

VESTAS WIND SYSTEMS A/S

Handelsbanken
Nordic Innovation Leaders Seminar
16 September 2020





AGENDA

About Vestas

Market outlook

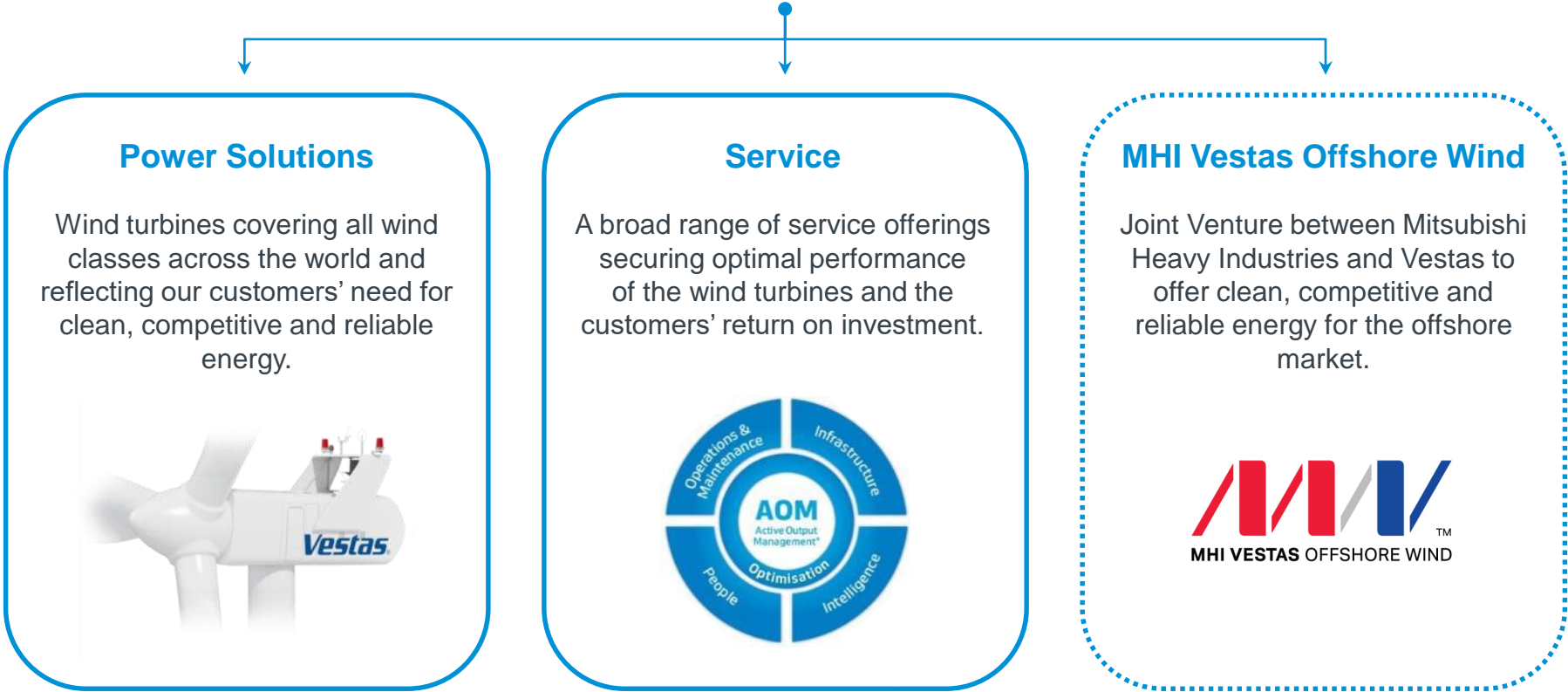
Innovation and technology

Financial and strategical highlights

Q&A

VESTAS AT A GLANCE

Superior wind technologies, products and services



OUR PORTFOLIO CONSISTS OF THREE ATTRACTIVE RE SEGMENTS

