

Vestas[®]

Wind. It means the world to us.[™]



Selling value in a challenging environment

by Juan Araluce, CSO

Introducing your speaker

Juan Araluce

- Executive Vice President of Sales (CSO).
- Joined Vestas in 2007 as President of the sales business unit, Vestas Mediterranean.
- Degree in Economics and Business Administration.
- Background from the oil and gas industry.
- Born in 1963 in Spain and live in Denmark with my family.



What I bring to the table

Past experience...

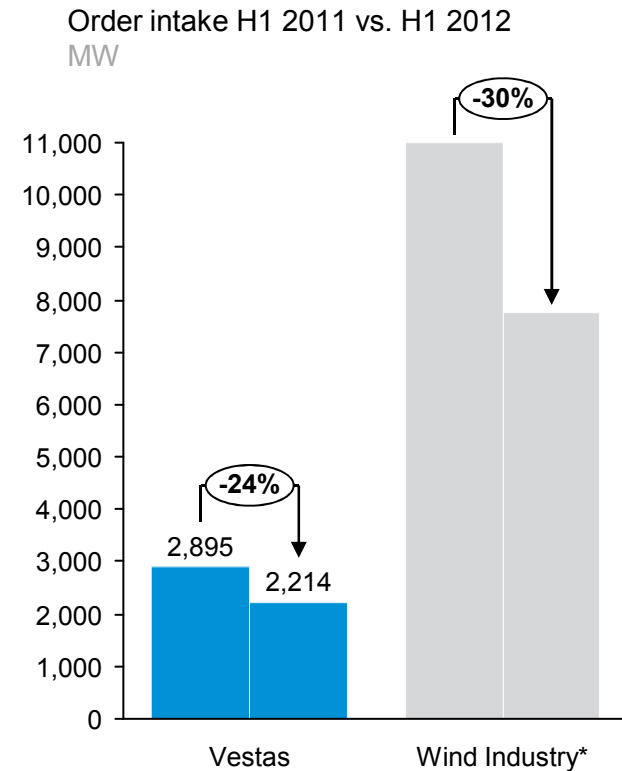
- Won the three largest global tenders in the wind industry for a total potential capacity of more than 5,000 MW.
- Achieved the highest customer loyalty score in the Vestas Group (75).
- Entered close to 20 new markets on three continents.
- Closed deals of EUR 11bn from 2008-2011.



Today's value...

- Partnering up with key accounts – focusing on long-term frame agreements.
- Building close relationships with customers is a prerequisite to succeed in today's competitive market.
- Growing part of future installations is expected to take place in the emerging markets.
- Maintaining Vestas' position as market leader.

The industry is experiencing a slow order intake in 2012



* Make Consulting, 25 July 2012: Global wind turbine orders weak in-flow in 1H/2012, but recovery potential from 2013.

So, what are
we doing
to **mitigate?**

Let me share
what we **have**
done so far...

... and
what we
plan to do

One unified sales organisation

Our most important role is to:

- Unlock the full potential of the sales business units (SBUs) by facilitating best practice and capture synergies.
- Enable the voices of the markets to be heard across Vestas.
- Ensure that Vestas is acting as a market driven organisation.

Organisationally, we will:

- Maintain the core focus on our customers in all markets.
- Blend as many functions as possible.

We have:

- ✓ Consolidated China & Asia Pacific SBUs.
- ✓ Centralised the sales back office.
- ✓ Appointed a single head of operation for Mediterranean and Central Europe.
- ✓ Reorganised the US sales function.
- ✓ Transferred people from South Europe to South America.
- ✓ Scaled down our sales activities in India.

Adapting our business model to increase profitability

How we adapt to a challenging market

- We will change our business model in certain markets to increase profitability.

Meaning, we will:

- Increase focus on services and solutions.
- Optimise our local content setup.
- Pursue third-party supply.
- Enhance and drive cost of energy down on the products we sell like the V126-3.0 MW.



