

Vestas[®]

Wind. It means the world to us.[™]



Capital Markets Day
Vestas Mediterranean

Juan Araluce y Martínez de Azagra
President, Vestas Mediterranean
September 1, 2010

Juan Araluce y Martínez de Azagra – President of Vestas Mediterranean



Speaker's Bio

- Spanish
- Married, 4 children

- **History in Vestas**
 - Joined in 2007 as President, Vestas Mediterranean

- **Before Vestas**
 - Occupied leadership positions in the Oil & Gas Industry.

- **Education**
 - Advanced Management Programs – IESE & Kellogg School of Management
 - Master in Economics and Business Administration, Universidad Complutense de Madrid

Vestas Mediterranean



I. Introduction to Vestas Mediterranean



II. Vestas Mediterranean and the V112



III. South European markets



IV. Emerging Markets

IVa. Central & South America

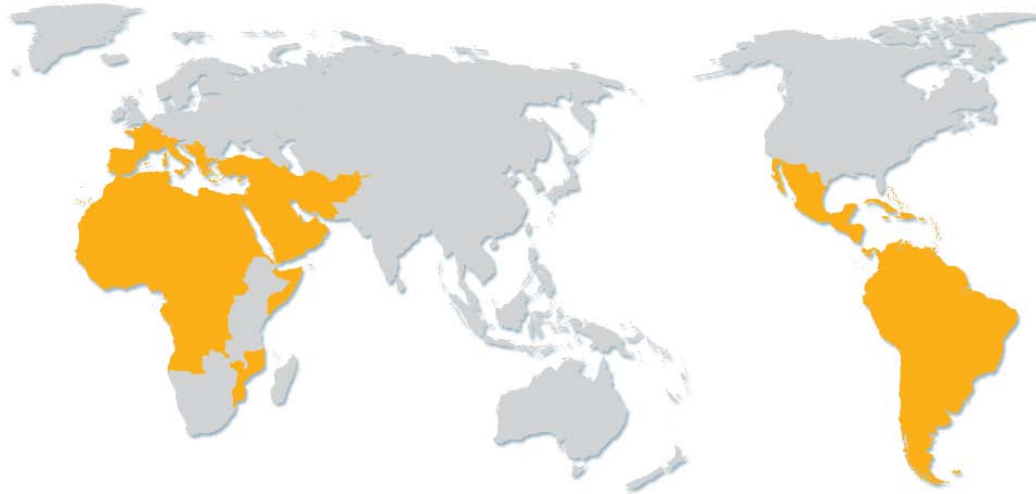
IVb. Middle East & Africa

Introduction to Vestas Mediterranean

Vestas Mediterranean is responsible for all sales, construction and service activities in a vast region comprising countries in South Europe, Latin America, Middle East and Africa.

**Number of countries
covered by Vestas
Mediterranean:**

110



Sales & Biz Development



Installation



Service

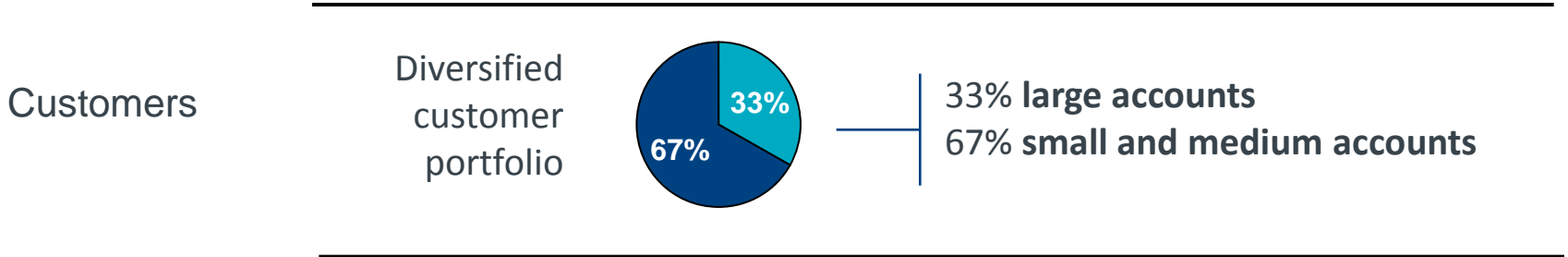
Introduction to Vestas Mediterranean

Vestas Mediterranean is a key player for Vestas' geographical and customer diversification strategy.

