MARKET OUTLOOK & STRATEGY UPDATE

Anders Runevad
Group President & CEO

Copenhagen, 29 November 2018
OUTSTANDING GROWTH OUTLOOK FOR THE SECTOR

Renewable energy to become the dominant generation source

Over the next +10 years…

- Renewable energy capacity to grow significantly
- >USD 3tr to be invested by 2030
- Renewable energy to surpass coal and fossils

… making renewable energy the dominant generation source

Source: Bloomberg New Energy Outlook 2018
1. Electricity demand projected to grow >40% till 2035

Projected electricity demand PWh

- 2017: ~25 PWh
- 2035e: ~36 PWh

2. Significant retirements of coal and nuclear on the horizon

Projected retirements PWh

- Coal & Nuclear: ~4 PWh
- Total: ~6 PWh

Increased net electricity demand of 11 PWhs by 2035 plus a further 6 PWhs of retirements will lead to significant demand for new energy.

Source: Bloomberg New Energy Outlook 2018
GROWTH DRIVERS (2/2): FUNDAMENTAL SUPPORT FOR RE TO WIN

3. Strong global policy and commitment to renewables

- EU 2030 target for renewable energy increased from 27% to 32%
- EU nations committing to even bolder targets (DK >50% by 2030, SE 100% by 2040)
- Indian government target for wind and solar increased to 227GW by 2022 (+28%)
- 100 large global corporations committing to going 100% green

4. Accelerated competitiveness of RE

Development of LCOE (US example)
USD/Mwh

Wind now the cheapest source of new energy

Source: Lazard estimates (US LCoE)
OUR PORTFOLIO CONSISTS OF THREE ATTRACTIVE RE SEGMENTS

#1
ONSHORE WIND
Large market, healthy growth

- New installations GW
  - 2018: 50
  - 2021: 61
  - +6-8%

#1
WIND SERVICE
Mid-sized market, high growth

- Installed fleet GW
  - 2018: 514
  - 2021: 757
  - +9-11%

#2
OFFSHORE WIND
Small market, high growth

- New installations GW
  - 2018: 4
  - 2021: 7
  - +15-20%

- US PTC rush towards 2021
- High growth in emerging markets
- India to become top 3 market
- Continued high pace of installations
- Large multi-brand opportunity
- Retirements still very low
- Europe key region
- Expansion in USA and Taiwan
- New markets opening up

Source: Vestas; MAKE Q3 2018
### KEEPING OUR MARKET LEADERSHIP

Vestas is the market leader and remains committed to gain market share

#### Market share 2017

<table>
<thead>
<tr>
<th>Percent</th>
<th>100% = 47 GW</th>
<th>100% = 30 GW</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Vestas</strong></td>
<td>16.4%</td>
<td>24.5%</td>
</tr>
<tr>
<td>Siemens Gamesa</td>
<td>14.6%</td>
<td>22.2%</td>
</tr>
<tr>
<td>Goldwind</td>
<td>11.6%</td>
<td>15.6%</td>
</tr>
<tr>
<td>GE</td>
<td>10.3%</td>
<td>10.3%</td>
</tr>
<tr>
<td>Enercon</td>
<td>6.6%</td>
<td>4.9%</td>
</tr>
<tr>
<td>Nordex</td>
<td>6.1%</td>
<td>9.5%</td>
</tr>
<tr>
<td>Envision</td>
<td>5.7%</td>
<td>4.5%</td>
</tr>
<tr>
<td>Senvion</td>
<td>3.2%</td>
<td>5.7%</td>
</tr>
<tr>
<td>Suzlon</td>
<td>2.9%</td>
<td>1.7%</td>
</tr>
<tr>
<td>Guodian UP</td>
<td>2.6%</td>
<td>4.5%</td>
</tr>
<tr>
<td>Others</td>
<td>20.0%</td>
<td>6.8%</td>
</tr>
</tbody>
</table>

#### Incl. China

- **Vestas**: 10.3%
- Siemens Gamesa: 14.6%
- Goldwind: 11.6%
- GE: 10.3%
- Enercon: 6.6%
- Nordex: 6.1%
- Envision: 5.7%
- Senvion: 3.2%
- Suzlon: 2.9%
- Guodian UP: 2.6%
- Others: 20.0%