Core markets

Emerging markets – a great business opportunity for Vestas

- Europe and the USA continue to be core markets in the industry with significant mid-term opportunities with e.g. European decommissioning of coal and nuclear.
 - Emerging markets are expected to see double-digit growth – these markets still come from a small installation base.
 - 90 per cent of the growth in energy demand over the next 25 years is expected to come from China as well as emerging markets.*
 - A great business opportunity for Vestas going forward.
- ✓ Emerging market strategy in place.
 - ✓ Key focus emerging markets defined: Brazil, Mexico, South Africa, Ukraine, Philippines, Romania and Vietnam.
 - ✓ Country business plans developed.
 - ✓ Vestas has more experience in emerging markets than our competitors.

*Source IEA (International Energy Agency).

Emerging markets focus

Key milestones

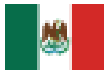
Country examples of announced order intake from 2011 until today:



634 MW in Brazil



93 MW in Ukraine



475 MW in Mexico



40 MW in Nicaragua

Expanding account management

Enabling Vestas to build stronger relationships with a broader group of priority customers

- Vestas has worked intensively with the key account management philosophy over the past three years with well documented sales results and financial impact.
- The learning, best-practices and validated business results will in the coming months be expanded globally to reach up to 100 priority accounts.
- The expanded account management portfolio represents an accumulated order intake potential of ~25 GW left to fight for in 2012-2014.
- Examples of current key accounts include EDP (Portugal), E.ON (Germany), EDF (France), Vattenfall (Sweden), ENEL (Italy) AGL (Australia), Longyuan (China) and Terra-Gen (USA).



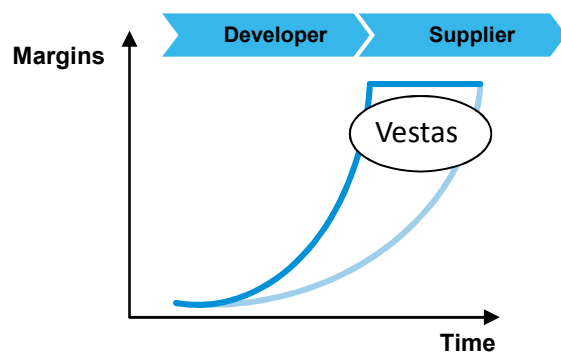
Acting as market makers

Balancing our portfolio

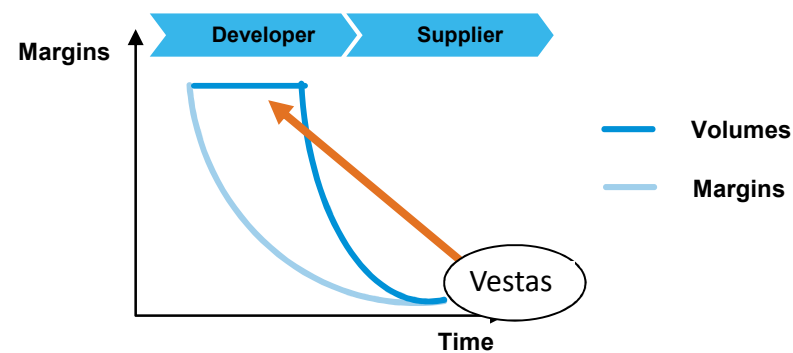
- We help our customers create the right conditions to invest in wind.
- We engage much earlier with policy makers and with the financial communities.
- We focus on creating partnerships with developers – long-term framework agreements.
- Responding to changing market dynamics by...



... going **from** high margin projects late in the sales process ...



... **to** creating a balanced pipeline through early engagement



Supporting financial deals

Advising customers

- Today, the financial aspect of projects is core.
- On behalf of our customers, we work extensively with our financial partners* in order to make sales happen by pushing forward viable projects.
- We advise customers on raising equity, mezzanine debt, tax equity, senior debt and export credit agencies and multilateral participations for Vestas supplied projects.



* Pension funds, private equity funds, industrials, multilaterals (e.g. IFC, ADB, EIB, IADB, AfDB) and export credit agencies (e.g. EKF, Euler Hermes, US Ex-Im).