Diversification at Vestas Mediterranean

Markets	South Europe	Latin America	Middle East	Africa
Sales track record	8,277 MW	460 MW	341 MW	132 MW

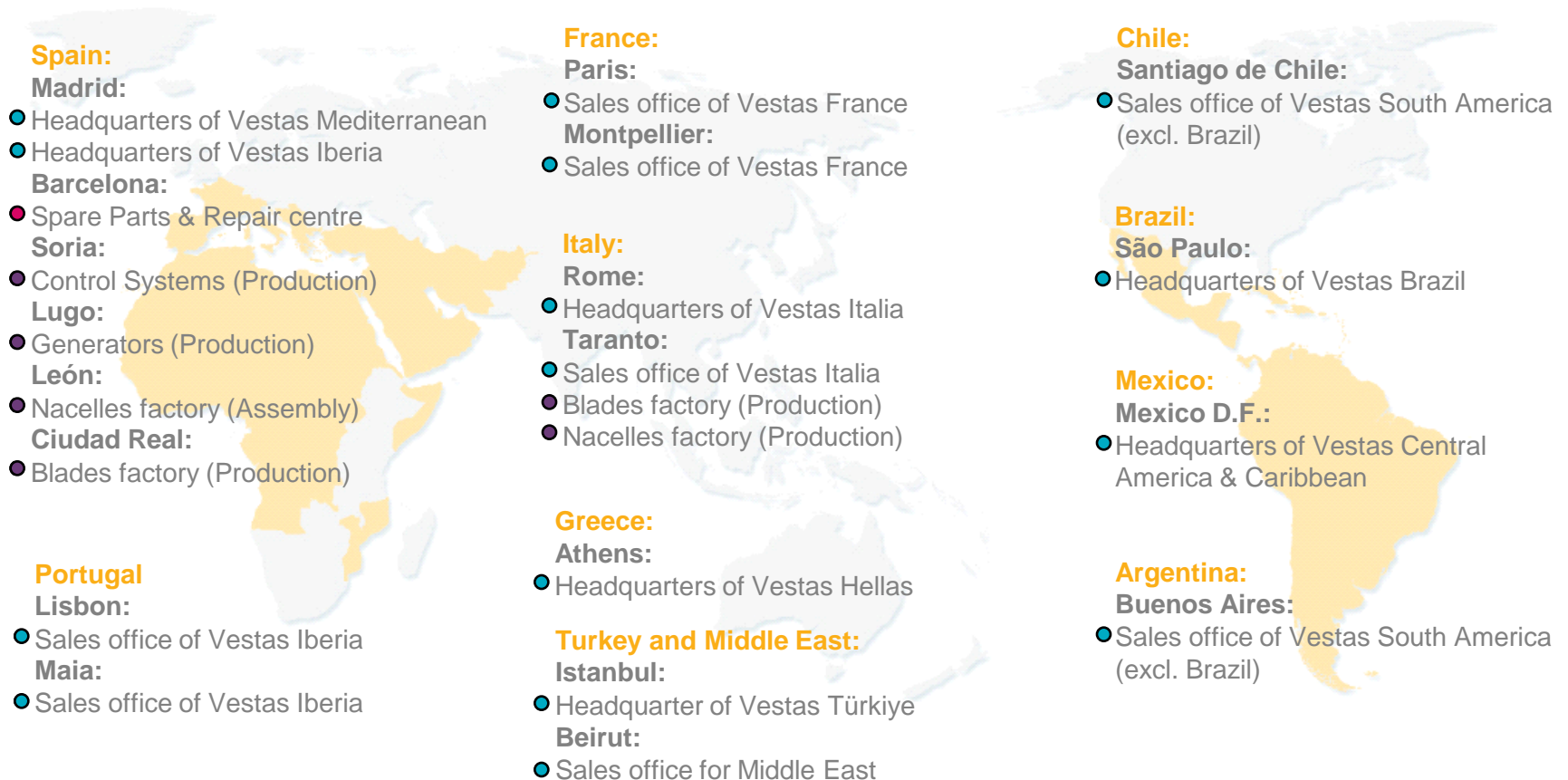
Wind power plant solutions in >20 countries = 9,210 MW