Vestas uniquely positioned in the industry



Power solutions
Global leader in onshore wind



Service
Global leader in onshore service



Offshore
Top player in offshore wind

ONSHORE WIND

Large market, healthy growth

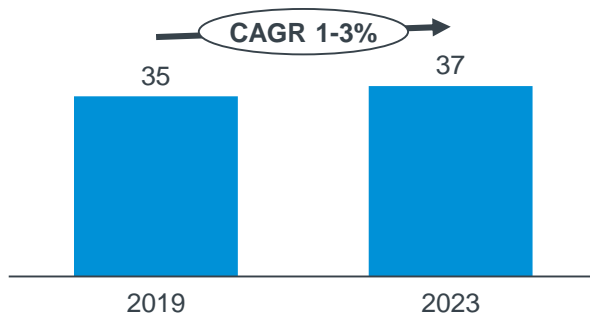
WIND SERVICE

Mid-sized market, high growth

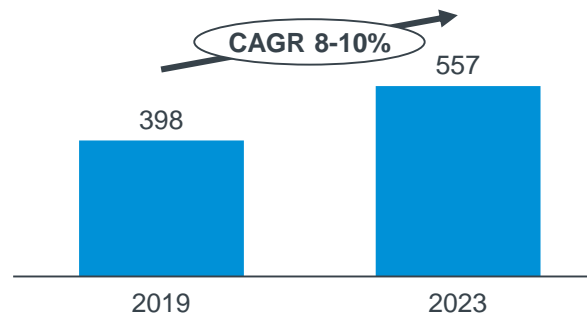
