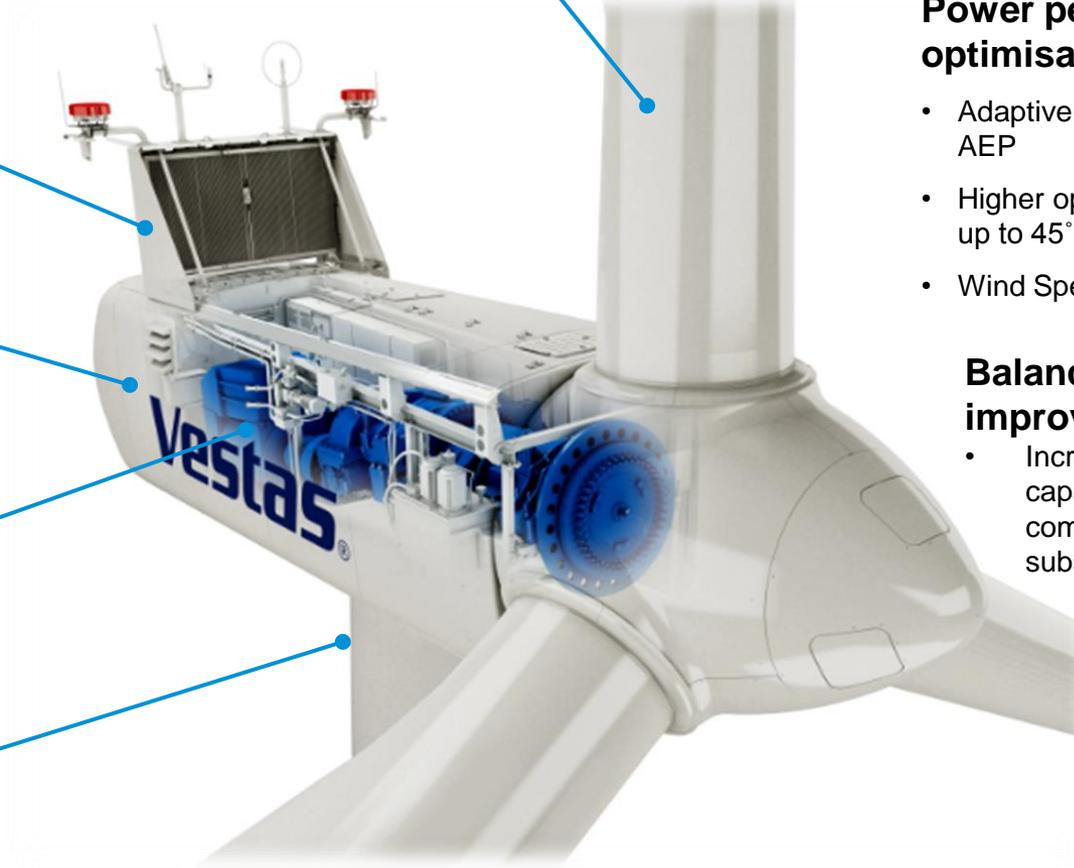
- Up to app. 3.3 % (V110) & 3.9%(V100) AEP improvement

Power performance optimisation

- Adaptive Wind Sensing increase AEP
- Higher operational temperature up to 45°
- Wind Speed Estimator

Balance of plant improvements

- Increased reactive power capability to minimise/eliminate compensation equipment at substation



Evolution of the 3 MW platform

Upgrading our proven products result in significant increased production, driving down LCOE



3.0 MW

- V112-3.0 MW first member of new 3 MW platform.
- Most tested turbine in the industry.

V90-3.0 MW®

IEC I

V112-3.0 MW®

IEC II

IEC III

Year of
announcement

2010



3.3 MW

- Upgrade to 3.3 MW rating.
- New rotors: 105m, 117m, 126m.
- 3.45 MW**.

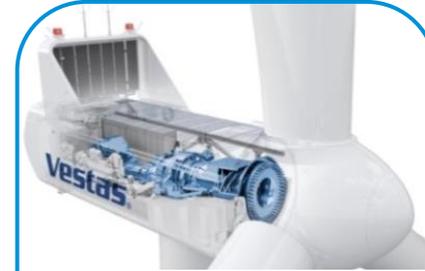
V105-3.3 MW®

V112-3.3 MW®

V117-3.3 MW®

V126-3.3 MW®

2012/13



3.45 MW

- Upgrade to 3.45 MW rating.
- New rotor: 136m.
- 3.6 MW**.

V105-3.45 MW™

V112-3.45 MW™

V117-3.45 MW™

V126-3.45 MW™

V136-3.45 MW™

2015

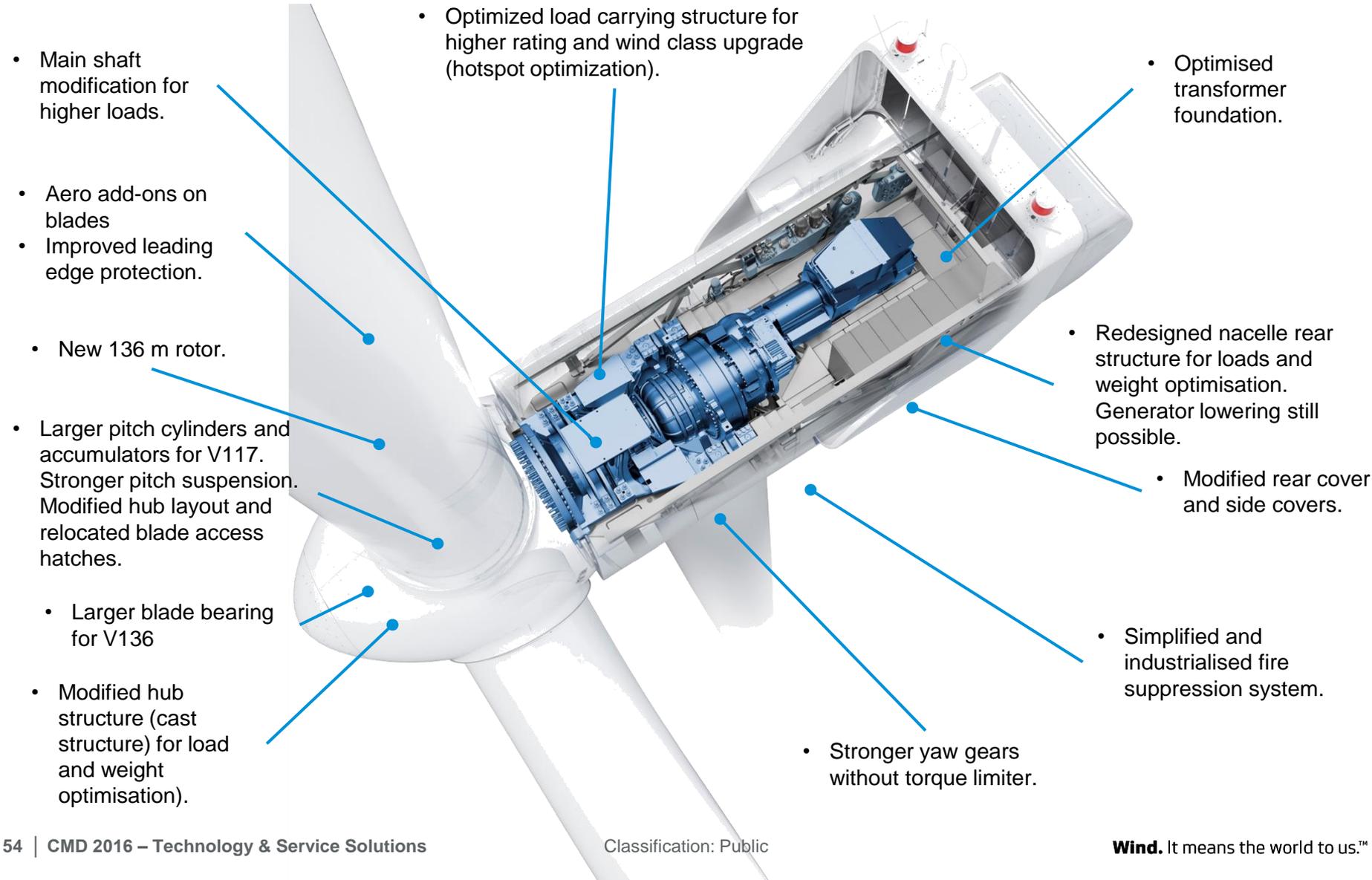
**+18-35%
AEP
increase
since
2010***

* AEP=Annual Energy Production. Compared to V112-3.0 MW/V90-3.0 MW. Actual performance depends on site specific conditions.

** Power modes applicable, suitability and performance depends on site specific conditions .

3 MW high level design changes

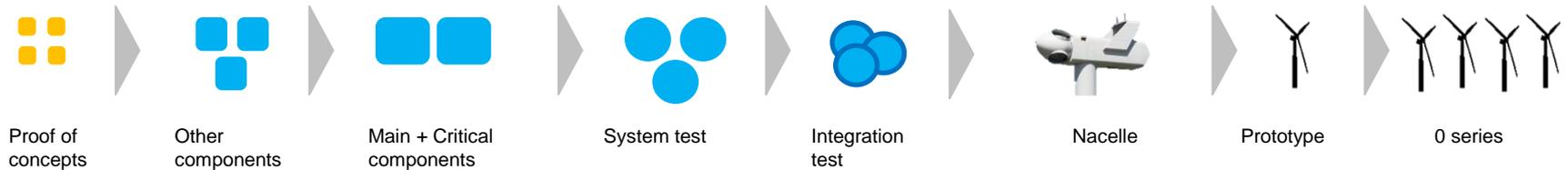
Increasing annual energy production and lowering LCOE



Full-scope testing proves Vestas' turbine quality

A significant contributor to keeping Lost Production Factor at a low level, improving output, and reducing cost

Vestas testing strategy



THIRD PARTY

VESTAS

COMPONENTS

SYSTEM

INTEGRATION

FIELD / PRODUCT



Functional performance, robustness, reliability & compliance

Testing of 20+ main components incl.:

- ✓ Generator
- ✓ Gearboxes
- ✓ Blade & main bearings
- ✓ Yaw gear
- ✓ Converter

Testing of 15+ systems incl.:

- ✓ Drivetrain
- ✓ Wind park control
- ✓ Rotor & Hub
- ✓ Pitch actuation
- ✓ Conditioning & cooling
- ✓ Power conversion system

Testing of integration i.e.:

- ✓ Nacelle assembly test
- ✓ Generator & converter integration
- ✓ Drivetrain system integration
- ✓ Grid compliance
- ✓ Tonality

Field testing i.e.:

- ✓ Run in and tuning
- ✓ Power curve
- ✓ Grid compliance
- ✓ Loads
- ✓ Noise
- ✓ System validation

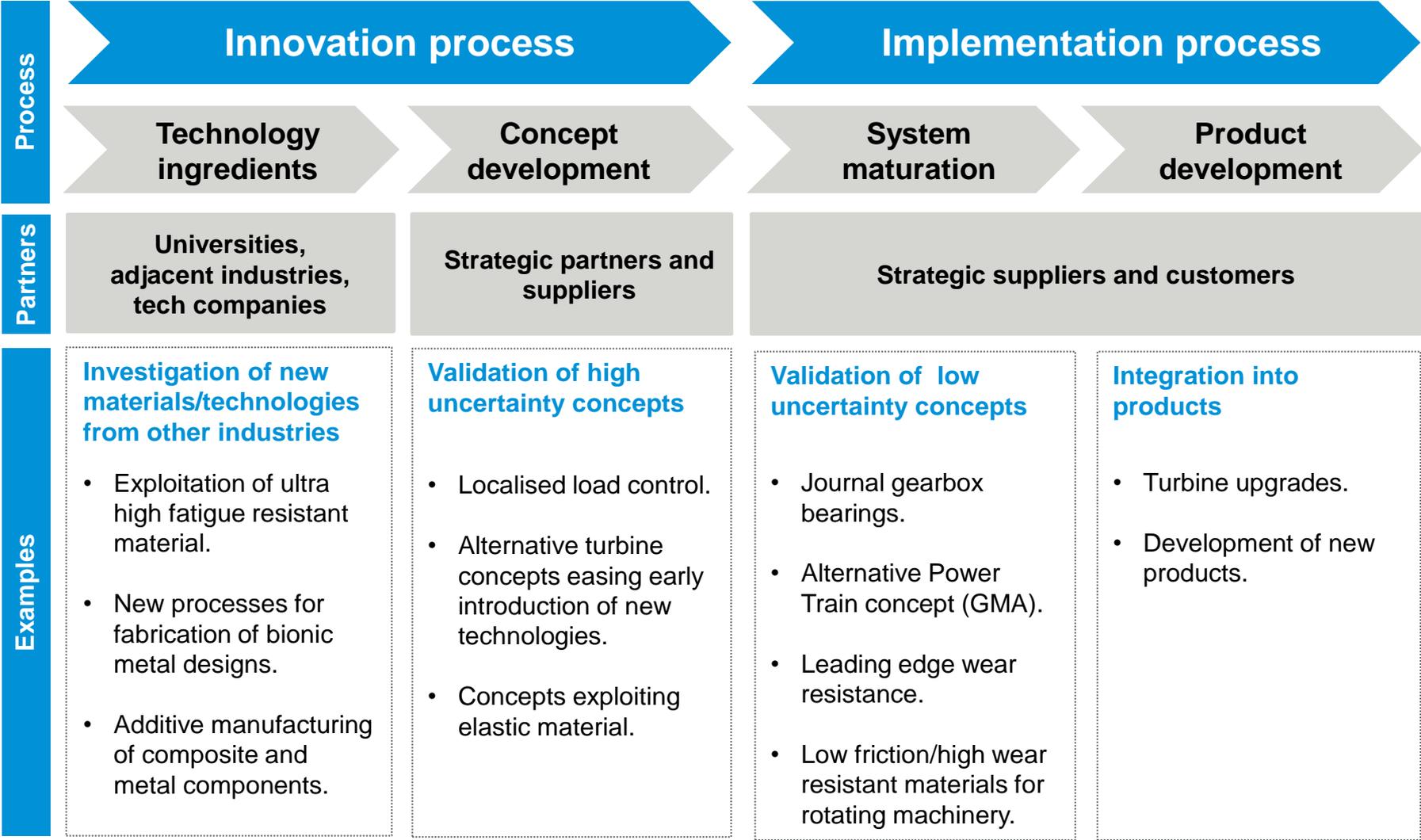
Agenda



1. Introduction and status
2. Our strategy and the link to LCOE
3. Evolution of Vestas 2 MW and 3 MW platforms
- 4. Investing in innovation in the short-, mid-, and long-term**
5. Summary and questions & answers

Ensuring market-leading products in the future through innovation

Working with external partners in all stages of the process



Example: Challenging scaling rules with multi-rotor demonstrator

Continuous reduction of LCOE requires new solutions and new ways of thinking

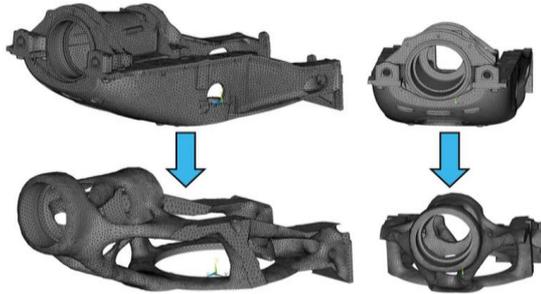


What are the benefits of a turbine like this?