Introduction to Vestas Mediterranean

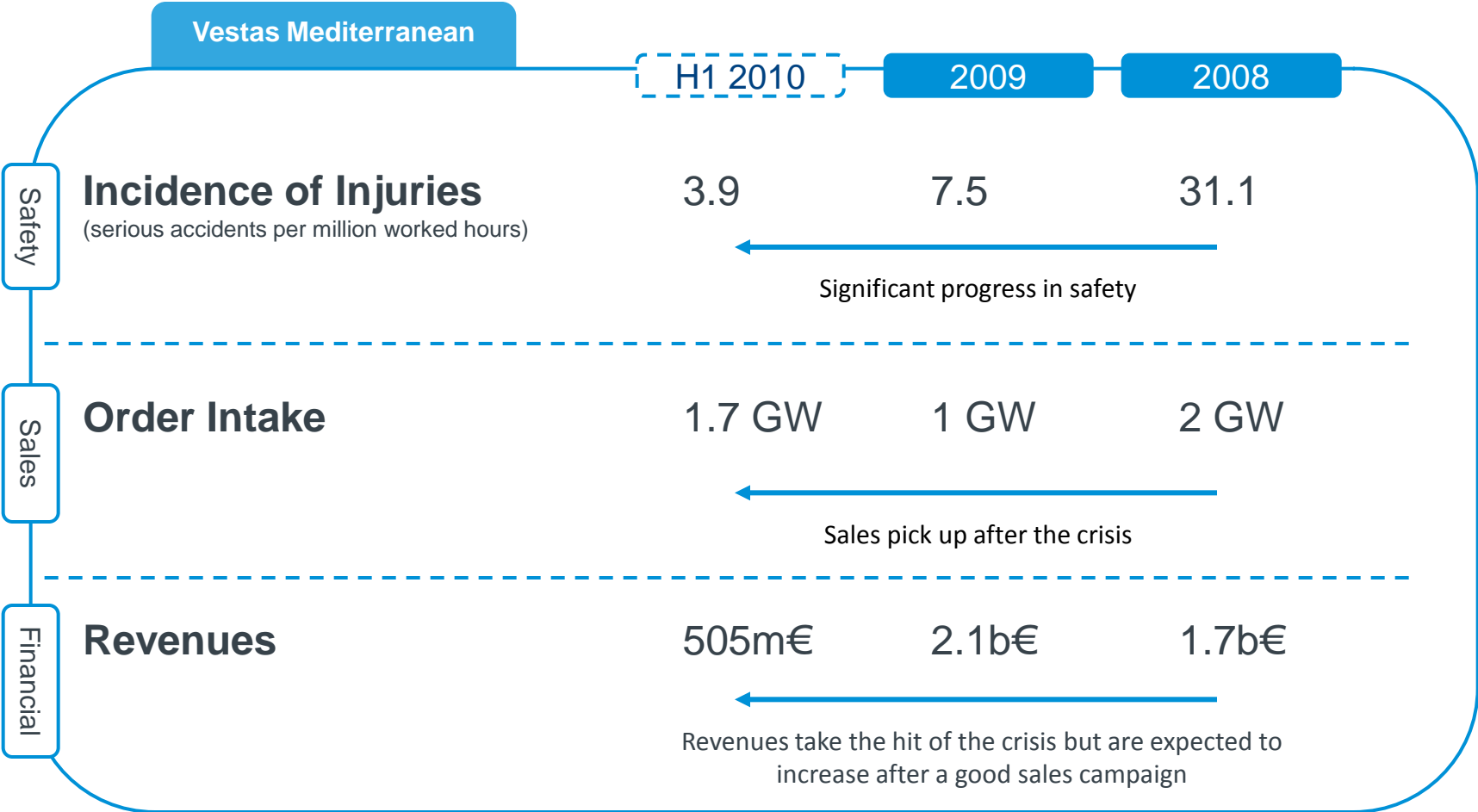
In the region, for the region approach

- Office
- Production facility
- Spare Parts and Repair



Introduction to Vestas Mediterranean

The markets within Vestas Mediterranean are important contributors to Vestas' revenues and sales