OFFSHORE WIND

Younger market, high growth

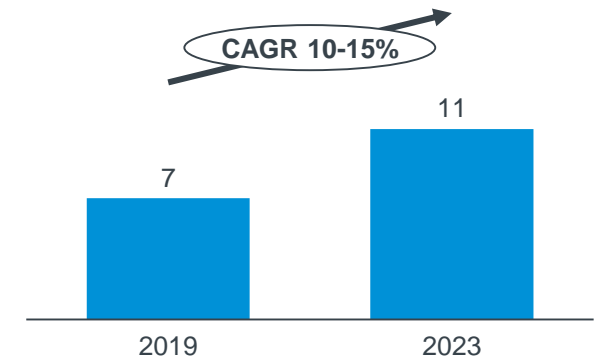
New installations, excl. China
GW



Installed fleet
GW



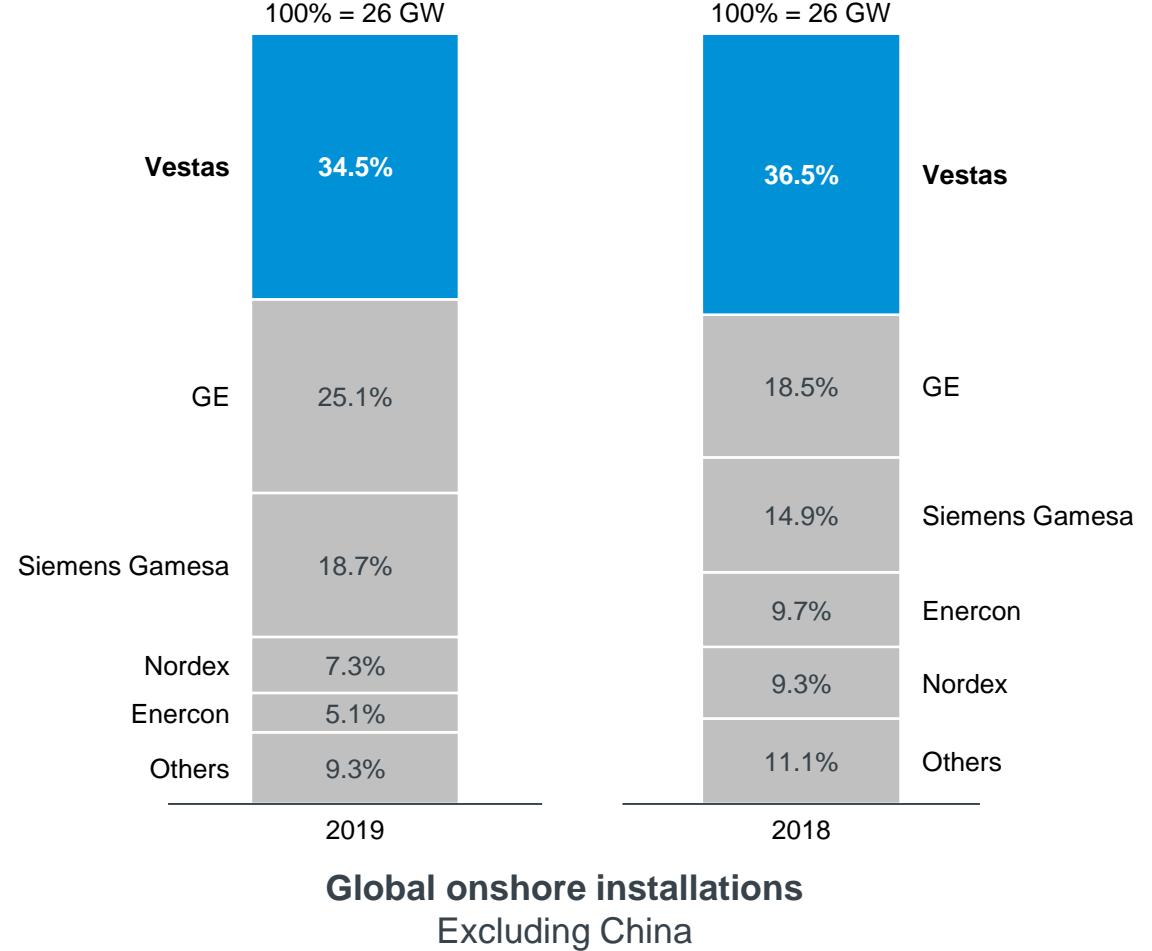
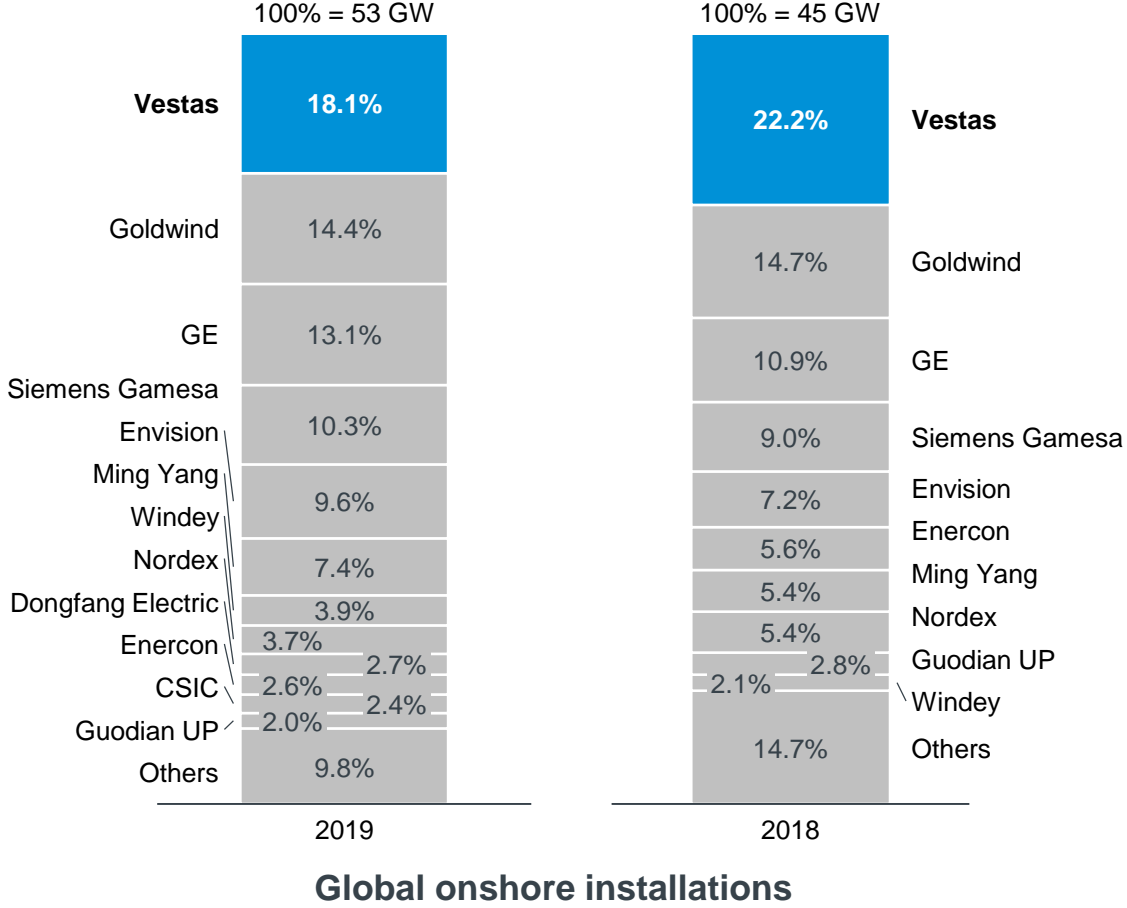
New installations
GW



Source: Wood Mackenzie, 2019 Q4 Global Wind Power Market Outlook Update, December 2019