#### Excl. China

- **Vestas**: 24.5%
- Siemens Gamesa: 22.2%
- Goldwind: 15.6%
- GE: 15.6%
- Enercon: 10.3%
- Nordex: 9.5%
- Envision: 4.9%
- Senvion: 4.5%
- Suzlon: 1.7%
- Guodian UP: 4.5%
- Others: 6.8%

---

**Bloomberg New Energy Finance**

"Onshore installations"

- No. 1 position in the US market
- Increasing market share in LATAM
- Leading position in EMEA
- Largest non-Chinese in China
- Positive development in broader APAC
WE HAVE FOUR KEY DIFFERENTIATORS IN THIS MARKET

Global reach

Technology and service leadership

Scale

Proven execution
GLOBAL REACH
Order intake from 33 countries across all regions in 2017

- Pioneer and most experienced wind energy company in the world
- Global reach and growth platform in sales, manufacturing, installation, and service
TECHNOLOGY AND SERVICE LEADERSHIP

Continuing to lead the industry on its key competitive parameters

- Industry-leading wind power plant offering
  - 2+4 MW platform technology upgrades
  - Pioneering hybrid projects
  - World-class siting capabilities
  - Modular product design

- Industry-leading service value and cost
  - Scale leverage
  - Leading multibrand capabilities
  - Data insight from >40,000 turbines
  - Unique digital offering through Utopus Insights
SCALE LEADERSHIP
 Positioned to leverage leadership economics

Installations 2017 (GW)

<table>
<thead>
<tr>
<th>Source: Results presentations and Vestas estimates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Installations 2017 (GW)</td>
</tr>
<tr>
<td>Fleet under service 2017 (GW)</td>
</tr>
</tbody>
</table>

Fleet under service 2017 (GW)

Sources: MAKE; Company reports and Vestas estimates;
Note: Excludes Chinese OEMs; Fleet under service numbers roundest to nearest 5
PROVEN EXECUTION

High quality of products continues to bring comfort to customers

- Low warranty consumption
- 1.4 percent of revenue in 2017

- LPF consistently below 2 percent
- Maximises turbine performance
RESPONDING TO A CHANGING ENVIRONMENT REMAINS CRITICAL

Quick transition to auctions and merchant markets increases the need to optimise power plant solutions.

**Subsidised industry**
- Projects reliant on Feed-in-Tariffs
- Sub-optimal technology solutions

**Introduction of auctions**
- Competition increases
- Volume down in key markets

**Merchant market**
- Market complexity increases
- Projects to combine auction PPA, corporate PPA, and merchant exposure

---

**Industry wide average selling price mEUR per MW**

<table>
<thead>
<tr>
<th></th>
<th>Q1'14</th>
<th>Q1'17</th>
<th>Q4'17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry wide average selling price</td>
<td>1,00</td>
<td>0,70</td>
<td>0,60</td>
</tr>
</tbody>
</table>
OUR STRATEGIC FRAMEWORK

We have a clear strategy and priorities

Global leader in Sustainable Energy Solutions

Global leader in Wind Power Plant solutions
- Transform commercial capabilities
- Expand industry leading wind portfolio
- Expand Service value and cost leadership

Global leader in Wind Service solutions
- Pioneer solutions to increase wind penetration
- Actively build project pipeline to grow margin

Our mid-term objectives
- Our long-term vision
- Our mid-term priorities
- Sustain a talented, agile and cost-effective organisation

Our values
- Accountability
- Collaboration
- Simplicity

Market leader in Revenue
- Grow faster than the market

Best in class EBIT margin
- Minimum 10 percent

Free Cash Flow
- Positive every year
LOOKING FORWARD

Why we are strongly positioned to win in the future

We are in the best position to win
We have the right strategy
We have the right values to guide us
We have the best people to do it
Q&A
THANK YOU FOR YOUR ATTENTION
DISCLAIMER AND CAUTIONARY STATEMENT

This document 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. A number of factors that affect Vestas’ future operations and could cause Vestas’ results to differ materially from those expressed in the forward-looking statements included in this document, include (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, including adverse weather conditions; (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; and (m) customer created delays affecting product installation, grid connections and other revenue-recognition factors.

All forward-looking statements contained in this document 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 2017 (available at www.vestas.com/investor) and these factors also should be considered. Each forward-looking statement speaks only as of the date of this document. Vestas does not undertake any obligation to publicly update or revise any forward-looking statement as a result of new information or future events other than as 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 document.