The journey ahead

Our priorities

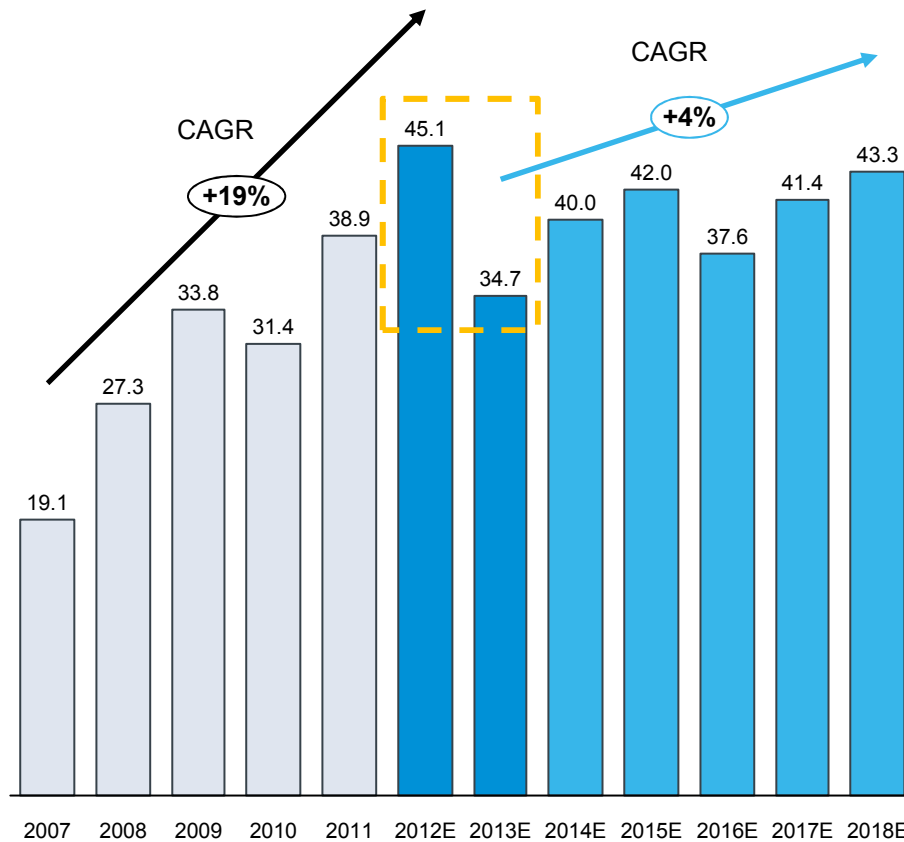
- Re-energise sales
 - Greater business focus on service
 - Improve construction capabilities
 - Deliver cost out initiatives
 - Offshore
-

While we continue
our journey

- let's **not** forget...

