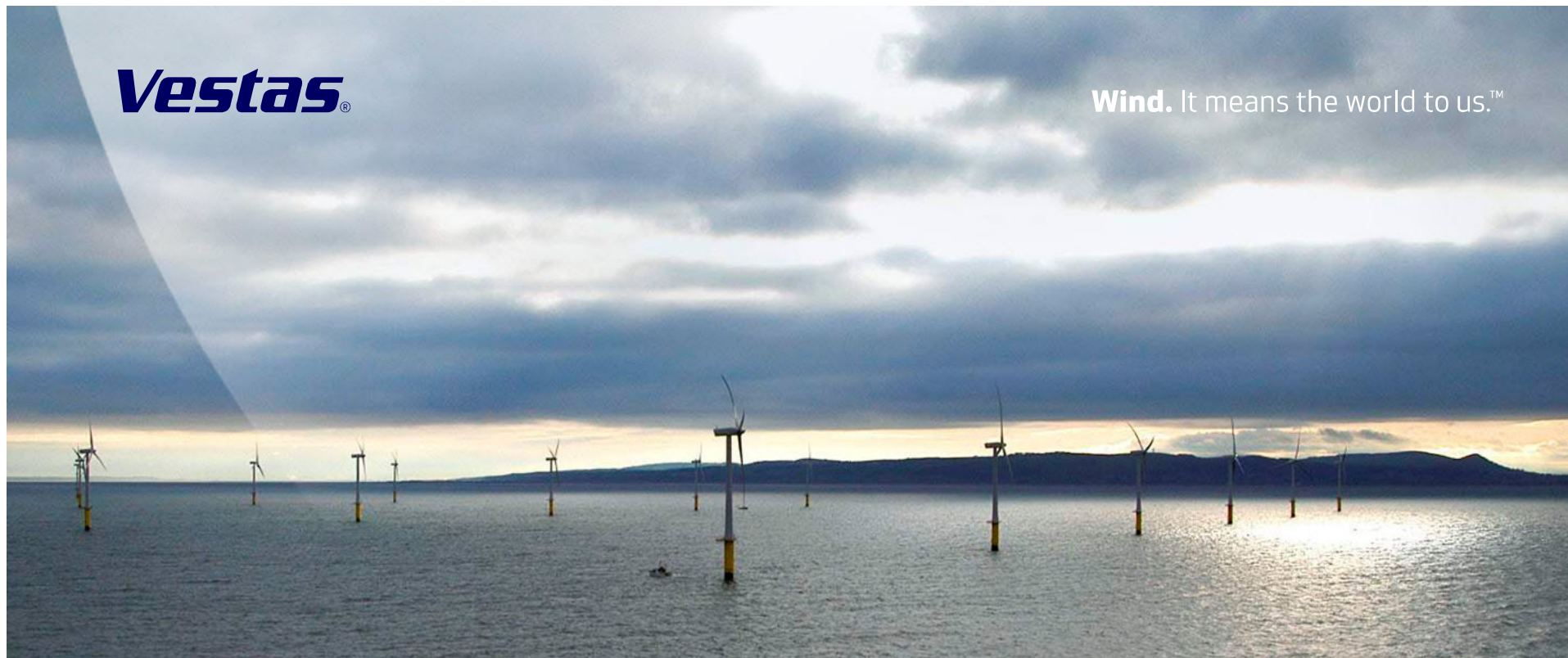


The Vestas logo is displayed in a bold, blue, italicized sans-serif font in the upper left corner of the image.

Wind. It means the world to us.™



How to finance Renewables projects – Market reality and needs for support from a business perspective

11th Inter-Parliamentary Meeting on Renewable Energy and Energy Efficiency

Funding essential for de-carbonization of energy supply

Capital access and costs determining for volume and cost of energy for RE

Wind energy and other RE specific issues for funding

Main characteristics and differences vs. conventional energy sources excl. nuclear and large hydro

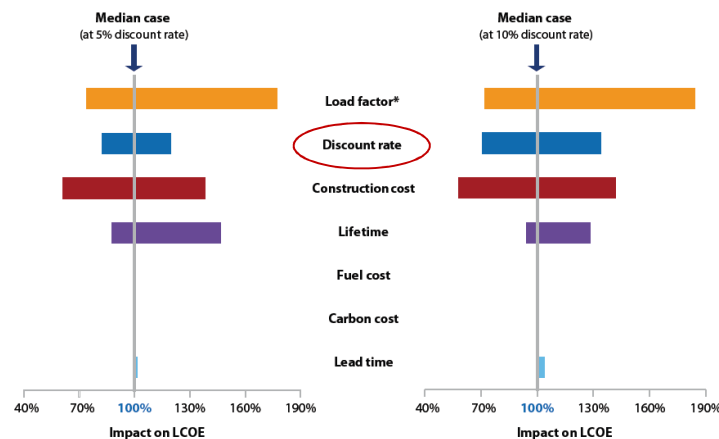
- High initial investment in wind projects – App. 75% of total cash outflow in the construction phase
- Low operational cost and no fuel costs
- Long-term project finance is essential for RE projects
- Gearing of 70-90% for onshore wind projects (50-70% for offshore wind)
- **Funding cost is more or less the fuel cost of wind energy**

