Market outlook

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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

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.

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*  

<table>
<thead>
<tr>
<th>Power Source</th>
<th>2016e-2040e* (tnUSD, real)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wind</td>
<td>3.1</td>
</tr>
<tr>
<td>Utility-scale PV</td>
<td>1.6</td>
</tr>
<tr>
<td>Small scale PV</td>
<td>1.8</td>
</tr>
<tr>
<td>Other RE**</td>
<td>1.3</td>
</tr>
<tr>
<td>Nuclear</td>
<td>1.5</td>
</tr>
<tr>
<td>Fossils</td>
<td>2.1</td>
</tr>
</tbody>
</table>

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

Long-term outlook for wind and renewables

Wind to remain the main utility-scale renewable energy source

Cumulative capacity
GW

<table>
<thead>
<tr>
<th>Year</th>
<th>Cumulative Capacity (GW)</th>
<th>Wind</th>
<th>Solar</th>
<th>Other RE</th>
<th>Non-renewables</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>5,884</td>
<td>2%</td>
<td>5%</td>
<td>21%</td>
<td>71%</td>
</tr>
<tr>
<td>2020e</td>
<td>7,299</td>
<td>8%</td>
<td>5%</td>
<td>21%</td>
<td>65%</td>
</tr>
<tr>
<td>2030e</td>
<td>8,995</td>
<td>12%</td>
<td>8%</td>
<td>21%</td>
<td>59%</td>
</tr>
</tbody>
</table>

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

Long-term outlook for LCOE

LCOE for wind and solar to decrease

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

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

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2020e</th>
<th>2030e</th>
</tr>
</thead>
<tbody>
<tr>
<td>9%</td>
<td>11%</td>
<td>12%</td>
<td></td>
</tr>
</tbody>
</table>

+33%

Non-OECD wind* penetration
Percent of cumulative capacity

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2020e</th>
<th>2030e</th>
</tr>
</thead>
<tbody>
<tr>
<td>5%</td>
<td>8%</td>
<td>11%</td>
<td></td>
</tr>
</tbody>
</table>

+120%

* Onshore and offshore.
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*

- Coal
- Nuclear
- Gas
- Oil

- 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.*

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

- **+2.6%**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2020e</th>
<th>2025e</th>
<th>2030e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-OECD</td>
<td>13</td>
<td>15</td>
<td>17</td>
<td>19</td>
</tr>
<tr>
<td>OECD</td>
<td>11</td>
<td>11</td>
<td>11</td>
<td>11</td>
</tr>
</tbody>
</table>

- 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.

**New growth markets opening up**

**MoUs on energy investments:**

- Laos.
- Pakistan.
- Ethiopia.

**Rising investments in RE:**

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

Steady growth expected for wind
Forecasts agree on a steady development for onshore and offshore market

New wind additions (onshore and offshore), global GW

<table>
<thead>
<tr>
<th>Year</th>
<th>MAKE Consulting</th>
<th>BNEF</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016e</td>
<td>55</td>
<td>58</td>
</tr>
<tr>
<td>2017e</td>
<td>59</td>
<td>61</td>
</tr>
<tr>
<td>2018e</td>
<td>63</td>
<td>69</td>
</tr>
<tr>
<td>2019e</td>
<td>64</td>
<td>71</td>
</tr>
<tr>
<td>2020e</td>
<td>66</td>
<td>74</td>
</tr>
</tbody>
</table>

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

- Vestas: 16.3%
- GE: 12.0%
- Goldwind: 7.6%
- Gamesa: 7.7%
- Enercon: 8.8%
- Guodian: 3.4%
- Suzlon: 3.6%
- Sinovel: 7.2%
- Siemens: 7.7%
- Other: 29.6%

100% = 431 GW

Vestas all time No. 1.

**2015 grid-connected**

Onshore, 2015

Percent

- Vestas: 13.3%
- Goldwind: 12.0%
- GE: 11.0%
- Siemens: 6.2%
- Gamesa: 5.3%
- Enercon: 5.1%
- Envision: 4.9%
- Mingyang: 4.5%
- Senvion: 3.3%
- Others: 30.1%

100% = 58 GW

Vestas No. 1 in 2015.

Focus on Profitable Growth for Vestas continues

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

To be the undisputed global wind leader

- Market leader in revenue
- Best-in-class margins
- Strongest brand in industry
- Bringing wind on a par with coal and gas

Deliver best-in-class wind energy solutions and set the pace in the industry to the benefit of Vestas’ customers and the planet

Grow profitably in mature and emerging markets

Capture the full potential of the service business

Reduce levelised cost of energy (LCOE)

Improve operational excellence

Accountability, Collaboration, and Simplicity

Our vision

Our mission

Our strategic objectives

Our values
Thank you for your attention