MARKET SHARES

Sustaining our global leadership position



Source: Bloomberg New Energy Finance





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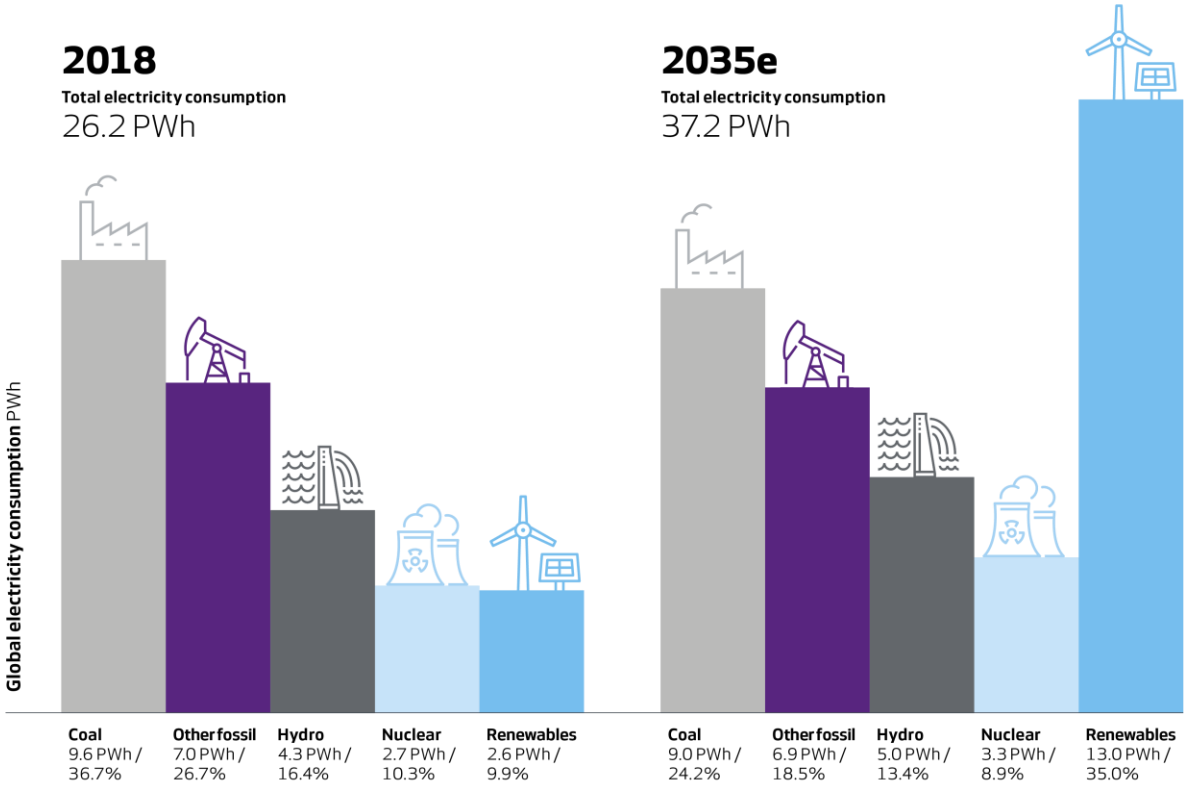
Q&A

GROWTH OUTLOOK FOR THE SECTOR

Renewables to drive capacity increases needed to meet future electricity consumption

Renewables to expand electricity capacity

In 2035, renewables are set to account for more than 30 percent of the global electricity consumption.



Source: Bloomberg New Energy Finance: New Energy Outlook 2019. June 2019.

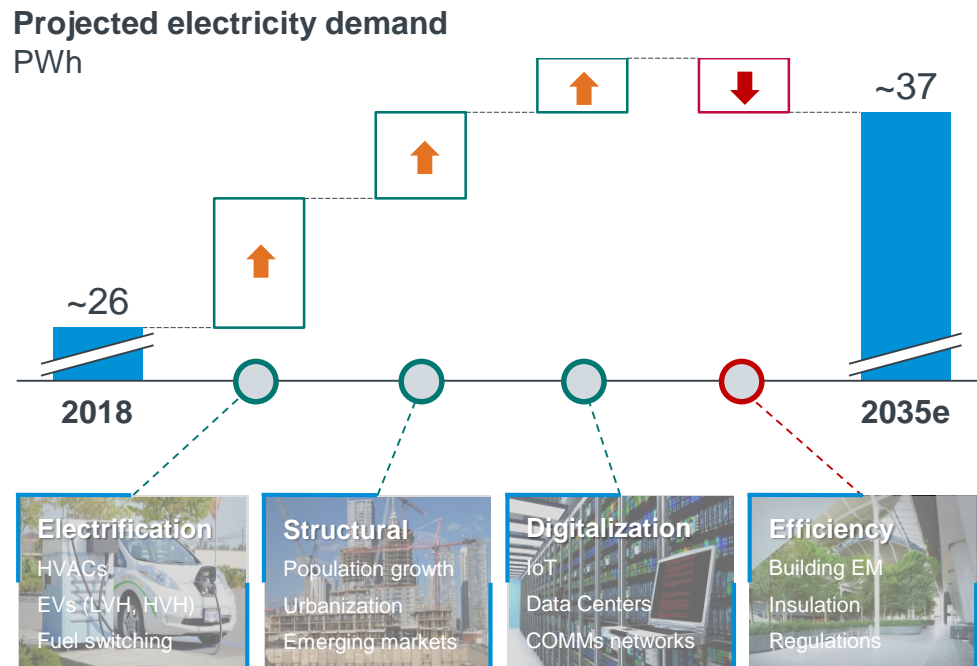
Key highlights

- Electricity consumption expected to grow more than **40 percent** towards 2035
- **Renewable energy** to be the dominant generation source and lead capacity additions
- Annual investments in **wind power** capacity expected to roughly double between 2018 and 2035 to more than **USD 200bn**