Examples: Investing in new technology materials

Optimising performance, cost and sustainability

- **Radical weight reduction through Bionic design and Additive Manufacturing.**



- **Active damping and control solutions to minimise societal disturbance of wind turbines.**



- **Recyclable composites through alternative materials - option for low cost short life time/sales of upgrades.**



- **Carbon based high property conductive materials applied to pre-empt the electrified society's shortage of metals.**



Examples: Value chain and supply chain concepts

Providing access to new markets with undeveloped logistical infrastructures

- **Mobile Factory reducing logistics challenges through portability and offering local labor creation at low investments.**



- **Flexible crane solutions for high towers and markets with infrastructural constraints.**



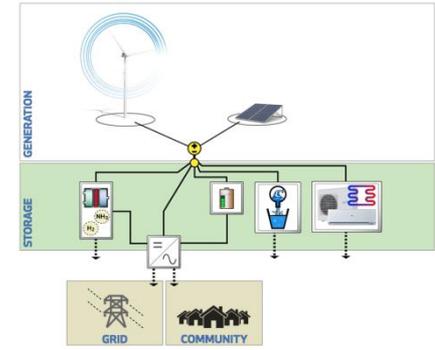
Examples: Ancillary services and solutions

Responding to solar, distribution and intermittence

- **Improve capability to offer ancillary services by improving control and optimal integration of storage in wind power plants and wind turbines.**



- **Offer turn key off-grid/micro grid solutions for frontier markets integrating MW/kW wind, solar, storage, water and fuel.**



- **Removing the intermittence challenge of the grid in mature markets by concepts converting surplus wind to heat and fuel.**



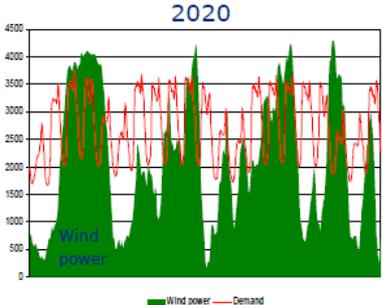
- **Strive toward concepts relocating, storing, pumping, cleaning, desalinating or producing water by surplus wind.**



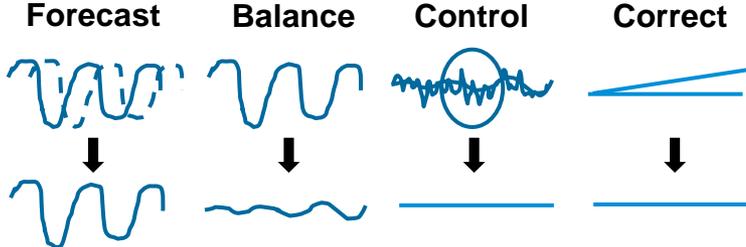
Examples: Investing in digitalisation

Leveraging on Vestas' world-class data collection

- Further utilise model prediction, high performance computing and big data to support energy systems dynamics.



- Combine power capacity and quality control through Internet-of-Things based Real Time interoperability.



- Exploit Vestas' access to big data for diagnostics, remaining useful life analysis, service and after sales optimisation.



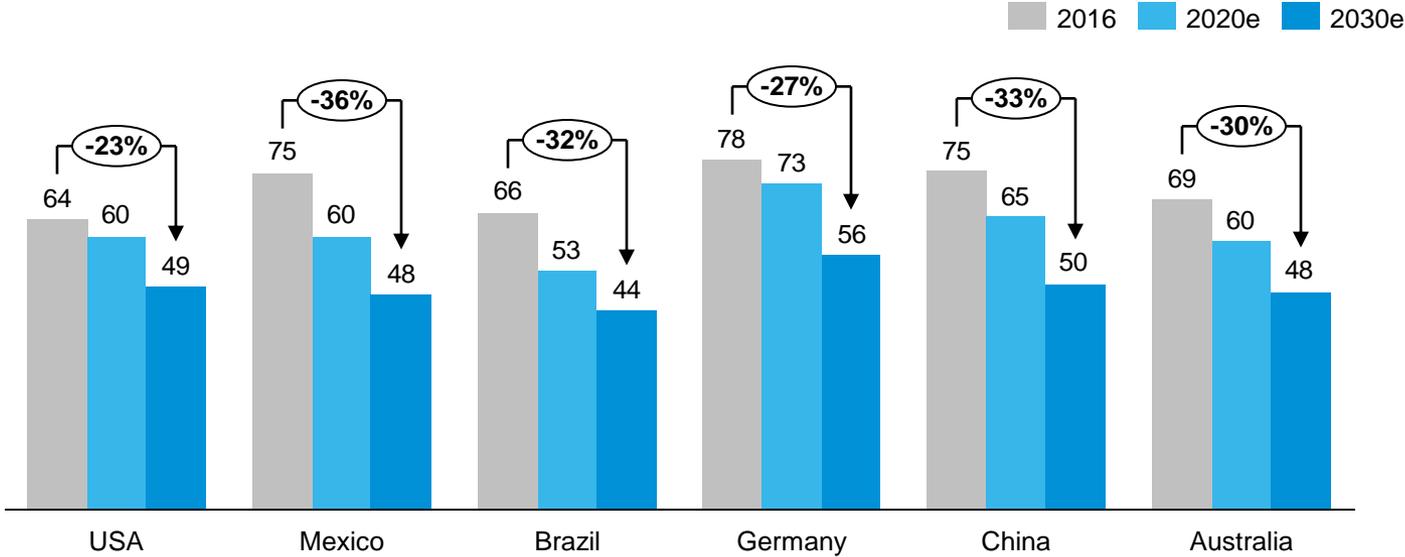
- Turbine R&D, value chain simulation + business case modeling, O&M performance and optimisation all founded on high performance computing.



Reducing LCOE faster than the market average

Vestas has the capabilities and know-how to deliver on our promise of reducing LCOE faster than the market average

Expected LCOE development, onshore wind
USD/MWh



Vestas has ambitious LCOE targets and will reduce LCOE faster than market average

Source: BNEF Global Wind LCOE Update H1-2016.

Agenda



1. Introduction and status
2. Our strategy and the link to LCOE
3. Evolution of Vestas 2 MW and 3 MW platforms
4. Investing in innovation in the short-, mid-, and long-term
5. **Summary and questions & answers**

Summary

1

Vestas continuously optimises energy output in its products and is committed to reduce LCOE faster than market average – enabled by the strongest product line-up in the industry.

2

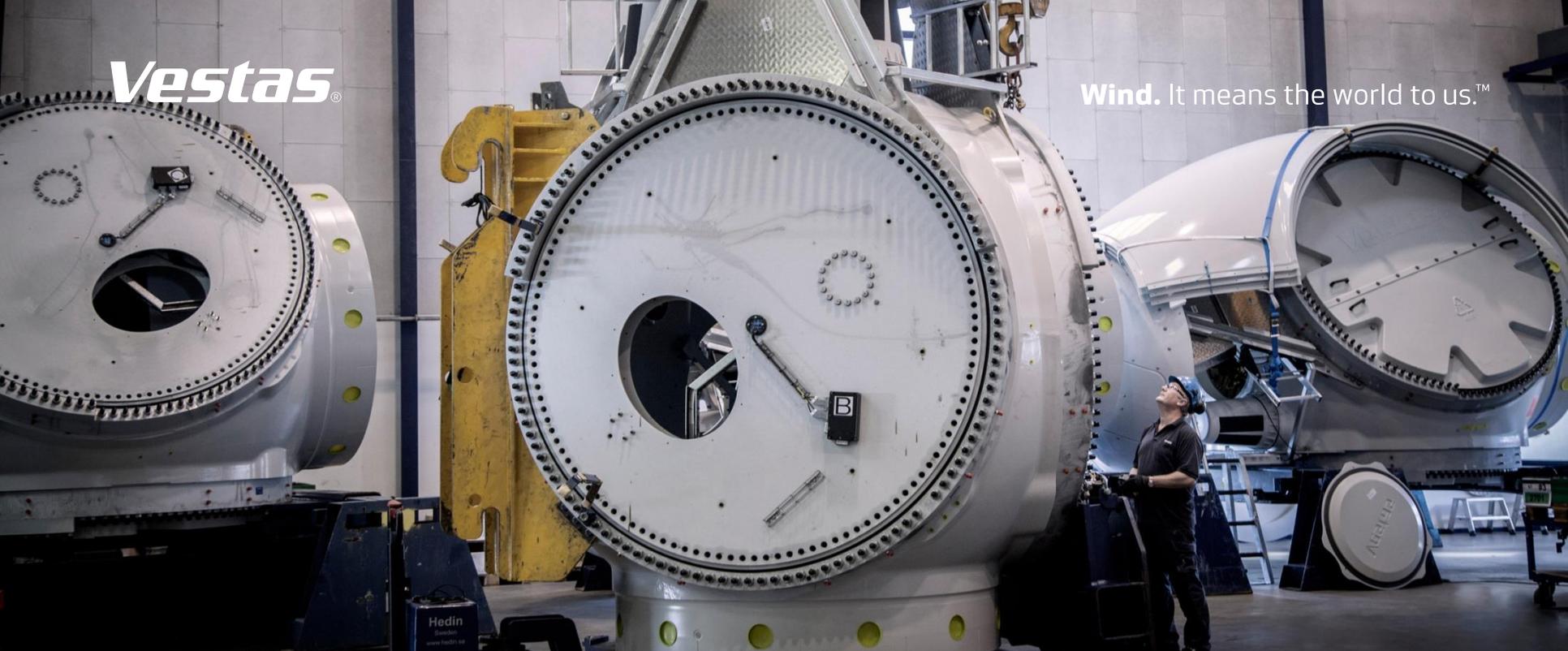
Vestas invests in innovation across the value chain, both on current platforms and on breakthrough technologies.

3

By doing this, Vestas ensures our current and future competitiveness and thereby our market leadership position in the short-, mid- and long-term.

Vestas®

Wind. It means the world to us.™



Operational excellence contributes to lowering LCOE

Jean-Marc Lechêne, Executive Vice President & COO

London, 21 June 2016

Introducing your speaker

Jean-Marc Lechêne

- Executive Vice President & **COO**.
- **Joined Vestas in 2012** as **COO** based in Aarhus, Denmark.
- **Master degree in Engineering** from École des Mines de Paris and has completed a MBA at INSEAD, Fontainebleau.
- Prior to joining Vestas, Jean-Marc Lechêne served as Executive Vice President at **Michelin** in France. For a period of almost 15 years Jean-Marc Lechêne held various top positions in the **Lafarge Group** and he has lived in China, Canada and the US.