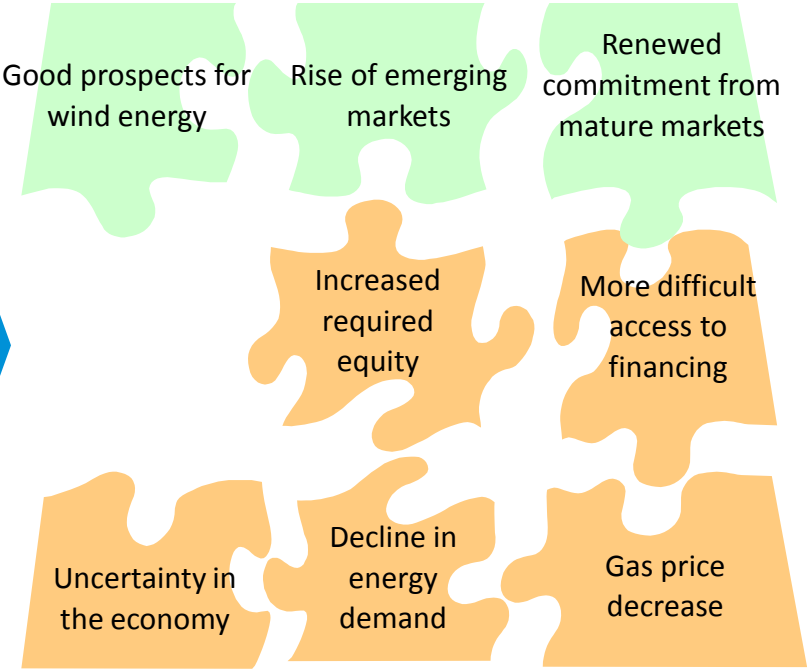
Introduction to Vestas Mediterranean

Vestas Mediterranean has renewed its sales strategy to adapt to the new market scenario

Former Market Conditions



Current Market Conditions



Wind turbine manufacturer

TRADITIONAL SELLING



MARKET MAKING STRATEGY

Introduction to Vestas Mediterranean

In the new market scenario...

... Vestas Mediterranean expands its sales strategy to new models

BEFORE



TODAY



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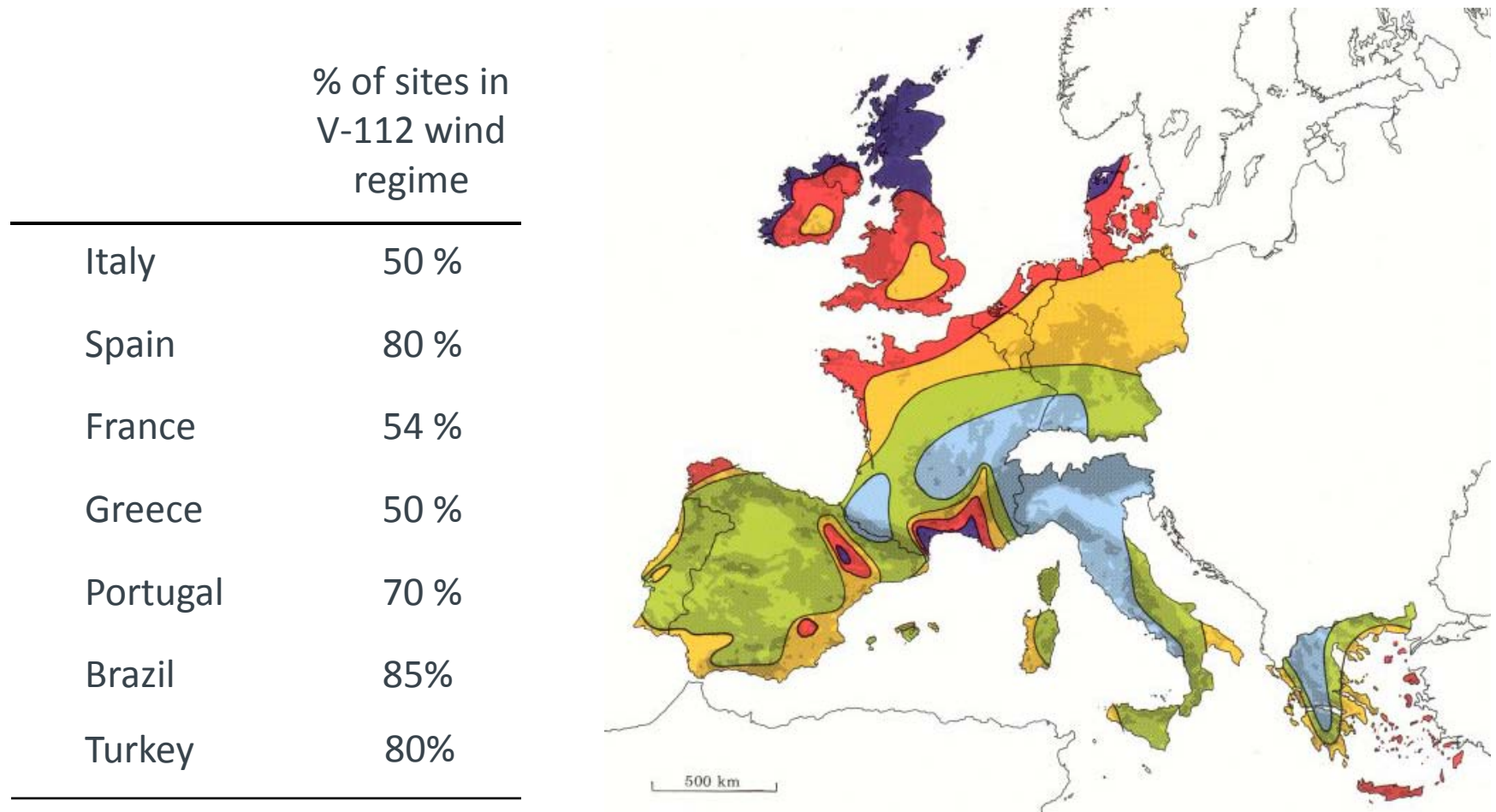
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IVa. Central & South America