Key challenges for wind energy and other RE build-out

The financial crisis has had a significant impact of the funding environment for wind and other RE projects

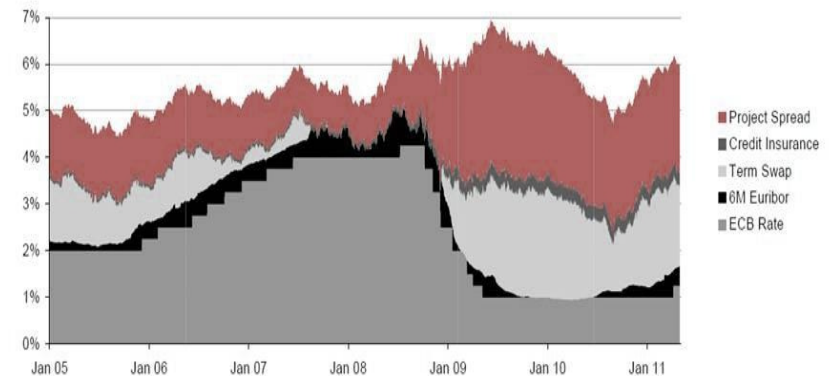
- Financial crisis made funding more difficult for wind and other RE projects
- Less financial risk appetite = Higher risk premiums
- Long-term money more scares and more expensive
- Basel III will make long-term bank finance more difficult going forward (higher reserve requirements)
- Solvency II to increases return requirement on direct investment from institutional investors

Cost of energy sensitivity for onshore wind



Source: IEA

Funding cost - onshore wind projects in Europe



Source: BNEF

Investor confidence blowing in the wind?

Public policies can kick-start positive vortex

Wind project funding hard hit by the financial crisis

Credit spreads above 300 bp for onshore wind projects

Low initial exposure to fiscal crisis outside of US

Consumer funded support schemes dominates

New Political Framework?

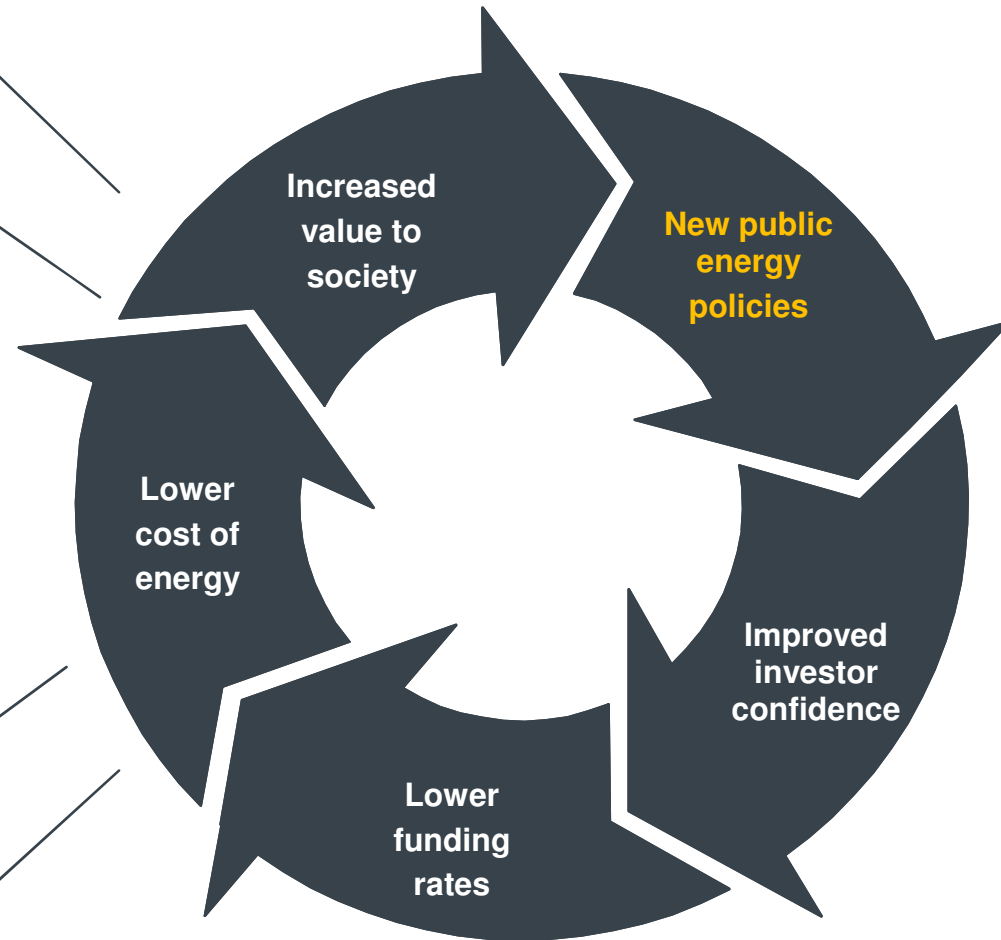
Must be transparent, longevity and certain (TLC)

Low electricity prices and PPA's

Makes wind energy less attractive in some markets (US, Spain, etc.)