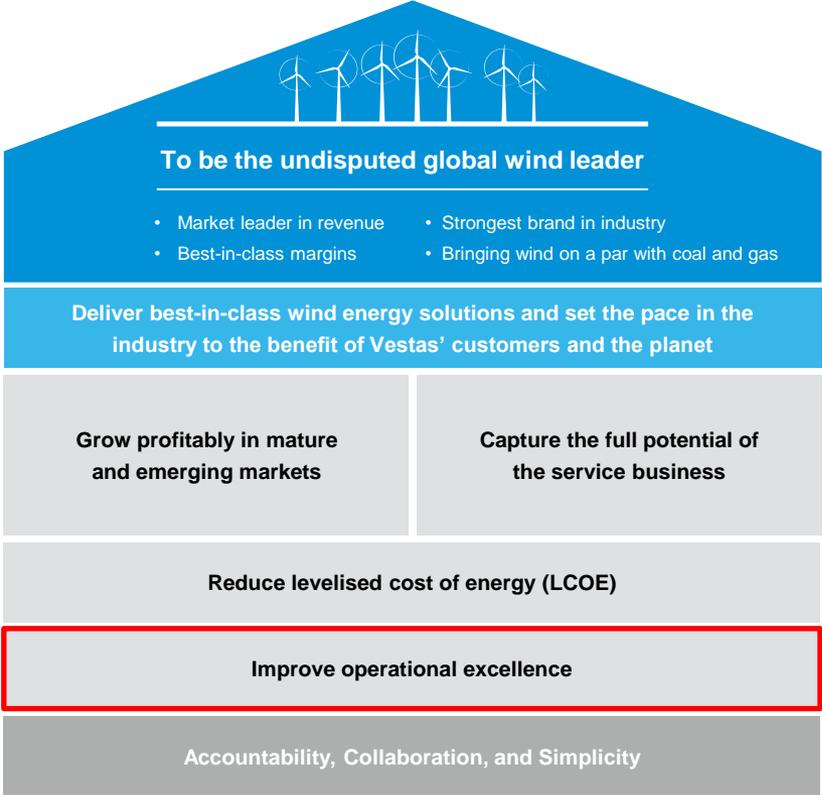
Agenda



- 1. Introduction and status**
2. Enabling reduction of LCOE
3. Summary and questions & answers

Sticking to strategy pays off

Unchanged Vestas and COO strategy pays off with well executed plans



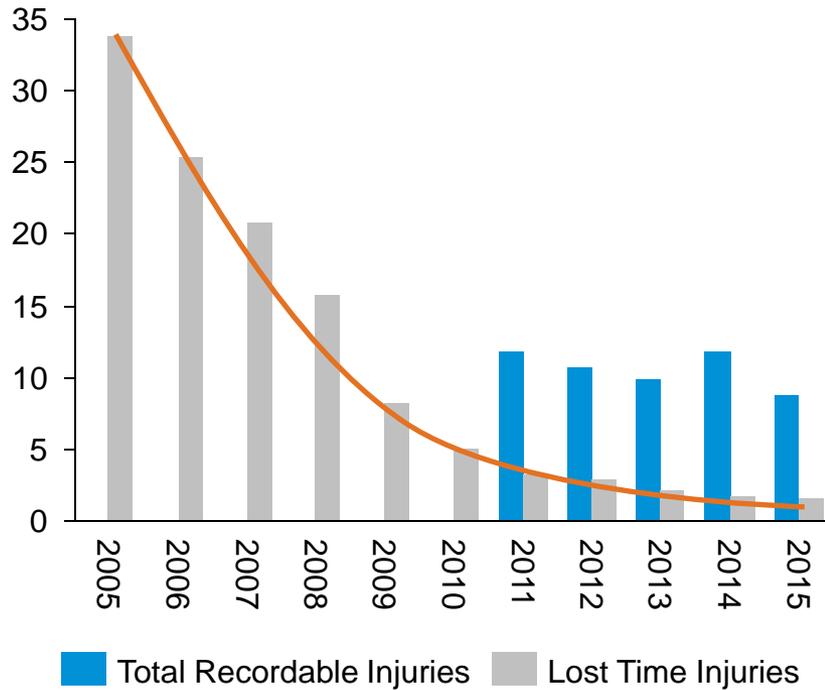
Consistently executing in accordance with the strategy

Safety is always number one

Improving operational excellence while building strong safety culture

Industrial injuries

Number per 1 million working hours



Total Recordable Injuries:

‘lost time injuries’ +
‘restricted work injuries’ +
‘medical treatment injuries’

2015 target: 10.1
achieved: 8.7

2016 target: 8.0
YTD: 7.1



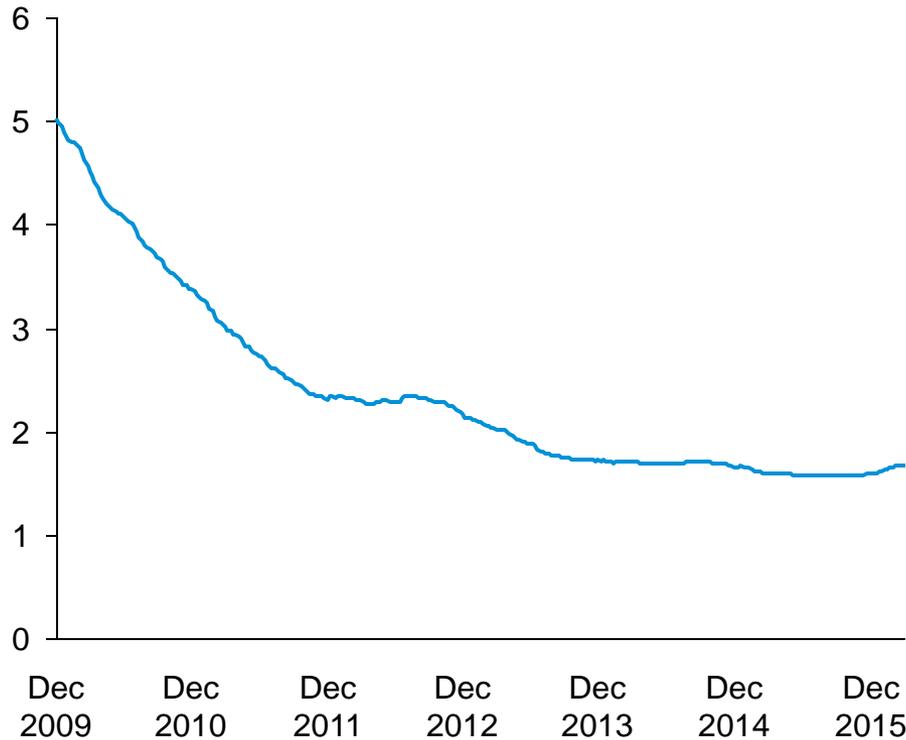
Vestas life saving rules.

.. and ensuring high quality

Vestas quality ensures strong reliability and supports our technology and service leadership

Lost Production Factor (LPF)

Percent



LPF:

**Steady reductions
year-on-year.**

Warranty consumption:

**Continues at low level
- approx 1.1 percent of
revenue over the
last 12 months.**

Agenda

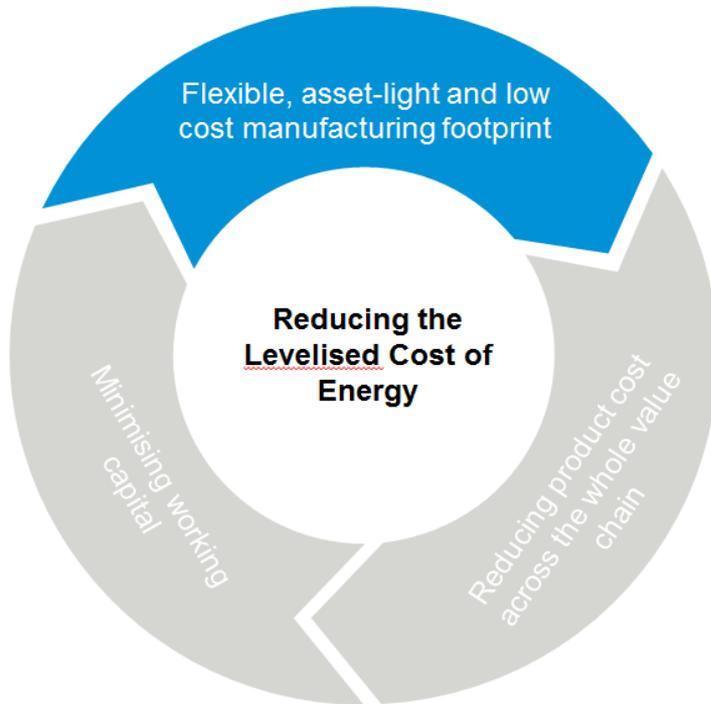


1. Introduction and status
- 2. Enabling reduction of LCOE**
3. Summary and questions & answers

Operational Excellence to reduce the Levelised Cost of Energy



Flexible, asset-light, and low-cost manufacturing footprint



- **Lowest delivered cost.**
- **Outsourcing.**
- **Supply chain managed at worldwide scope.**

Evolution of manufacturing footprint

Driven according to a set of guiding principles

	Optimisation logic	Strategy
Assembly	<ul style="list-style-type: none">• Transport & Lead Time >> Labor → Factory close to market	<ul style="list-style-type: none">• Implementing 2-3 MW flexibility as market requires (USA, China).
Blades	<ul style="list-style-type: none">• Labor >> Transport → Factory in the region	<ul style="list-style-type: none">• Growth and Outsourcing are enablers to optimize delivered cost in the region.• Local content as "business case booster".• Leveraging Denmark as development / industrialisation center.
Controls & generators	<ul style="list-style-type: none">• Labor >> Transport → Global factories	<ul style="list-style-type: none">• Optimise setup by moving to low cost countries (China, Spain) and adapt to local content requirements (Brazil, India).• Dual sourcing internal / external for continuous benchmark and reliability of supply.• Leveraging Denmark / Germany as development / industrialisation centers.

Assembly footprint

Assembly consists of six factories, three of them being flexible to produce both the 2 and 3 MW platform



Blades footprint

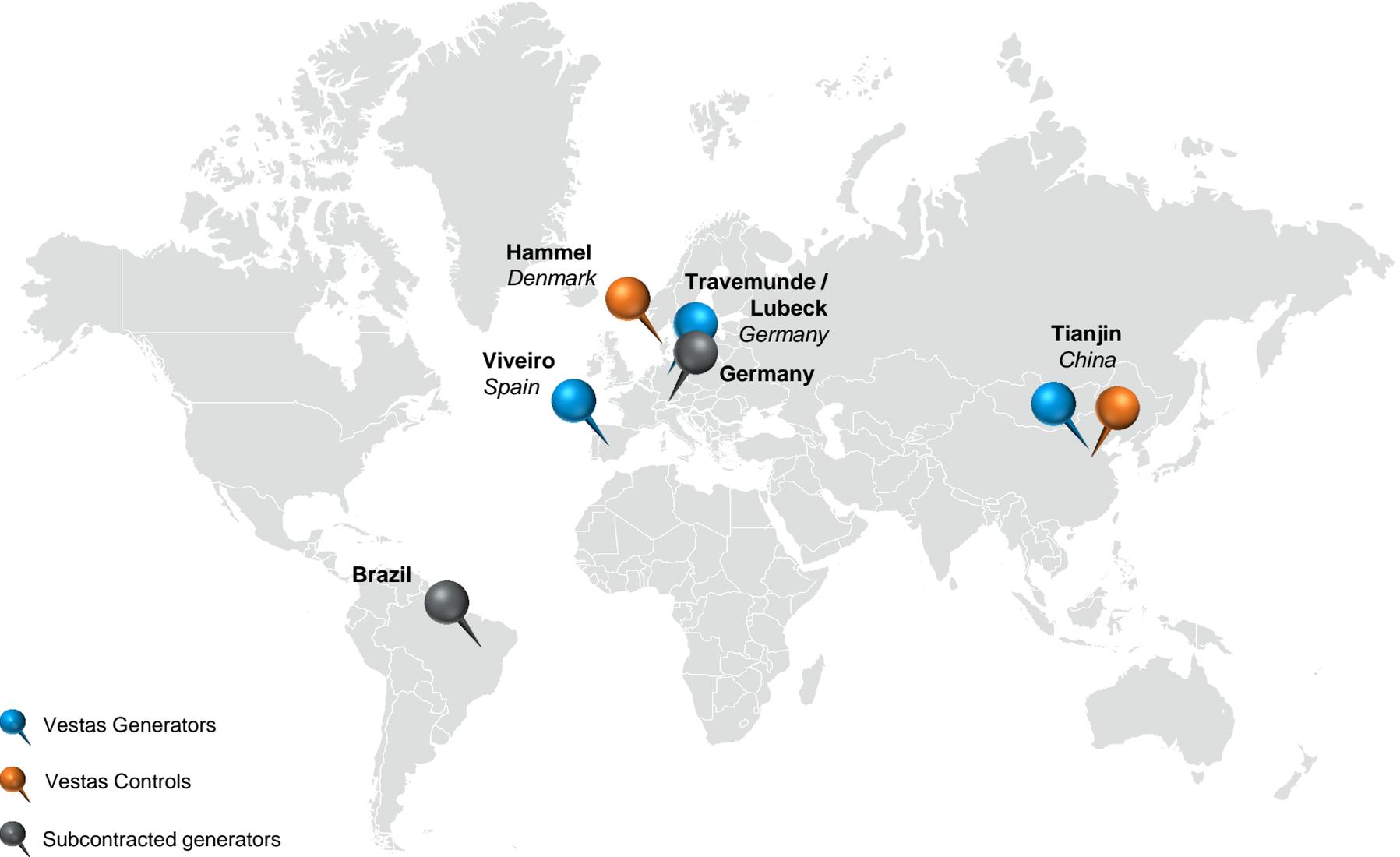
Blades comprises 11 factories, three of them subcontracted. Footprint based on regional and global presence – supported by cross-regional supply e.g. China/India to USA.