✓ Growth returns after 2013

WTG installed capacity forecast
GW

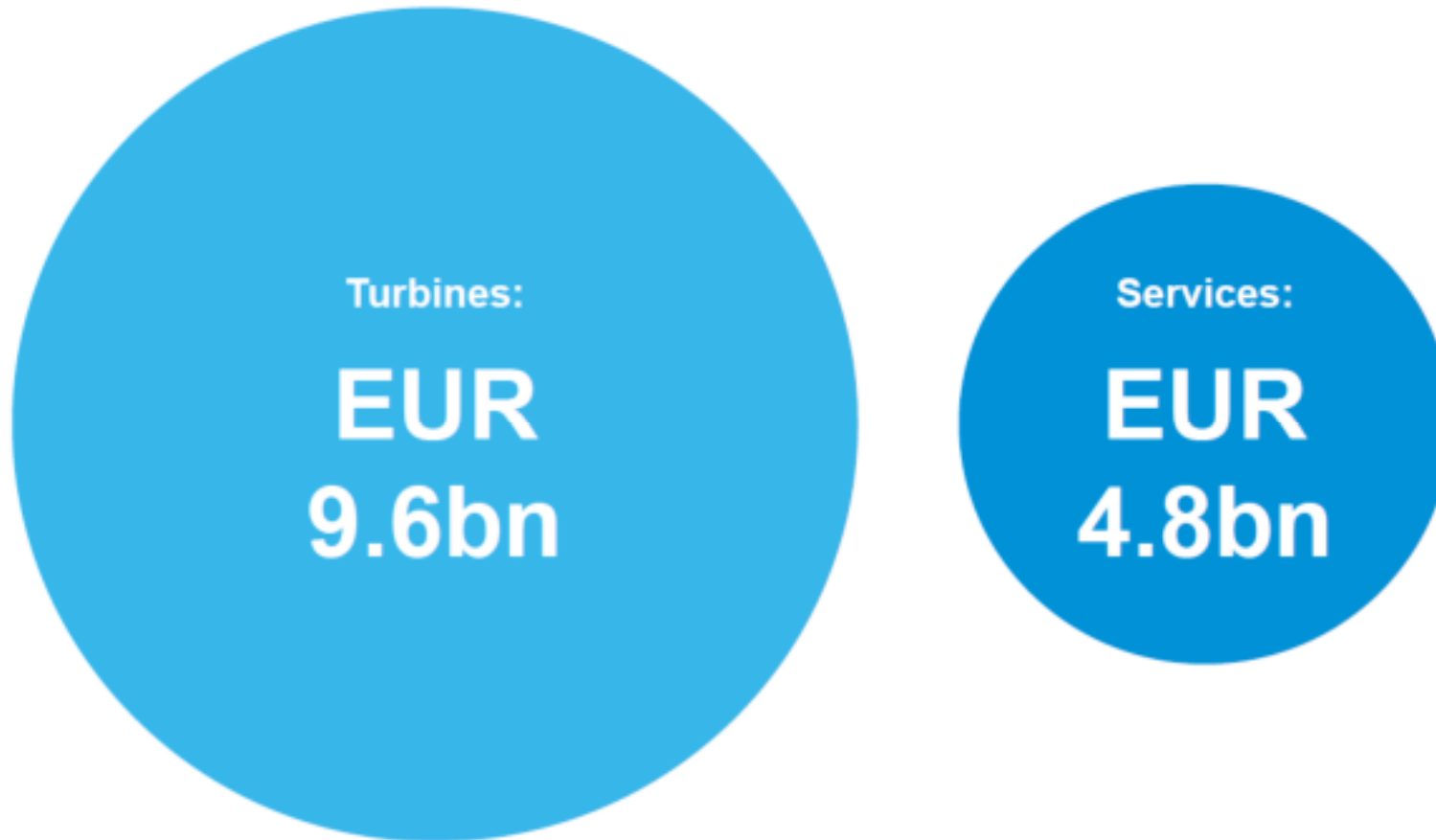


Source: EER (June 2012).

WTG market outlook (EER)

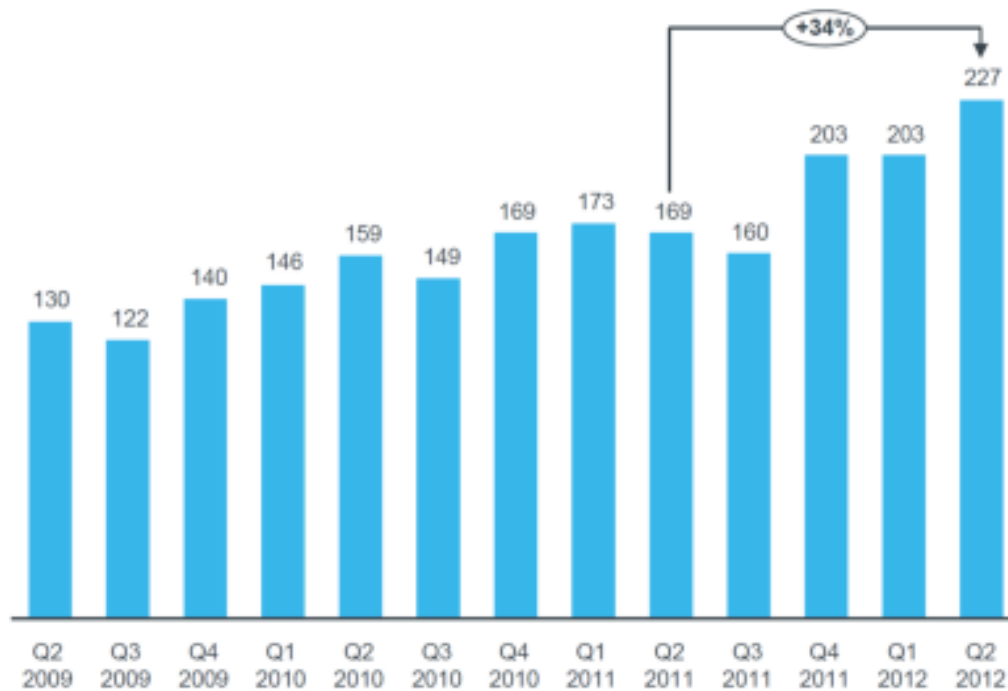
- Strong historical market growth slowed due to economic uncertainties and liquidity constraints.
- Slow growth in mature markets, partly due to regulatory uncertainties.
- 2013 decline driven by US PTC expiry.
- Significant offshore growth from 2016 and onwards.