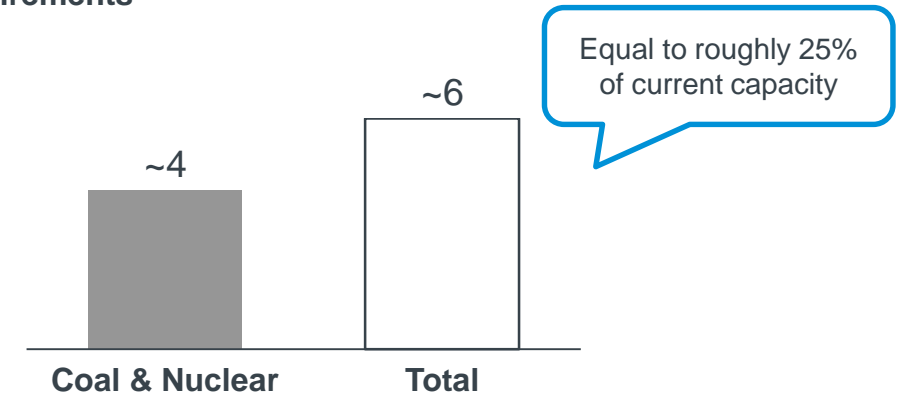
GROWTH DRIVERS (1/2): HIGH DEMAND FOR NEW ELECTRIC CAPACITY

1. Electricity demand projected to grow >40% till 2035

2. Significant retirements of coal and nuclear on the horizon



Projected retirements 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

GROWTH DRIVERS (2/2): FUNDAMENTAL SUPPORT FOR RE TO WIN

3. Strong global policy and commitment to renewables



EU target for renewable energy to increase to 32% and to become carbon neutral by 2050



EU nations committing to even bolder targets (DK >50% by 2030, SE 100% by 2040)