-  Vestas Blades
-  Subcontracted blades

Generators and Controls footprint

Generators and controls consists of both an in-house and subcontracted setup



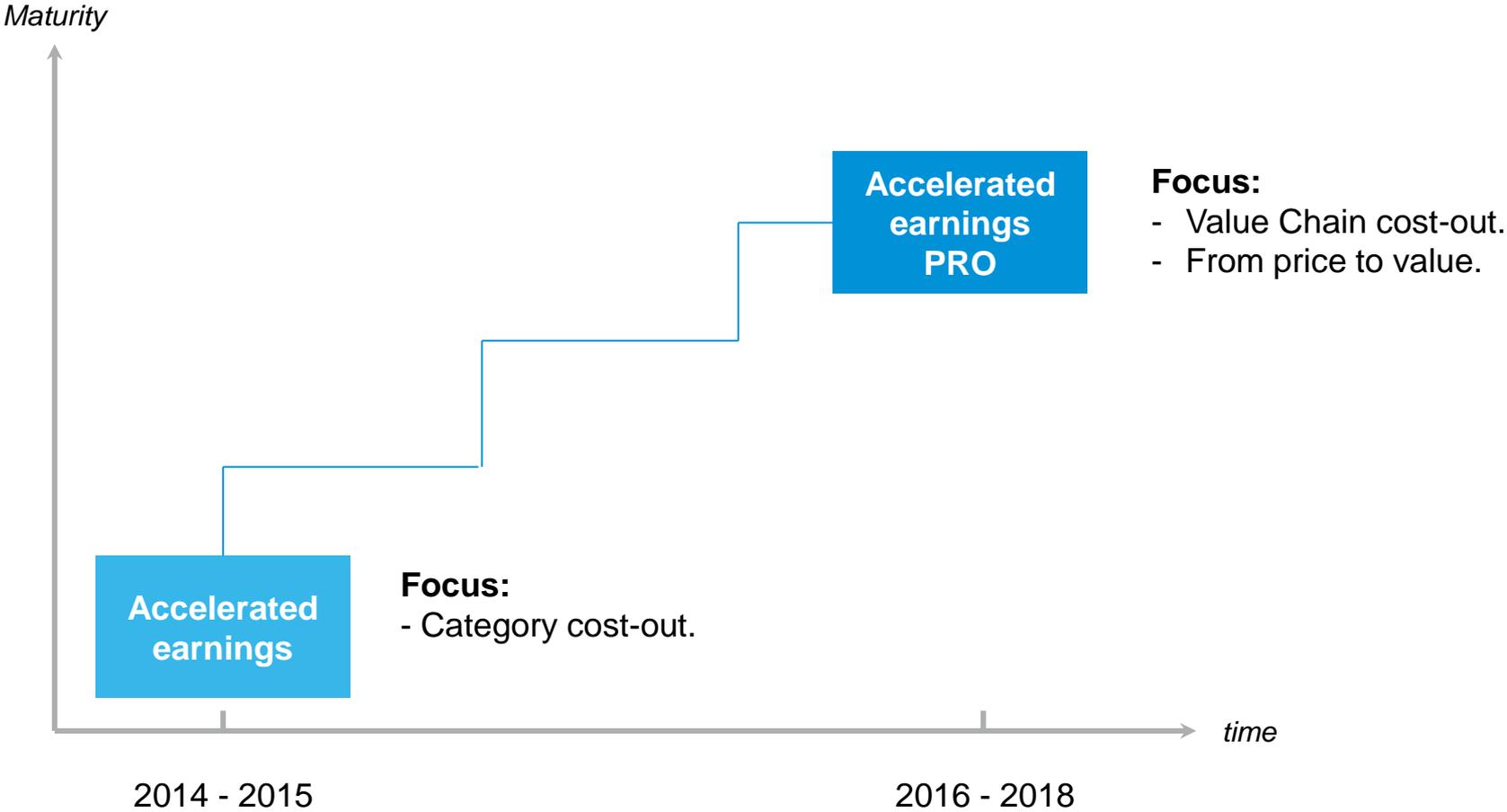
Reducing product cost across the whole value chain



- **Product & Value Chain cost-out:**
 - Commercial negotiation.
 - Design optimization.
 - Best cost countries.
 - Scale.
- **Reducing complexity:**
 - Buy more systems and less parts
 - Standard parts and reuse.
- **Design for Manufacturing, Transport, Construction and Service.**

AE to AEPRO - from cost to built-in value

Unchanged targets but more value chain focused levers to execute on plan



Minimising working capital



- **Make to order.**
- **Lean manufacturing.**
- **Standard lead times.**
- **Industry 4.0 @ Vestas.**

Agenda



1. Introduction and status
2. Enabling reduction of LCOE
3. **Summary and questions & answers**

Summary

1 Consistently executing in accordance with the strategy delivering operational excellence.

2 A flexible, asset-light and low cost global manufacturing footprint contributes to securing competitive products and lowering LCOE.

3 Continued focus on cost-out. Accelerated Earnings PRO programme on track with additional actions focused on value chain to further support execution of plan.

Vestas[®]

Wind. It means the world to us.[™]



Service: An increasingly important volume and value enabler

Christian Venderby, Group Senior Vice President & Head of Global Service

London, 21 June 2016

Introducing your speaker

Christian Venderby

- Group Senior Vice President and **Head of Global Service** since 2014.
- **Joined Vestas in 2006** as **CFO**, North America.
- **In 2010 appointed COO**, North America with P&L responsibility for Construction, Service, Supply Chain and Technology.
- **20+ years of international business** experience from the US, India, Egypt, Japan and Brazil
- **Degree in Finance** from Copenhagen Business School and **E-MBA from INSEAD**, Paris.



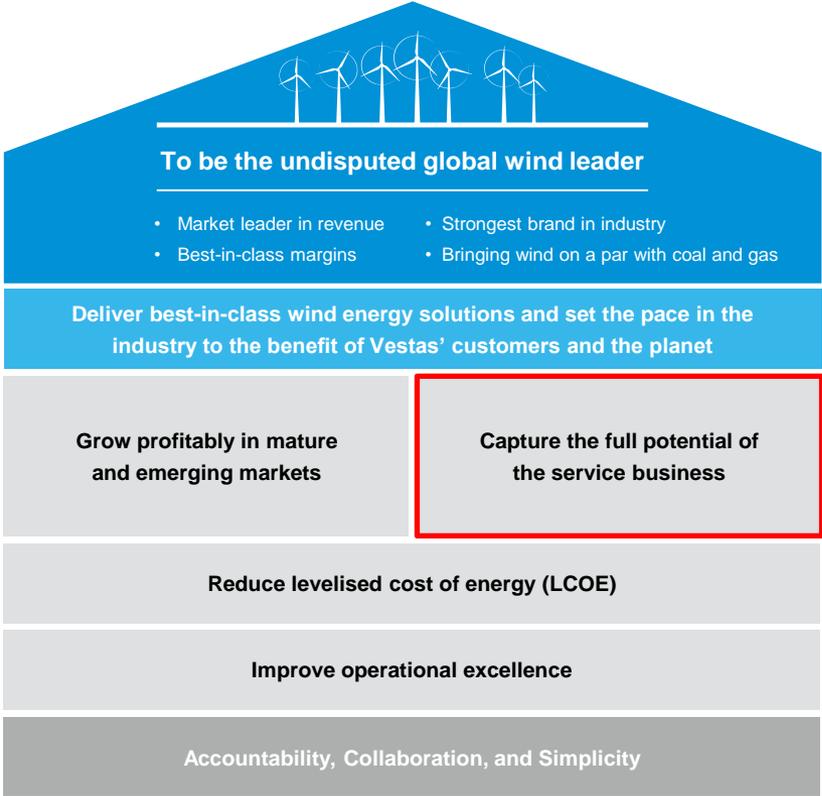
Agenda



- 1. Introduction and status**
2. The importance of service in the marketplace
3. Capturing the full potential of the service business
4. Summary and questions & answers

Capture the full potential of the service business

Good traction on growing the service business by more than 40 percent

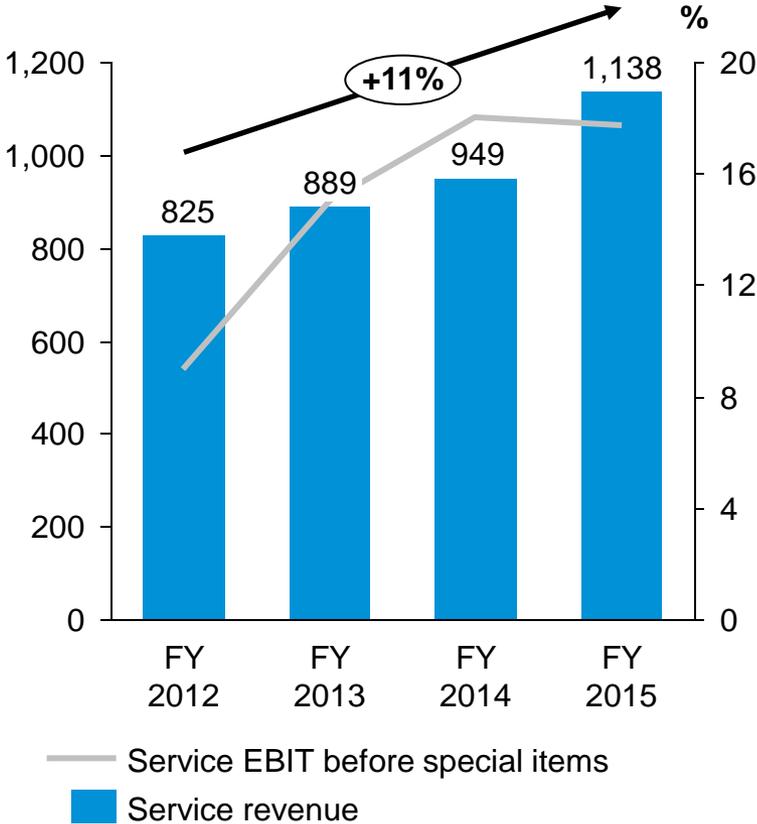


Positive market outlook supported by improved position as Fleetwide partner and advanced offerings

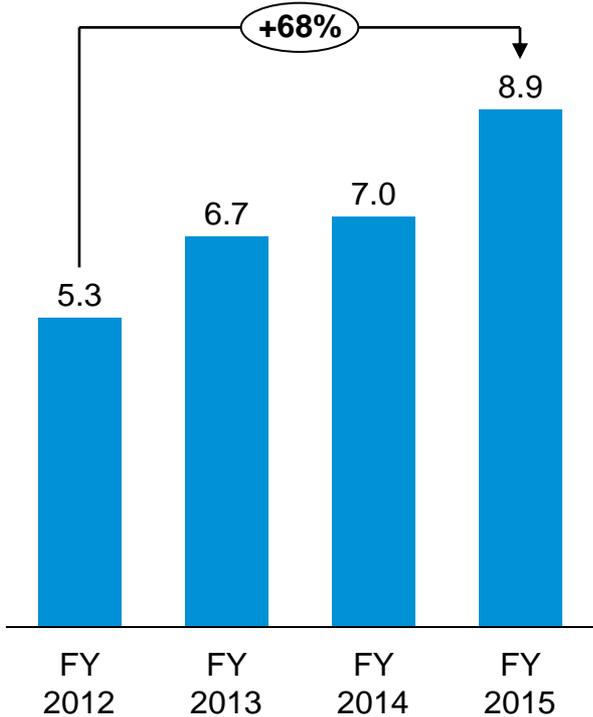
Vestas service financial performance

Service revenue grown 11 percent annually and backlog increased by 68 percent from 2012 to Q4 2015

Onshore service revenue and EBIT margin
mEUR and percent



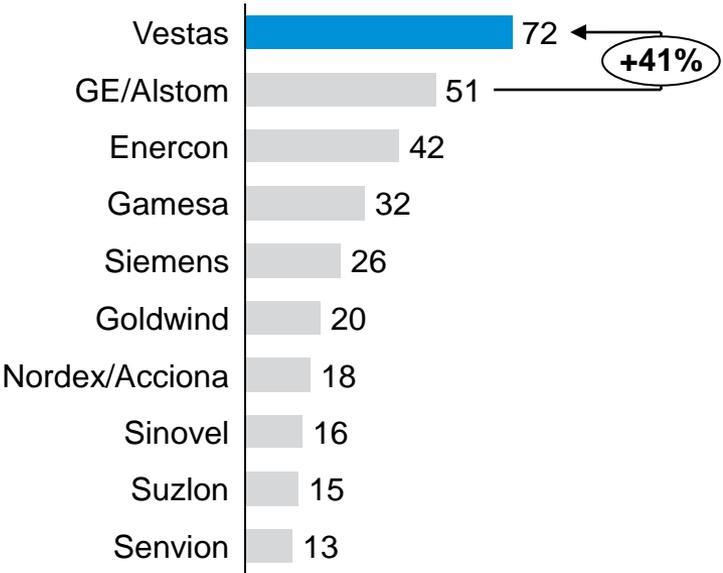
Service order backlog
bnEUR



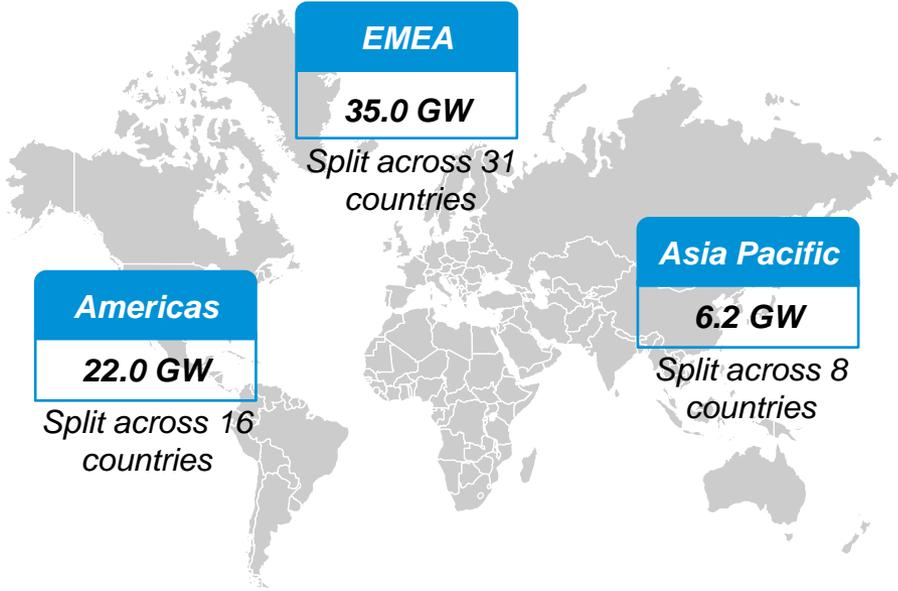
Vestas has the largest installed base in the service market

41 percent higher than closest competitor and 63 GW under service across 55 countries

Installed base per OEM, as of 2015
GW



MW under service per region, as of Q1 2016
bnEUR

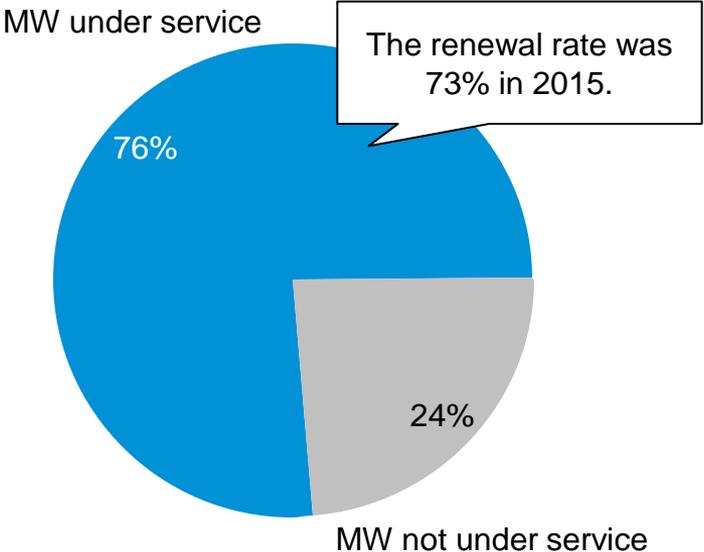


- Largest installed base in the wind industry of 72 GW.
- Currently servicing more than 63 GW with 10 percent non-Vestas turbines.
- Global service organisation operating in 55 countries.
- Unmatched ability to analyse turbine data and predict wind conditions anywhere in the world from +30,000 monitored wind turbines.