IVb. Middle East & Africa

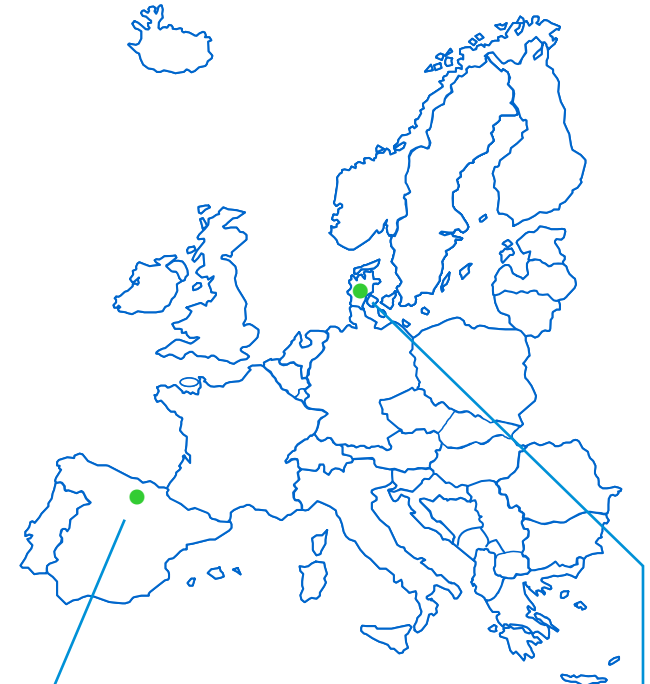
Vestas Mediterranean and the V112

The V112 provides a very solid and competitive business case for medium-low wind sites, which are abundant in the Vestas Mediterranean countries