- ✓ We have the highest combined order backlog for turbines and services ever of EUR 14.4bn



- ✓ Vestas' service revenue increased by 34 per cent in Q2 2012

Service revenue
mEUR



Vestas secures its largest service contract renewal for 1,897 MW

CA 10:00 CET - 25 Jun, 2012

Article keywords: Wind markets Orders



Vestas secures its largest service contract renewal for 1,897 MW

Interactive services

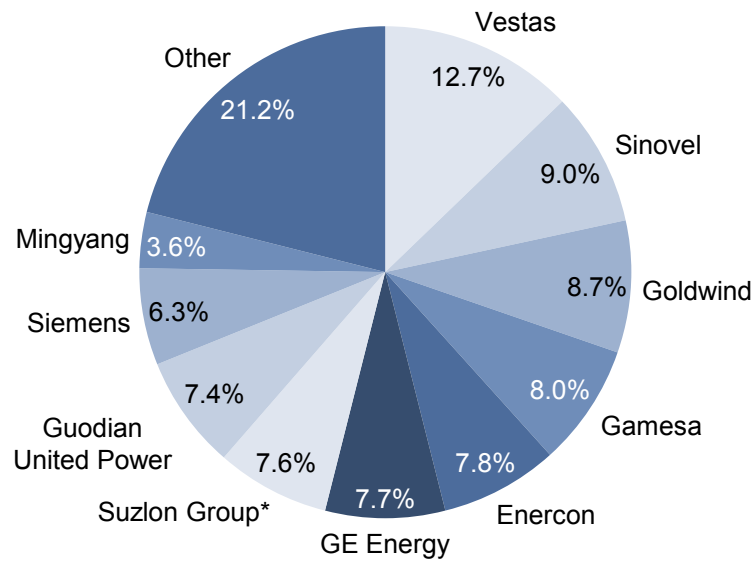
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Vestas has signed its largest ever service and maintenance renewal agreement with EDP Renováveis (EDPR) to service more than 1,100 turbines across 30 wind power plants in the United States and Europe for up to seven years.

The global service agreement represents a total capacity of 1,897 MW. More than 70 per cent of the turbines covered by this agreement are in the United States, while the remaining wind power plants are in Spain, France, Romania, Portugal and Italy.