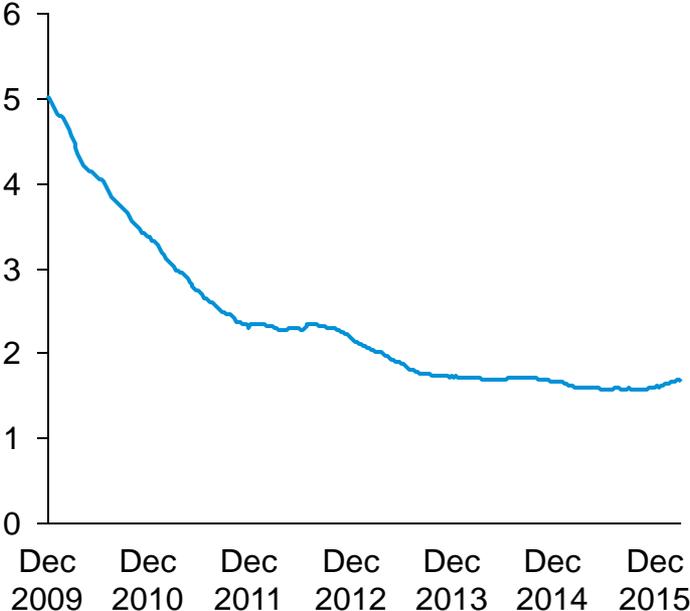
Vestas service KPIs

Vestas service 76 percent of the installed base with a high renewal rate of 73 percent - supported by strong operational performance with 50 percent reduction in LPF since 2010

Share of fleet under contract, as of Q1 2016
Percent



Lost production factor (LPF)
Percent



Agenda

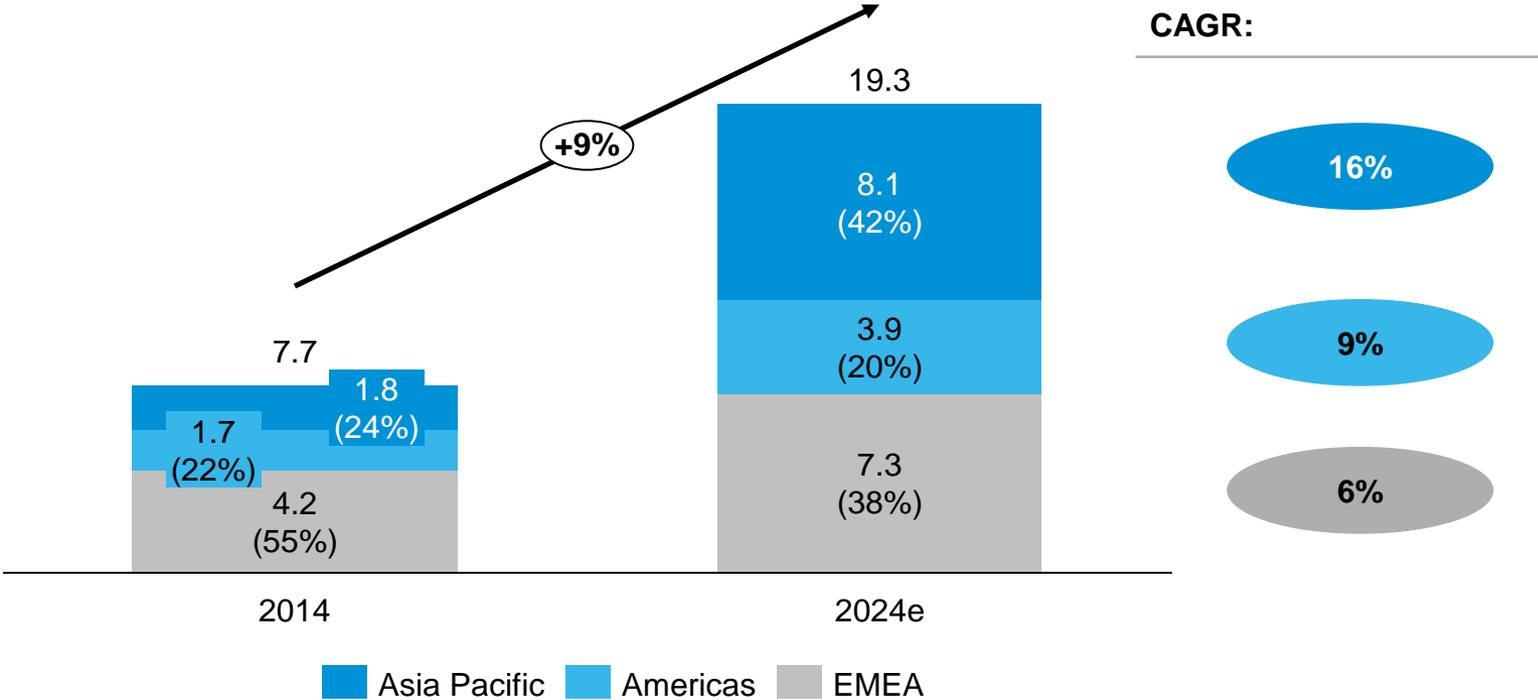


1. Introduction and status
- 2. The importance of service in the marketplace**
3. Capturing the full potential of the service business
4. Summary and questions & answers

Key market trends

Global service market expected to grow by 9 percent annually towards 2024

Service market revenue opportunity, 2014 -2024
bnUSD



Source: MAKE Consulting Global Wind Turbine O&M, June 2015.

Service market growth

Service market maturing thus requiring high-quality service while lowering LCOE in each step of the value chain

1

From availability
focus to cost game



2

From availability
focus to turbine
optimisation



3

From standard
product to unique
offerings



4

Data solutions of
increasing
importance



Competitive situation

The current strong turbine uptime has shifted focus to cost reductions and areas for increasing turbine production

Key offerings

Key characteristics

Competitive situation

Core O&M offerings



- Scheduled maintenance
- Remote monitoring
- Minor correctives
- Major correctives
- Spare parts and distribution
- **Low to medium margins**, but with high volume
- Improved operational performance has increased **focus on cost reductions**
- Some contracts are affected by **de-scoping** or **not renewed** as numerous large customers focus on **insourcing**
- Fragmented market of **ISPs competing** primarily on **price**, but also on higher agility and flexibility

Advanced offerings



- Product upgrades
- Data and consultancy services
- Risk and insurance solutions
- **High margins** and low volume
- **Specialized knowledge** required for developing solutions
- OEMs with their **proprietary knowledge** are well equipped to compete but are being challenged
- **New competitors** entering within Data business

Service offerings to reduce LCOE

Vestas' service offerings have the opportunity to further improve the business case of the customer after construction

● High ○ Low

Improving LCOE by 1%-point requires on average a **10% reduction in direct cost** or a **1% increase in output**



The value of **improving LCOE for the industry by 1% ...** ...is equal to **+600 mEUR per year**

Offerings to reduce LCOE

Key levers

Impact

Revenue Cost

Data Services

- Improve diagnostics and preventive maintenance
- Improve power forecast for trading



Upgrades

- Output upgrades
- Life extensions
- Other components upgrades



Repair solutions

- Uptower repairs
- Other repairs



Agenda



1. Introduction and status
2. The importance of service in the marketplace
- 3. Capturing the full potential of the service business**
4. Summary and questions & answers

Foundation for Vestas' service business

Vestas' services are built on comprehensive experience from 30 years of global data collection



The right O&M plan

Focused on preventive and predictive maintenance to secure highest possible availability for customers.



The right Infrastructure

Build on 30 years of experience in maintaining wind turbines on a global scale.



The right People

Who have been trained through certified training programmes and attained real field experience.



The right Intelligence

Based on 30 years of global data collection, which enables Vestas to offer the industry's most fact-based maintenance.

Service growth strategy

Service business to grow by 40 percent by being the market leader within both core and advanced offerings as a Fleetwide partner

Overall Target

Capture the full potential of the service business || Grow Service by more than 40%

**Fleetwide
lifetime service partner**

Business Areas (BA)



Strategic initiatives



Maintenance Partnering growth

The high contract capture and renewal rates with long contract duration fuels growth within Maintenance Partnering

Fleetwide
lifetime service partner

Maintenance Partnering

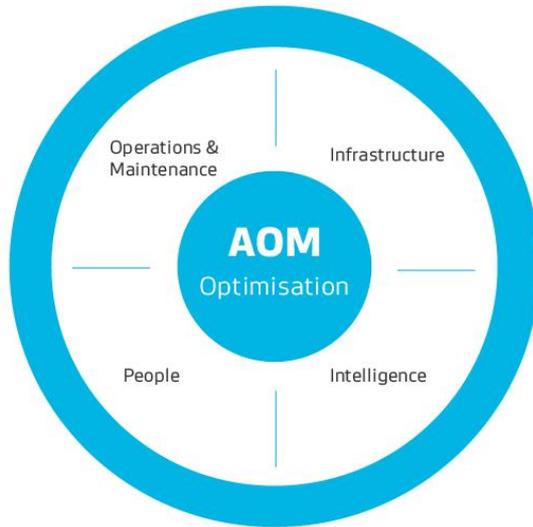
Parts & Repair

Upgrades

Data & Consultancy
Services

VALUE PROPOSITION

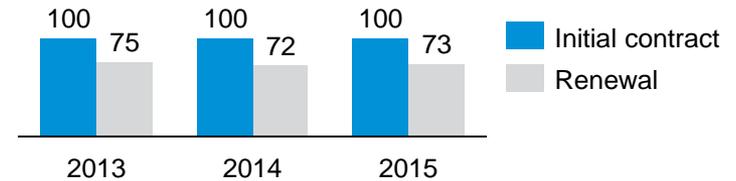
O&M service packages available to tailor customers needs and create business case certainty.



MARKET DRIVER

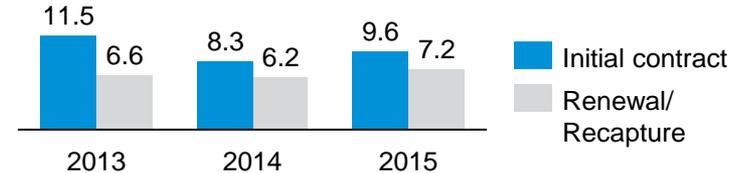
Customers continue to value Vestas's contract offerings...

Initial contract capture and renewal rate, 2013-2015
Percent



...supported by a relatively long contract duration

Average contract length per contract type, 2013-2015
Years



Acquisitions support Fleetwide partner growth

Availon and UpWind add important capabilities while leveraging Vestas' scale and global footprint to increase competitiveness

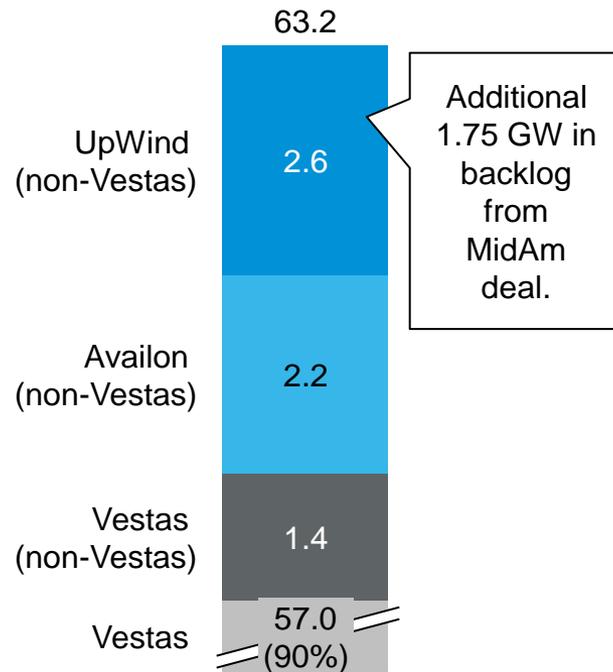
Strategic rationale

- Vestas covers **less than 20 percent** of total installed fleet.
- Accelerate non-Vestas **capability development** within core offerings.
- **1st mover advantage** on available non-Vestas capabilities.
- **Scale matters.**



Impact

MW under service, as of Q1 2016
GW



- **Additional 4.8 GW of non-Vestas turbines** under contract .
- Growth focus - **1st major win of 1.75 GW GE turbines** with MidAm.
- Ambition to offer **OEM level services and parts on most major platforms.**

Parts & Repair growth

Vestas' scale based on current contract business provides a strong platform for sales growth targeting customers focusing on insourcing