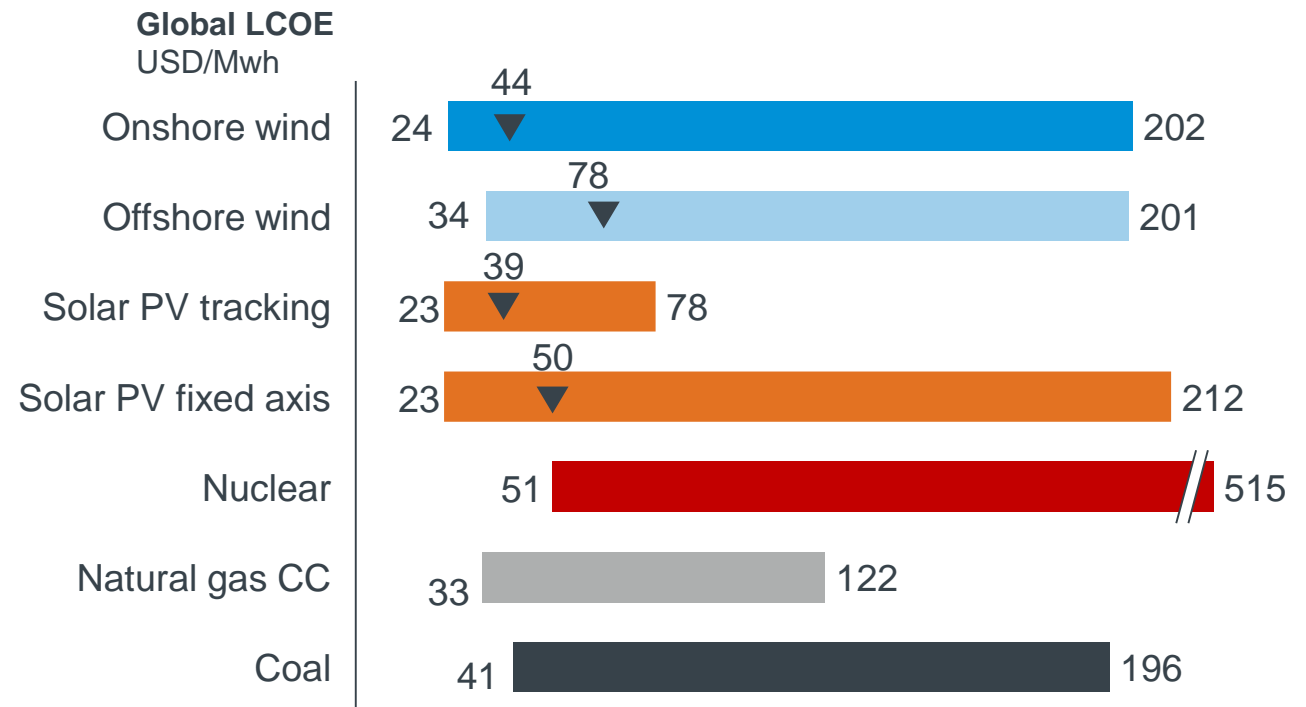


More than 200 large global corporations committing to going 100% green



Corporate leaders are committed to a sustainable future

4. Accelerated competitiveness of RE



Source: BNEF, 1H 2020 LCOE Update



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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

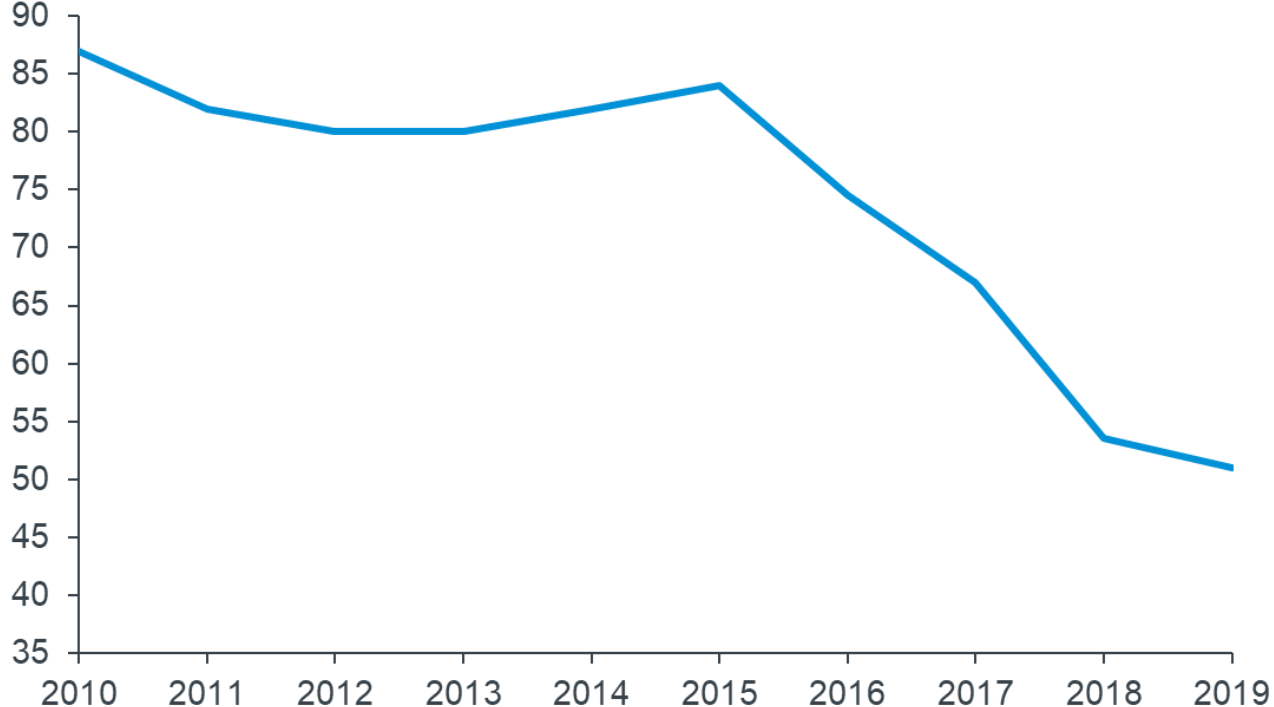
- Market complexity increases
- Projects to combine auction PPA, corporate PPA, and merchant exposure