Vestas Mediterranean and the V112-3.0 MW

First Prototype of the Next Generation Turbine V112-3.0 MW in our region

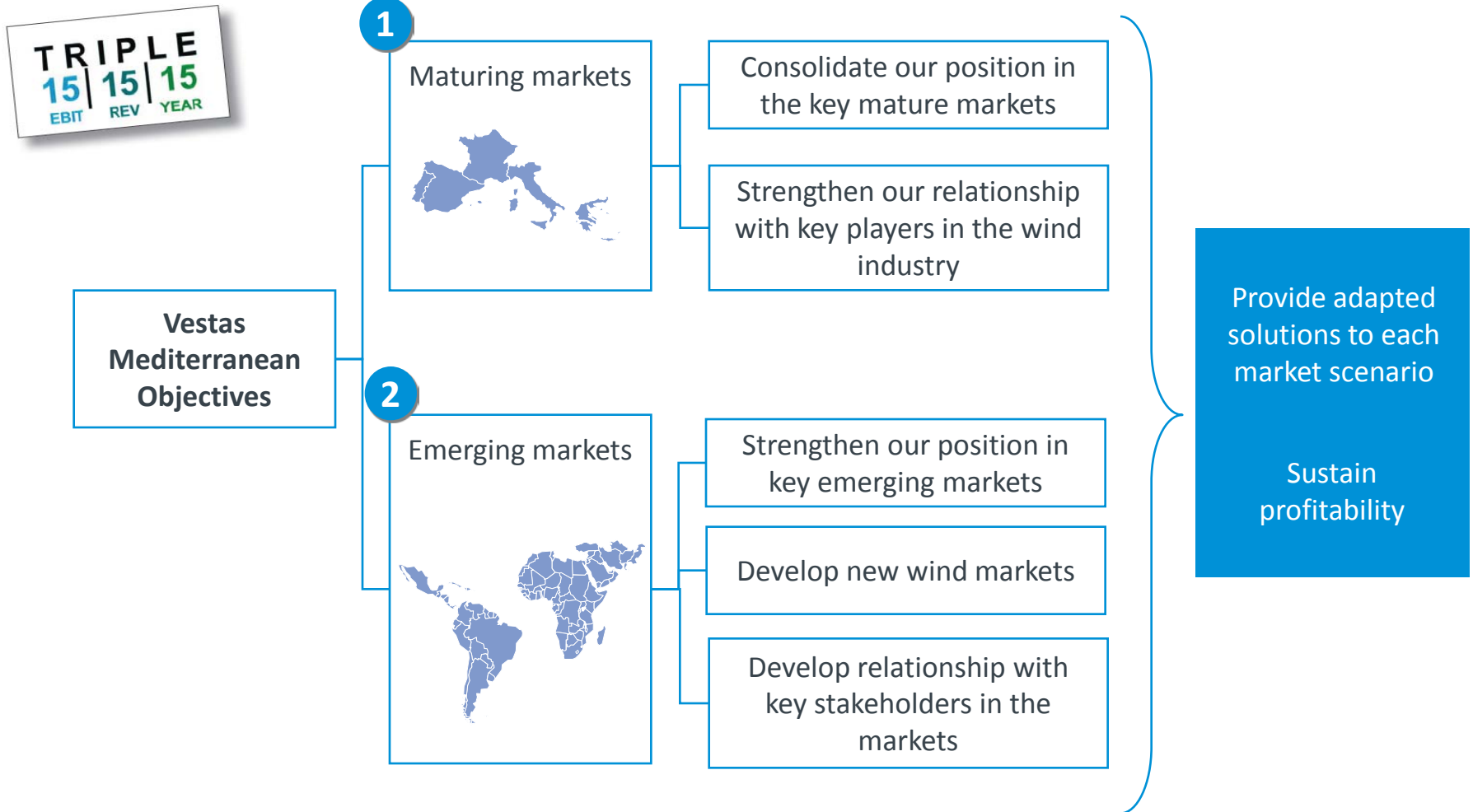


Cantabria V112
Prototype Testing Site

Lem V112 prototype
Testing Site

Vestas Mediterranean wind energy markets

Our objectives are aligned with Vestas' Triple15 goals



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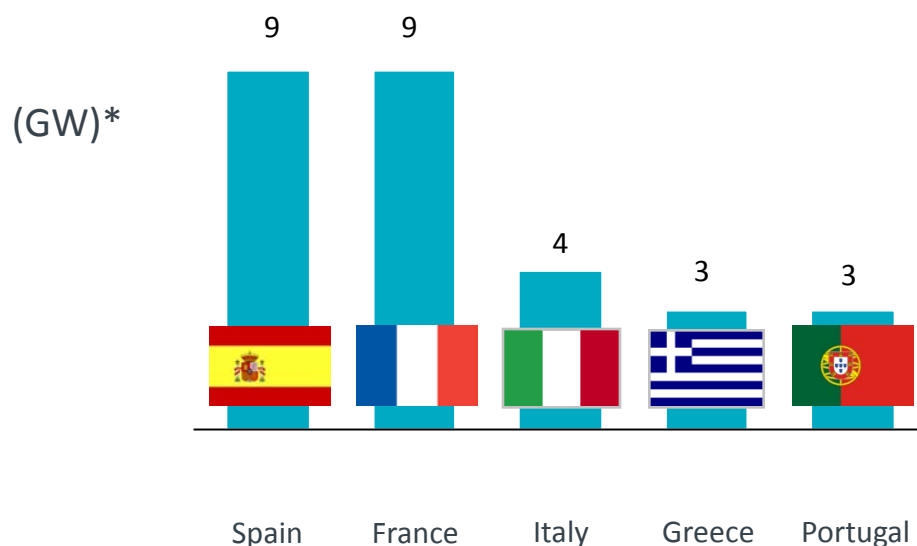
IVa. Central & South America