VALUE PROPOSITION

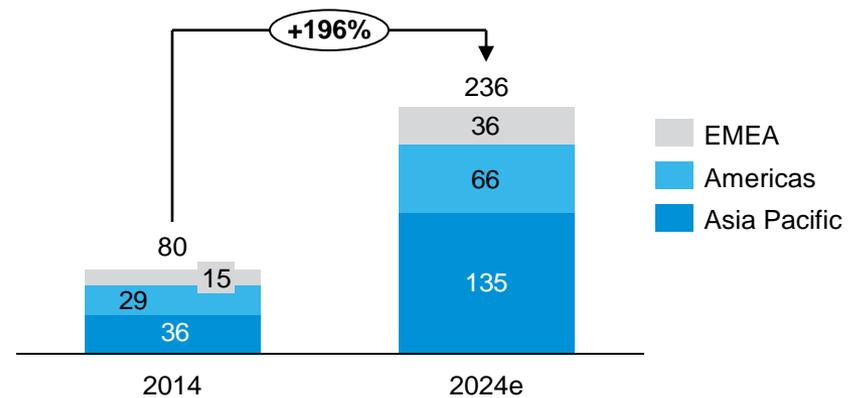
- Almost 300 of Vestas proprietary repair solutions available – **potential to save up to 75% on cost.**
- **19,000 parts** available in stock from +1,000 suppliers with **+500,000 parts supplied annually.**
- eCommerce platform soon available with ability to **deliver** through own warehouses **in +50 countries.**



MARKET DRIVER

Self-performer fleet size to almost **triple in size** towards 2024

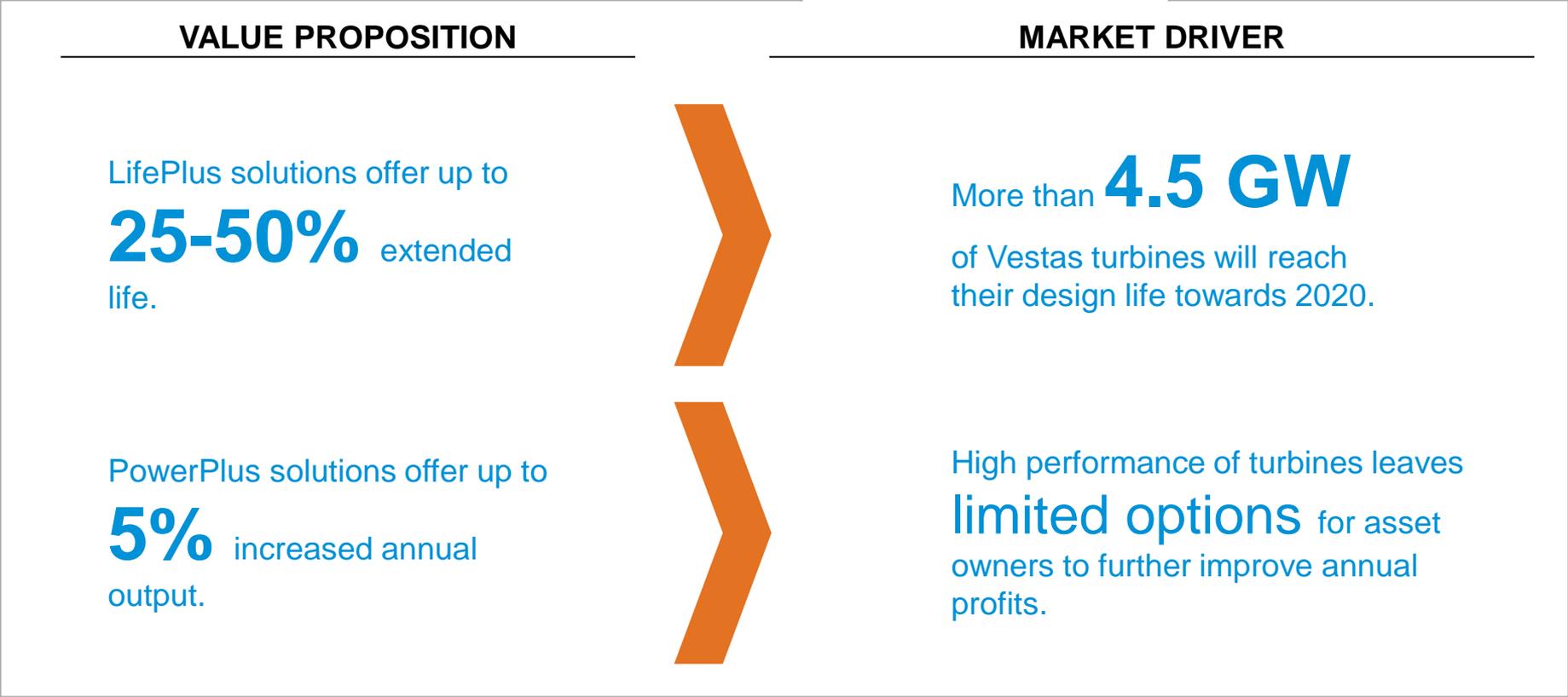
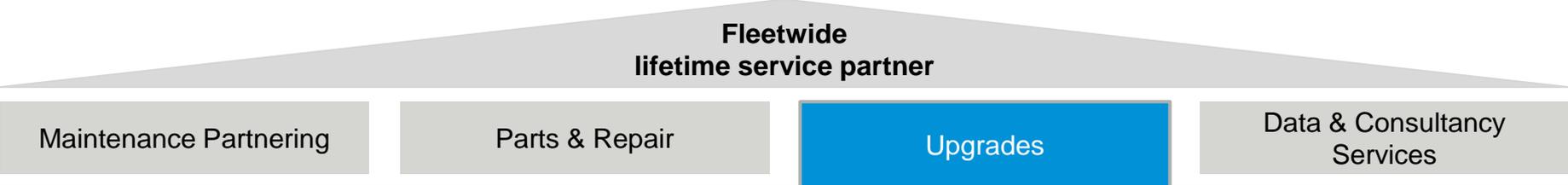
Self-performer fleet size per region, 2014 – 2024e
GW



Source: MAKE Consulting Global Wind Turbine O&M, June 2015

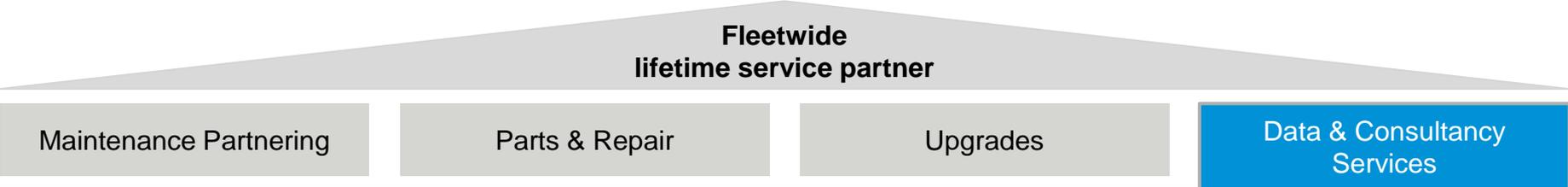
Upgrades growth

Upgrades market driven by several turbines reaching design life and opportunities for significantly boosting output without risk



Data & Consultancy Services growth

Data solutions are primarily driven by insourcing trend – Vestas uniquely positioned to offer services



VALUE PROPOSITION

- **Proven tools** based on internal use on +50 GW of contracts.
- Largest data source in the industry with **+30,000 turbines** online
- Ability to **link data** insight to **operational actions**.



MARKET DRIVER

- Also driven by insourcing trend - addressable fleet to almost **triple in size** towards 2024.
- Asset owners wanting improved performance understanding across full fleet.
- Opportunity for further optimising revenue within power sales from improved forecasting.

Continued growth with stable margins

Strength of offering combined with attractive market opportunity allows value generation to continue

Growth enabled by...



New equipment sales

Almost all new turbine sales supplemented by an AOM contract.

Renewal rates approx. +70%

Customers remain largely committed to Vestas offering at contract expiry.

Large potential in new offerings

Vestas is uniquely positioned to offer both services on 3rd party turbines and advanced offerings within Upgrades and Data business.

Stable margins supported by...



Increased volumes and advanced offerings

Competitive dynamics in industry alleviated by increase in volumes and an improved product mix.

Increased efficiency

While service business has improved over last 5-6 years, still potential to increase efficiency and work with cost optimisations.

Acquisitions to deliver expected margins

Main dilutive effects from acquisitions expected to be fully absorbed by synergies by the end of 2017.

Grow the service business by more than 40 percent (organically) over the mid term

Agenda



1. Introduction and status
2. The importance of service in the marketplace
3. Capturing the full potential of the service business
4. **Summary and questions & answers**

Summary

1

The service segment increasingly serves as an important volume and value enabler although the competitive landscape continues to evolve, forcing companies to evolve as well.

2

Vestas is the leading global service provider and well positioned to continue profitable growth in segment based on its large installed base and unmatched data processing and analytics capabilities.

3

Vestas service strategy is being executed according to plan and through its multitude of offerings available as well as increased ability to provide fleet-wide services, continued growth with stable margins remains the outlook for the business.



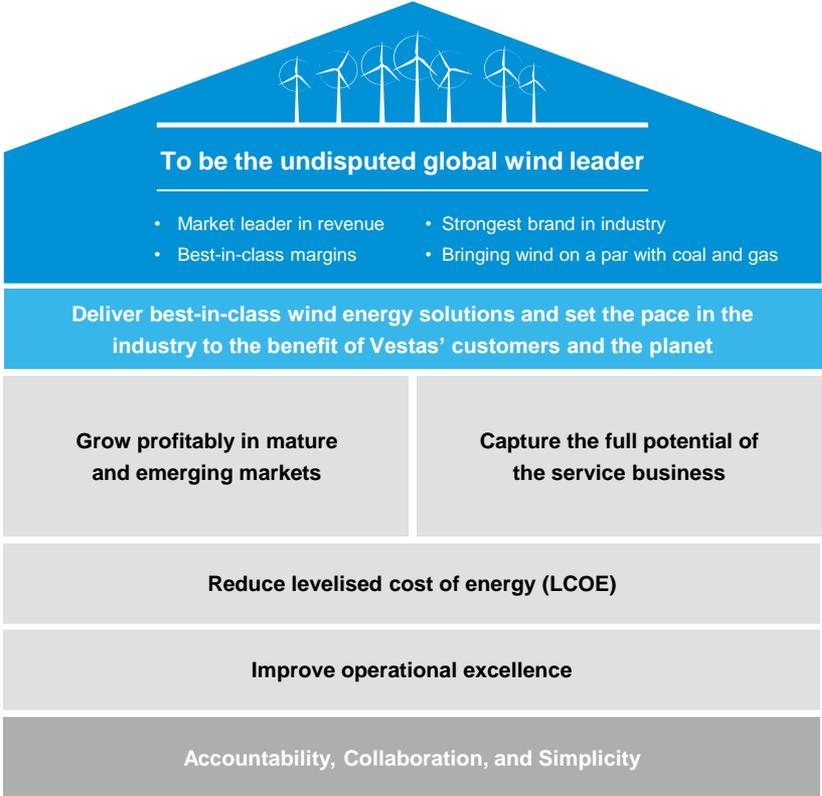
Strong financial performance delivered

Marika Fredriksson, Executive Vice President & CFO

London, 21 June 2016

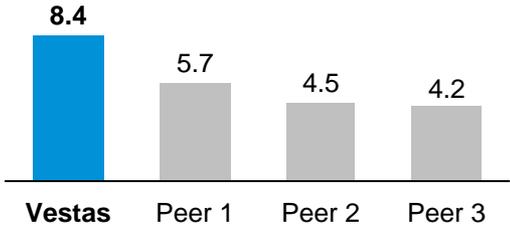
Profitable Growth for Vestas

Vestas has delivered strong financial results since the launch of the strategy 2½ years ago



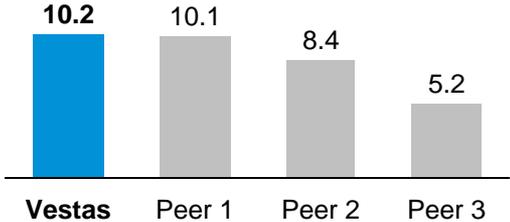
Market leader in revenue...

Revenue, 2015
bnEUR



... and best-in-class margins

EBIT margin, 2015
percent



Note: Peer data subject to public availability .

Agenda



- 1. Is stability the new normal for Vestas?**
2. Balance Sheet and Capital Structure reflections
3. Summary and questions & answers

Vestas' business model has diversified over the last 5 years

With strong positions in each of the three main business areas, Vestas is well positioned to reap the benefits of a more stable market situation



Wind turbines

- Long-term PTC visibility.
- German energy law approved.
- RE targets in place or increasingly coming so.
- EMs establishing framework policies around REs.
- Order backlog: EUR 8.6bn*.



Services

- Stable business with high profitability.
- Market for services expected to continue to grow.
- Installed base is only getting bigger.
- Order backlog: EUR 9.4bn*.



MHI Vestas Offshore Wind

- JV on track and according to plan.
- Controlled ramp-up.
- Impeccable cooperation.
- Satisfactory exposure to promising offshore market.
- Announced firm orders ~1.2GW

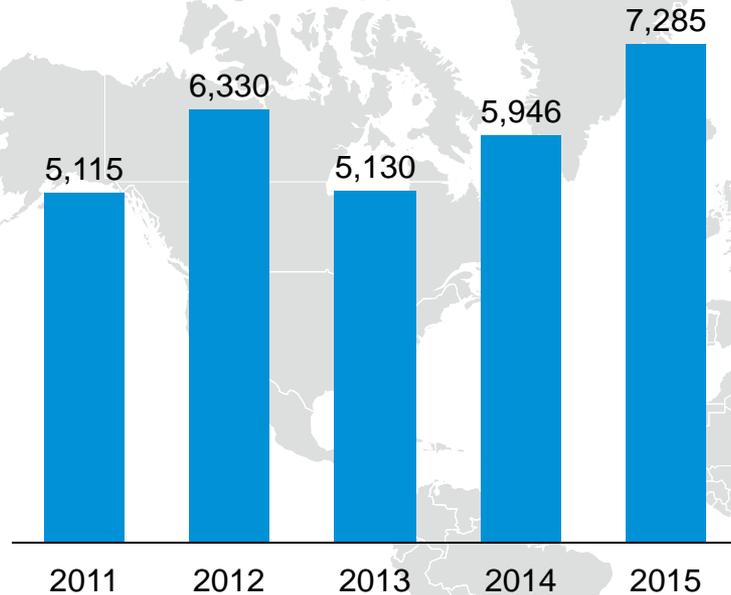


* As of Q1 2016.