LOOKING BACK: 40% DECREASE IN LCOE OVER THE LAST 10 YEARS

Strong focus on what drives cost

LCOE 2010-2020 – global onshore wind

USD/MWh, real 2018
Source: BNEF



PRIMARY DRIVERS

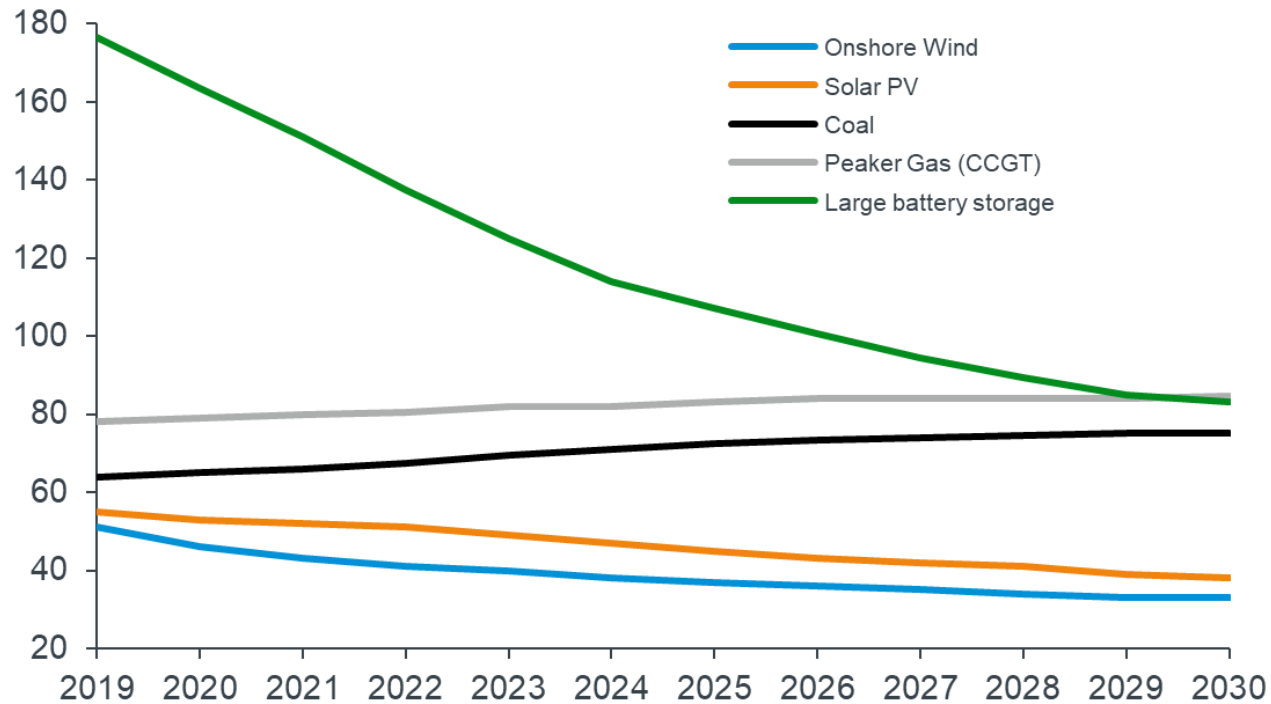
- Larger rotor size and higher rating
- Optimized and higher towers
- Improved blades
- More optimized supply chain
- Use of standard components
- Improved transport and construction tools and processes

LOOKING FORWARD: WIND WILL BE THE CHEAPEST ENERGY SOURCE

Cost trends for different energy sources 2020-2030

Levelized Cost of Energy in Europe

USD/MWh, real 2018. Germany as proxy for Europe
Source: BNEF



MAIN TECHNOLOGY TRENDS DRIVING THIS

- Focus on optimization across the value chain: Footprint, logistics/supply chain planning, sourcing, servicing
- Areas for special focus as turbines grow larger:
 - **Scaling**
A continued request for larger rotors and improved AEP
 - **Standardization**
Use of more standardized components
 - **Transport**
Improvements to current transport concepts to accommodate larger, wider, heavier. Alternatives like manufacture/assembly on site
 - **Construction**
Improvements to limitations, availability and cost of construction cranes. Alternative construction concepts
 - **Tower**
Development of current technologies and introduction of alternative technologies

AS WE TRANSITION TO MODULARITY, NEW VARIANTS WILL ARISE FROM ENVENTUS, MAINTAINING THE FAST PACE OF PRODUCT INTRODUCTION WHILE EXPANDING VESTAS' PRODUCT PORTFOLIO