✓ Vestas remains the largest wind turbine supplier in the world

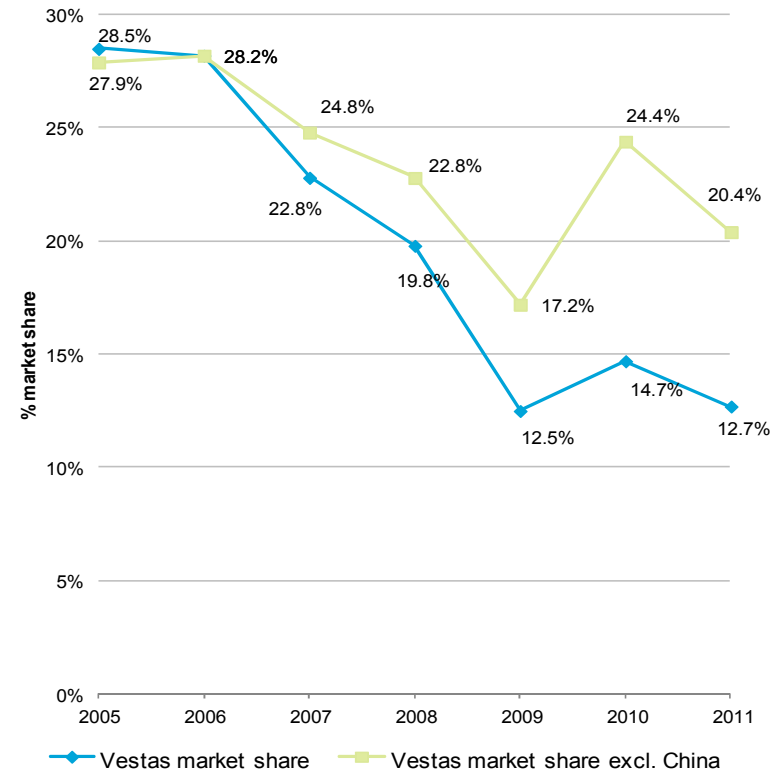
Global market share 2011
Percentage



*Suzlon Group including Repower.

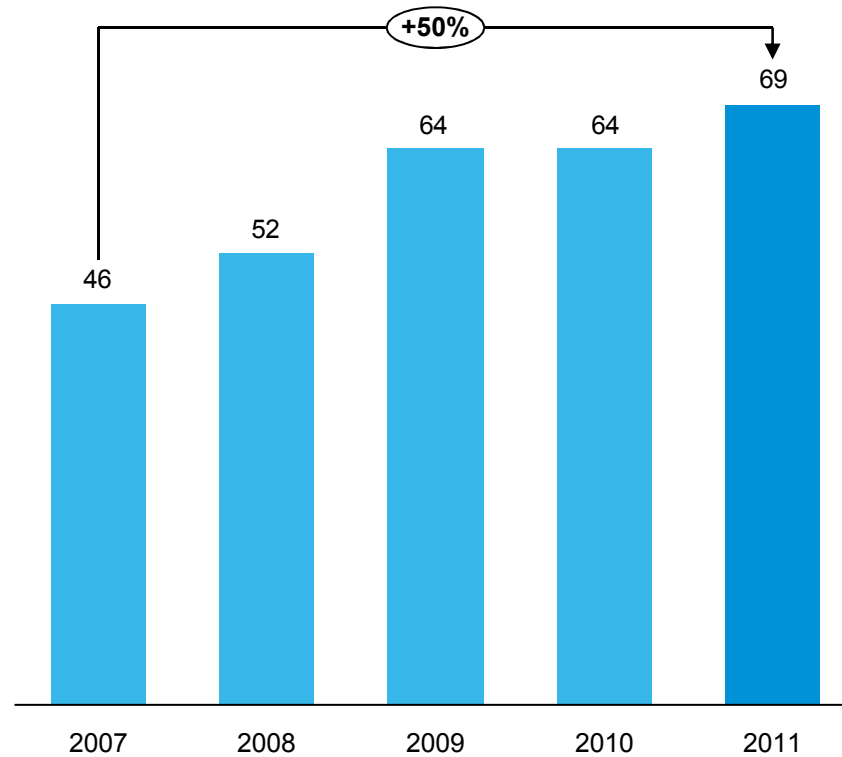
Source: EER Global Wind Turbine Supply Market Share Evolution (April 2012), BTM-Navigant

Vestas' market share evolution 2005-2011
Percentage



- ✓ We have an all-time high customer loyalty
93 per cent of the customers considers Vestas as a preferred partner

Customer loyalty index
Index points



The Vestas logo is displayed in white, italicized font against a blue sky background with wispy clouds. The logo consists of the word "Vestas" followed by a registered trademark symbol (®).

Wind. It means the world to us.™

Thank you for your attention

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