Turbine business supported by broad-based demand

Although fluctuating somewhat, turbine revenues have been increasing over time, supported by a diversified market footprint, second to none in the industry

Project revenue
mEUR



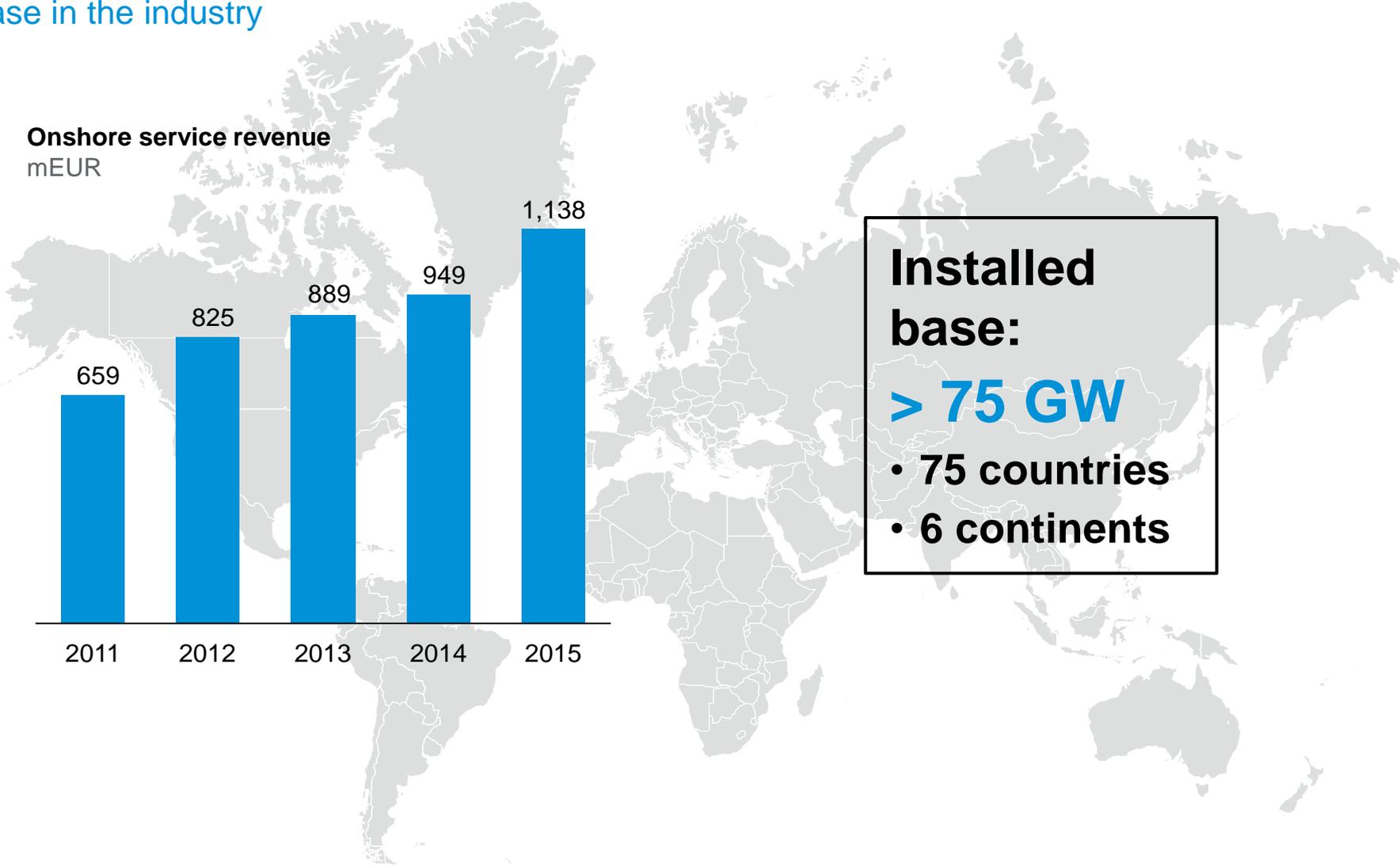
**Order intake
2015:**

8,943 MW

- 34 countries
- 5 continents

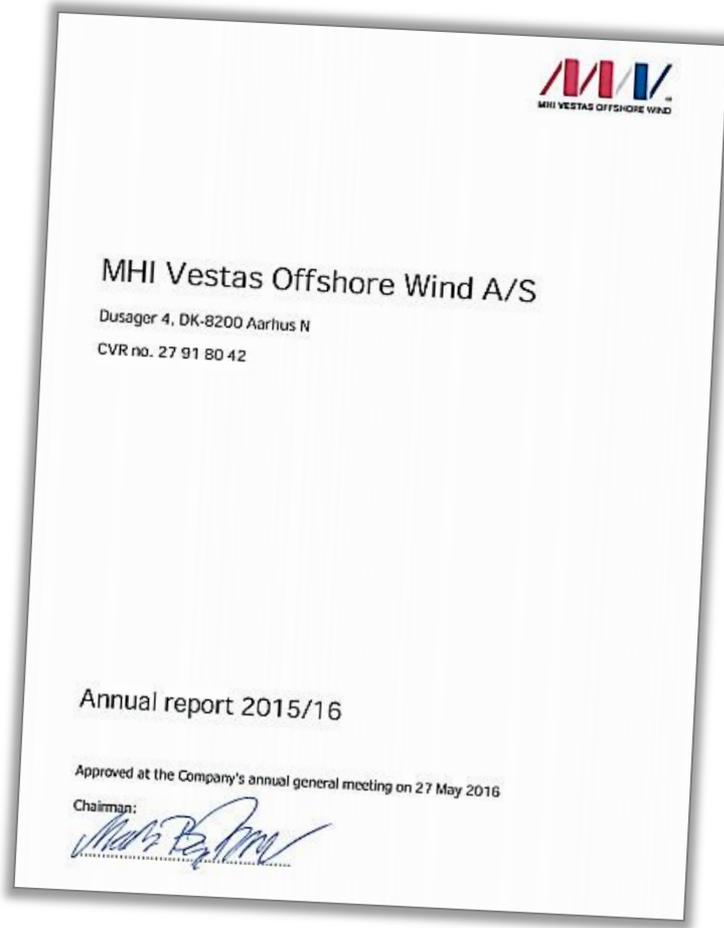
Service business continues to contribute with stability

Strong growth in service revenue, supported by sale of new turbines and the largest installed base in the industry



MHI Vestas Offshore Wind: performance according to plan

Solid order intake and continued strong performance of the existing fleet provide a firm base for the years ahead. Extensive V164 start-up costs expected to offset increased revenue in 2016.



Key messages 2015/16

- Solid order intake.
- Maturing V164-8.0 MW technology.
- Preparing extensive ramp-up of manufacturing.
- Ensuring strong performance of existing installed base.
- First year with extensive D&A on V164-8.0 MW.

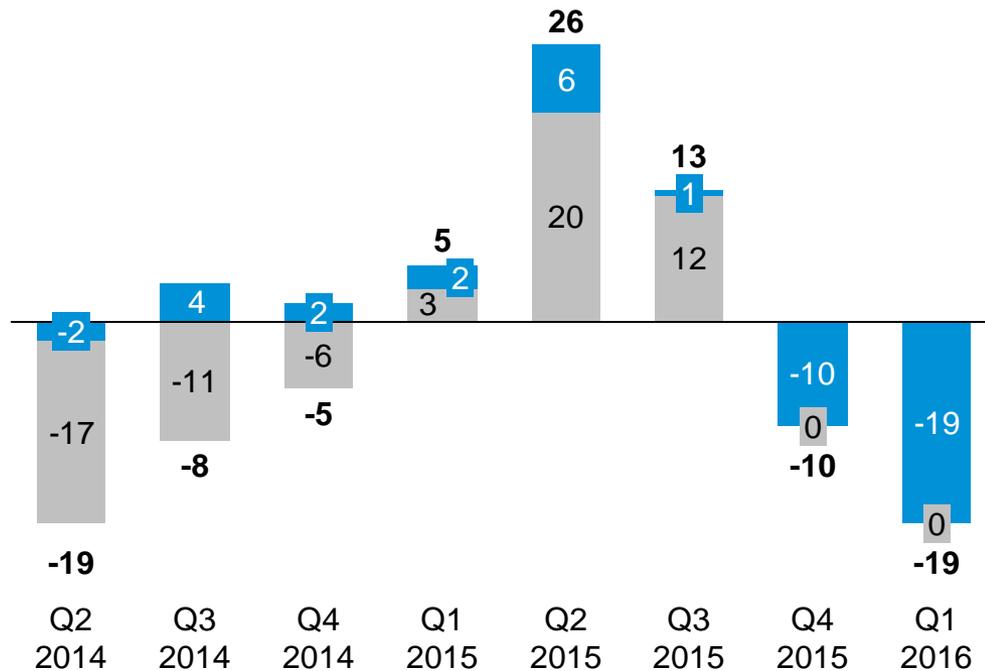
Outlook

- Activity level will continue to increase with factories ramping up for first offshore V164 project.
- Execution of existing V112 3 MW turbine and service order backlog.
- **Increased activity level expected to result in higher revenue – earnings to decline due to extensive start-up costs for V164 introduction.**

JV net income not expected short term to absorb 8 MW ramp-up

Quarterly fluctuations will remain. V164 start-up costs expected to negatively impact the JV in 2016.

Income from investments accounted for using equity method
mEUR



Key takes:

- Vestas' share of JV profit:**
 Extensive start-up costs related to V164 will have a negative impact on the overall profit in the JV more than offsetting the expected higher revenue in 2016.
- Effect of ToR difference in sale of 3 MW turbines to JV:**
 Dependent on ToR timing differences of
 - Nobelwind, 165 MW (3 MW, expected Vestas ToR in 2016/17); and
 - Rampion, 400 MW (3 MW, expected Vestas ToR in 2017); and
 - ... potential new 3 MW offshore orders.

Agenda

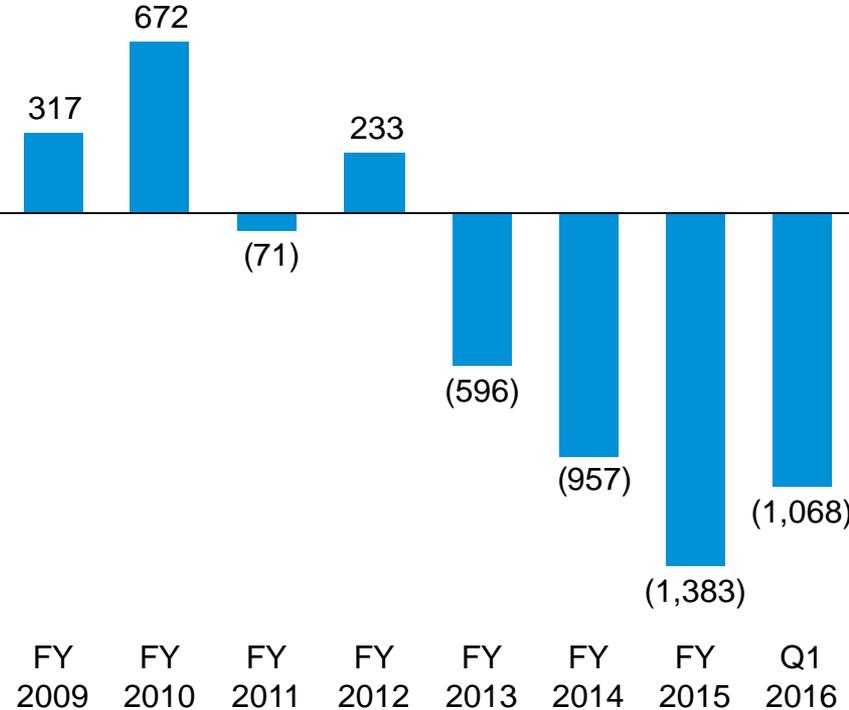


1. Is stability the new normal for Vestas?
2. **Balance Sheet and Capital Structure reflections**
3. Summary and questions & answers

Net Working Capital a key enabler in balance sheet journey

Impressive NWC development which has been stabilising in current high-activity environment