2 MW

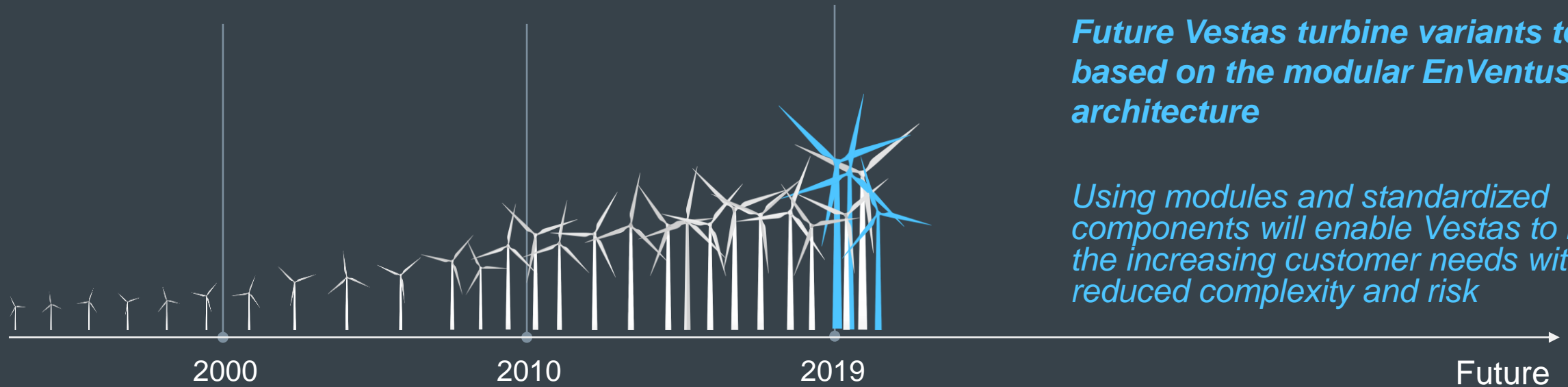
PLATFORM
Introduction

4 MW

PLATFORM
introduction

EnVentus™

PLATFORM
introduction



Future Vestas turbine variants to be based on the modular EnVentus™ architecture

Using modules and standardized components will enable Vestas to meet the increasing customer needs with reduced complexity and risk

PIONEERING SOLUTIONS TO EXPAND LEADERSHIP

Combining technologies with wind at the core that enable further penetration

Hybrid demonstrator

Test project in Spain with EDPR to explore combination of wind and solar



Kennedy Energy Park

The world's first on-grid utility-scale hybrid integrating wind, solar and storage



Northvolt partnership

Technology collaboration: Lithium-ion battery platform for Vestas power plants



SUSTAINABILITY IN EVERYTHING WE DO

CARBON FOOTPRINT

Carbon neutral company by 2030 – without using carbon offsets

Reducing CO₂ emissions in own operations by 55% by 2025, without using carbon offsets

Reducing CO₂ emissions in own operations by 100% by 2030, without using carbon offsets

Reducing CO₂ emissions in the supply chain by 45% per MWh generated by 2030 compared to 2019



Producing zero-waste wind turbines by 2040

Hub and blade to be 50% recyclable by 2025

Hub and blade to be 55% recyclable by 2030

CIRCULARITY

OUR EMPLOYEES

Safest, most inclusive & socially-responsible workplace in the energy industry

25% women in leadership positions by 2025 and 30% by 2030

Inclusive leadership training and unconscious bias training mandatory part of all talent and leadership training by 2021

Reduce the rate of total recordable injuries to 1.5 by 2025, and to 0.6 by 2030



Leading the transition towards a world powered by sustainable energy

Take a leading role in driving electrification beyond the power sector

Team up with other sustainability leaders to drive change

Supporting our partners in their journey to become more sustainable

ENERGY TRANSITION



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OUR STRATEGIC FRAMEWORK

Clear strategy and priorities

Our long-term vision

Global leader in sustainable energy solutions

Our mid-term objectives

Global leader in wind power plant solutions

Global leader in wind service solutions

Our mid-term priorities

Industry-leading customer value creation

Industry-leading product portfolio and innovation

Industry-leading supply chain cost, efficiency, and quality

Industry-leading service revenue and profit growth

Sustainable · Capital efficient · Talented · Digital

Our values

Accountability · Collaboration · Simplicity · Passion

Market leader in Revenue
Grow faster than the market

Best-in-class EBIT margin
Minimum 10 percent

Free Cash Flow
Positive every year

ROCE
Minimum 20 percent

OUTLOOK 2020

	Outlook	Initial outlook
Revenue (bnEUR) - Service is expected to grow approx. 7 percent	14 – 15	14 - 15
EBIT margin before special items (%) - Service margin is expected to be approx. 25 percent	5 – 7	7 - 9
Total investments (mEUR) Excl. investments in marketable securities and short-term financial investments.	Below 700	Approx. 700

- EBIT margin before special items includes [extraordinary warranty provisions](#) of EUR 175m recognised in Q2 2020. For the second half of the year, warranty provisions are expected to be in line with past quarters corresponding to 3.1 percent of revenue.
- Important to note that basic assumptions behind the guidance are more uncertain than normal

The 2020 outlook is based on current foreign exchange rates



Q&A

Financial calendar 2020:

- Disclosure of Q3 2020 (4 November)

A detailed, semi-transparent blue rendering of a wind turbine nacelle, showing internal components like the gearbox and generator. It is positioned in the center of the frame, with a large blade extending from it towards the right.

THANK YOU FOR YOUR ATTENTION

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