IVb. Middle East & Africa

South European countries - Market outlook



Investment in wind energy will continue in South European countries, in spite of recent financing and regulatory instability



NREAP submitted

Target for new installed capacity in South Europe:
~28 GW


Targeted new installed capacity
according to National Renewable Plans (2010 to 2015)

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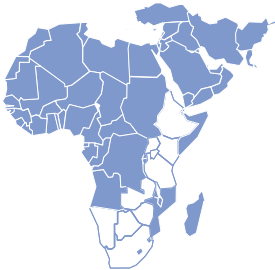
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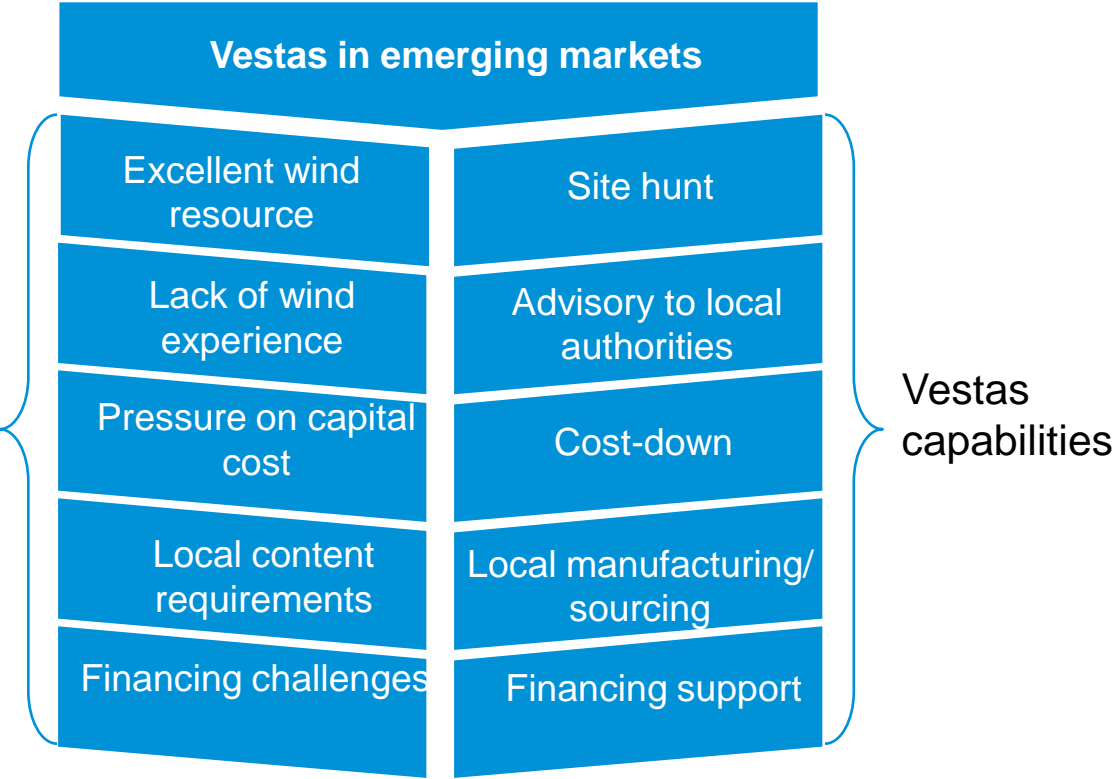
IVb. Middle East & Africa

Emerging markets - General characteristics

Vestas is committed to continue its expansion into new markets to underpin the region's potential and as a source of diversification