Net working capital
mEUR

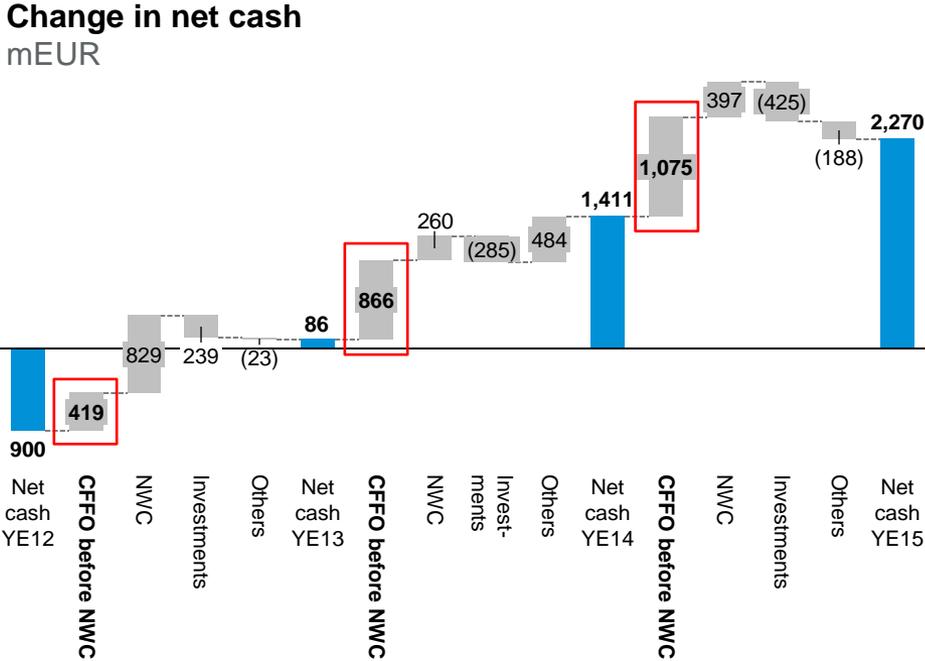
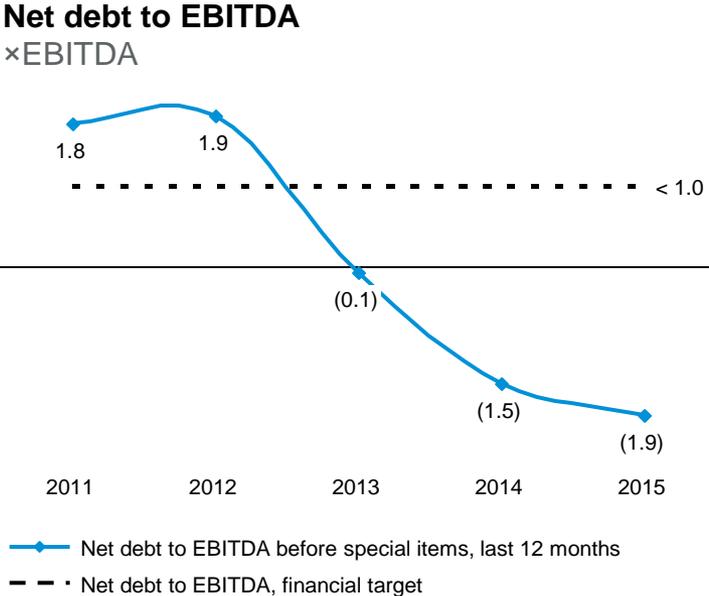


Key takes:

- Main cash conversion cycle opportunities:
 - Lower MW under completion.
 - Better payment terms.
 - Lower inventory.
 - Reduce lead times.

Cash increasingly generated by earnings

Cash generation increasingly driven by operations in recent years, signalling longer term ability to sustainably generate cash



Key takes:

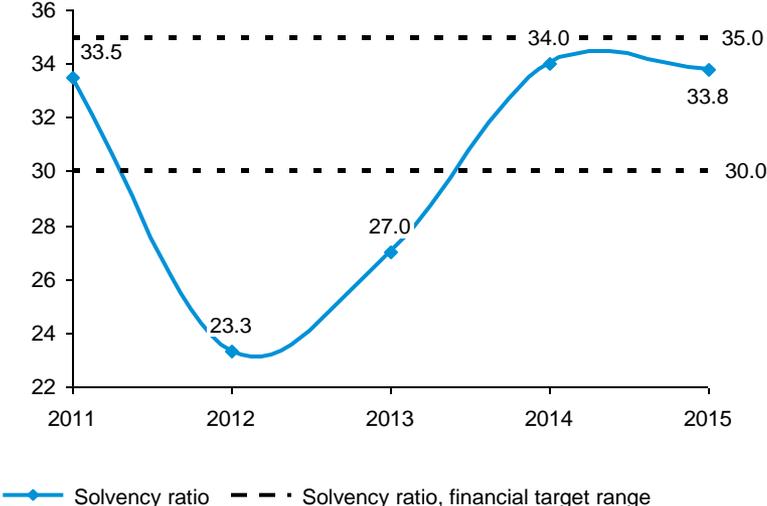
- Leverage ratio far below the limit of 1 times EBITDA at any point in the cycle due to the strong net cash position.
- Strong cash generation from operations in 2015, payment of dividends for the first time in 12 years and the first ever share buy-back programme conducted in November-December 2015.

Solvency ratio a key metric in conservative capital structure

Solvency ratio currently the more limiting factor in the re-distribution of cash

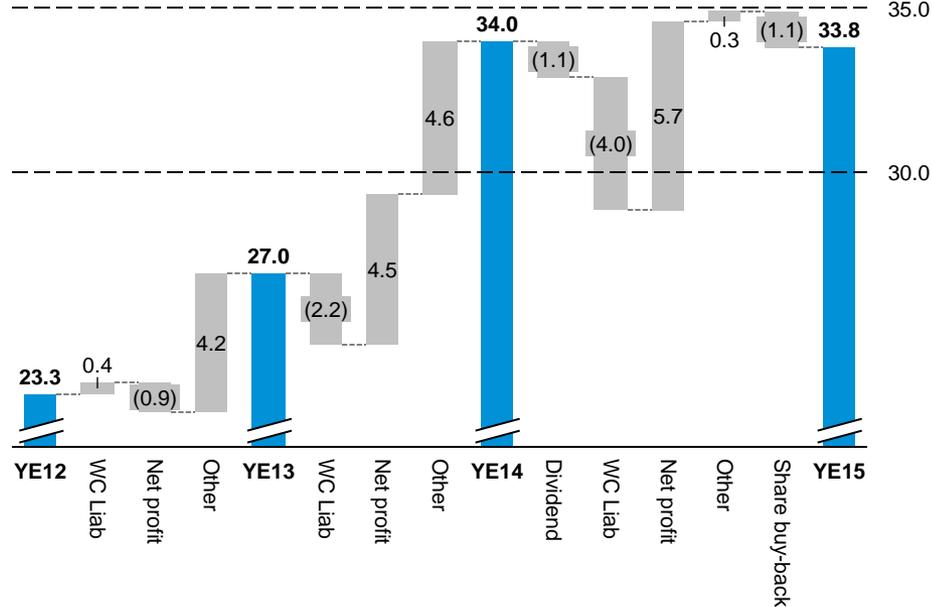
Solvency ratio

Percent



Solvency ratio

Percent/Percentage points



Key takes:

- Solvency ratio is seen as a **strong business enabler**, as it is an easy to understand metric in customer discussions.
- A strong solvency ratio and credibility as it relates to maintaining a **trustworthy capital structure policy** is what enables improved flexibility, terms and conditions and gives better access to favourable credit and bonding facilities.

Risk-averse customers are still requiring certainty

...and hence, contingent obligations such as e.g. guarantees continue to play a role



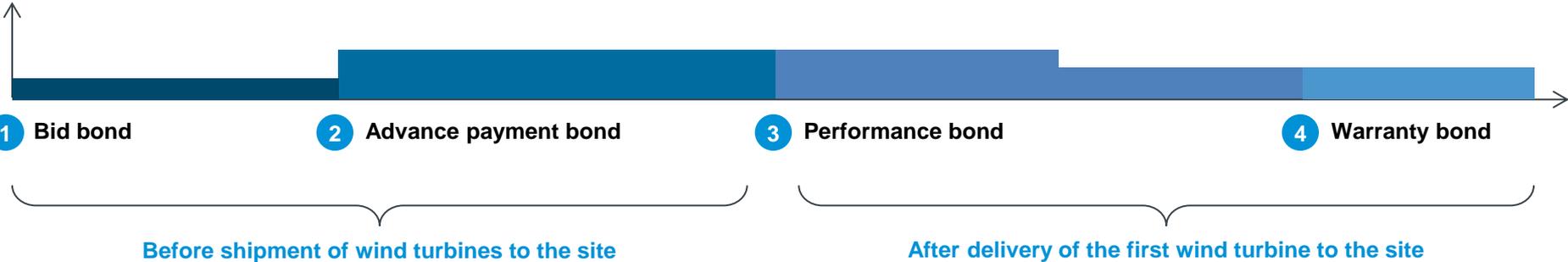
1 Quotation/offer

2 Signing of contract

3 First shipment / delivery on site

4 Taking over

Types of guarantees



The need for credit facilities has not vanished

Vestas' credit and bonding facilities are being utilised to support ongoing business operations

Credit and bonding facilities, year end 2015

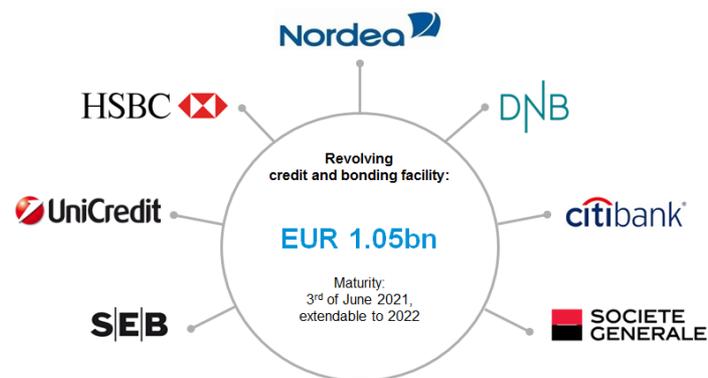
mEUR

	Amount	Drawn	Available	Expiry
Main credit facilities*	1,050	92	958	2021
Other credit facilities*	397	251	146	2017
Corporate bonds	500	500	0	2022
Total credit facilities	1,947	843	1,104	

← First of two options to extend the final maturity by 1 year was exercised in May 2016. Final maturity now 3 June 2021.



Main credit facility consists of a EUR 1,050m revolving credit and bonding facility with a strong banking group:



* The drawn amount is not cash but related to issuance of bonds.

Priorities for capital allocation

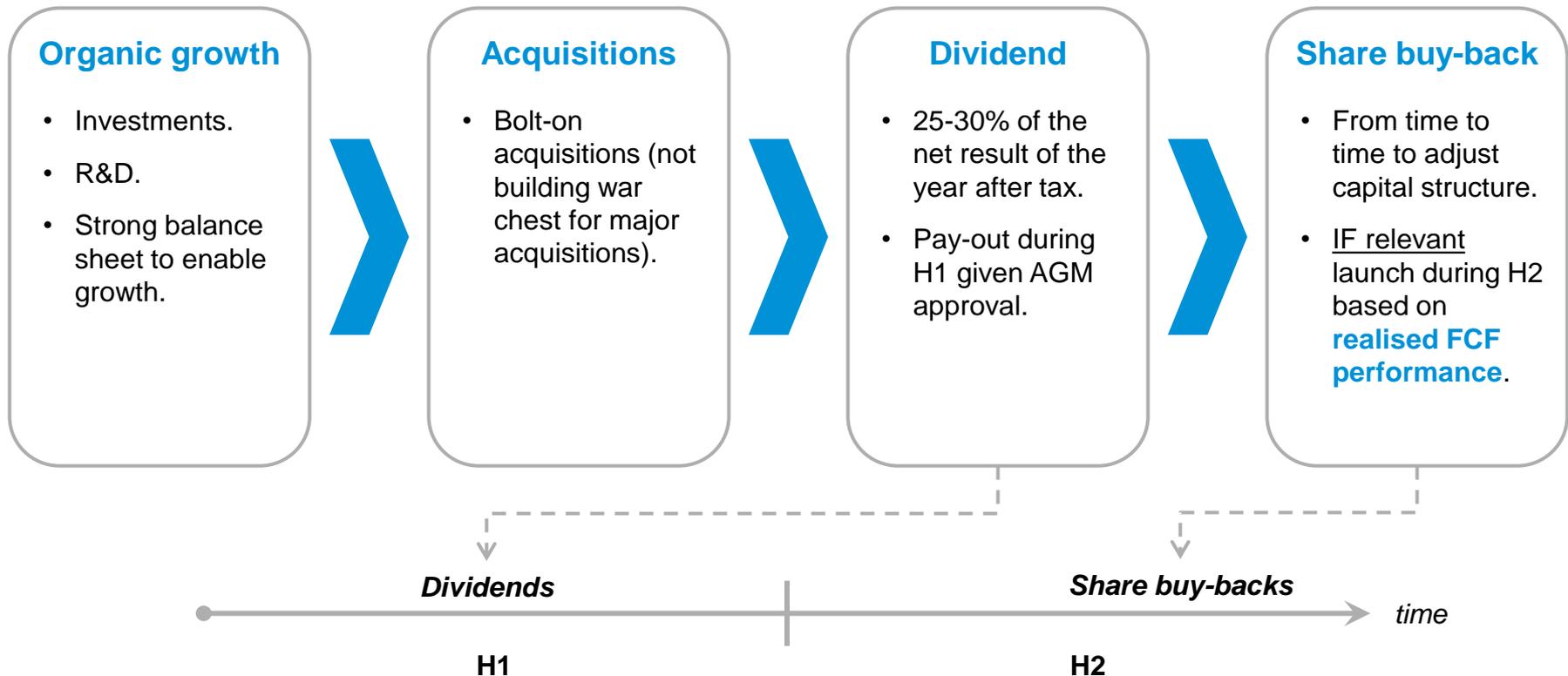
In years without major extraordinary investments the total return to shareholders through dividends and share buy-backs may constitute the majority of the FCF.

Mid-term ambitions:

- Double-digit ROIC
- FCF ≥ 0

Capital structure targets:

- Net debt to EBITDA $< 1.0x$
- Solvency ratio = 30-35%



Agenda



1. Is stability the new normal for Vestas?
2. Balance Sheet and Capital Structure reflections
3. **Summary and questions & answers**

Summary

1

With strong positions in each of the three main business areas, wind turbines, service and offshore, Vestas is well positioned to reap the benefits of a more stable market situation.

2

A strong balance sheet and credibility as it relates to maintaining a trustworthy capital structure policy is a strong business enabler.

3

In years without major extraordinary investments the total return to shareholders through dividends and share buy-backs may constitute the majority of the FCF.

Vestas[®]

Wind. It means the world to us.[™]

Thank you for
your attention



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