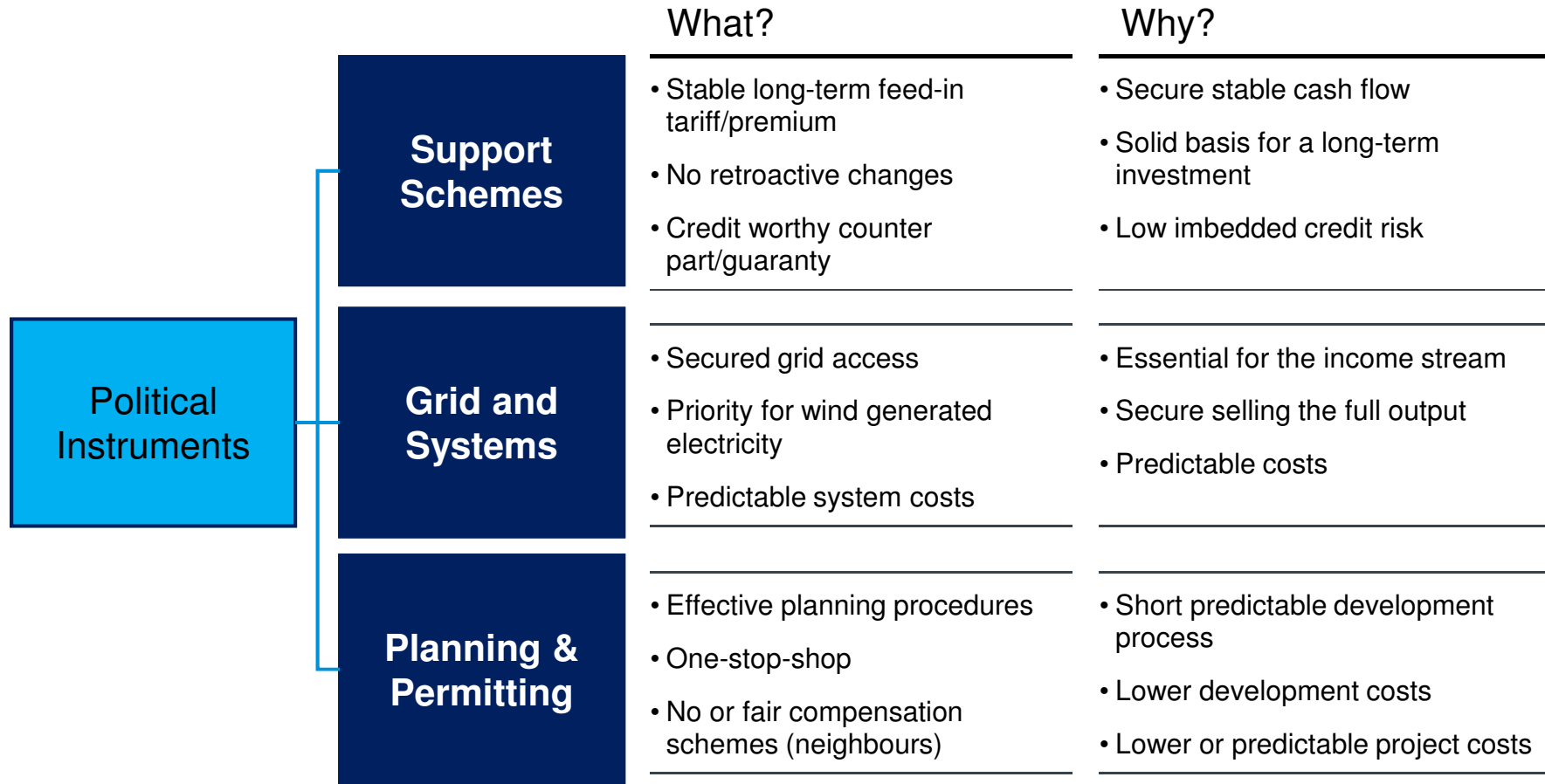
Low government bond yields and stable long-term cash flow

Make wind energy more attractive for institutional investors but...



Stable political and regulatory framework

Addressing investor/funding concerns



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Thank you for your attention

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