Typical characteristics of emerging markets



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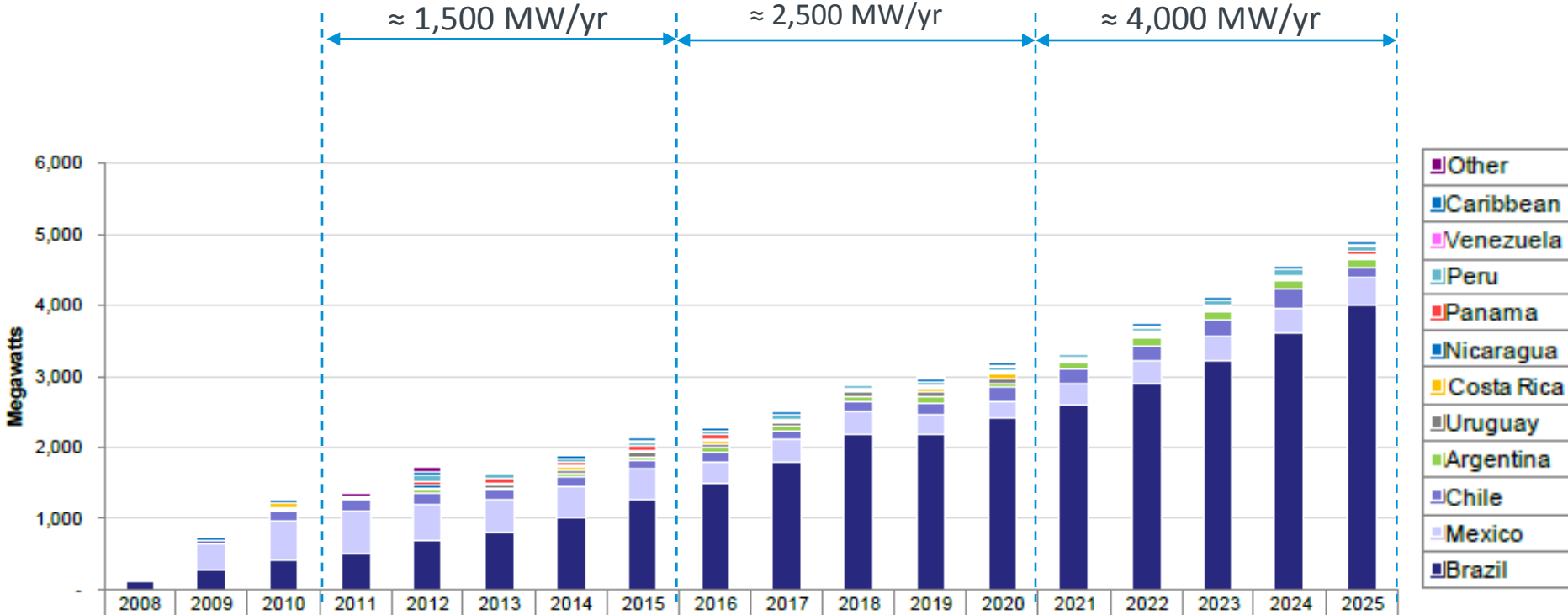
 IV. Emerging Markets

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IVb. Middle East & Africa

Central & South American markets - Market outlook

Central & South America is expected to become a major wind energy market



Source: Emerging Energy Research, April 2010

Central & South American markets - Mexico



Mexico has an extraordinary wind potential still to be developed

Values

- Committed to industrial development, employment creation and environmental sustainability

Market size

- High wind resources
- More than 4 GW for 2010-2014

Government actions

- New regulatory framework
- Economic incentives: limited to the accelerated depreciation of equipment.

Development schemes

- IPP scheme
- Self-supply scheme
- Export scheme

Central & South American markets - Brazil



Brazil is clearly committed to developing wind energy

Regulatory framework

- Plano Decenal de Expansão de Energia 2010-2019: Prioritization of renewable energy in energy matrix
- Dispatching priority to renewable energy generation systems.
- High competitiveness of wind energy in Leilão Dec 2009.

Financing

- BNDES can provide advantageous financing for up to 90% of the project.
- Local content requirements: Finame code (at least 60% of local component).

Local sourcing and manufacturing

High local steel and BOP prices.
Increasing cost of energy requirements put pressure on the costs of installation, service and supply chain management

Middle East & Africa - General characteristics, market outlook and trends

Markets in the Middle East are showing signs of increasing interest in wind energy. In Africa, interesting specific opportunities are arising.



Regulation

- No feed-in tariff structure across Middle East & Africa
 - Need regulatory framework to secure long term confidence
-

Financing

- Broad financing possibilities in Middle East
 - High equity-debt ratio required. Range: E/D=[40/60-30/70]
 - Precedents in wind project financing exist in the region
-

Middle East & Africa - Turkey



Turkey has set high targets for wind energy development in the coming years

Market size

- High wind resource potential
- Target: 30% Renewable Energy generation by 2023, equivalent to 20 GW wind capacity
- Vestas installed capacity = 322 MW¹

Regulatory framework

- RE Law and feed-in tariff required in line of 2023 targets
- Complex permitting procedure due to grid availability

Financing

- Financing available with higher equity debt ratio
- Local project financial at initial stages. Predominance of Corporate Loans
- ECAs has been active and supports along with local banks

Thank you for your attention

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