

News release from Vestas Asia Pacific

Singapore, 13 March 2019

Vestas and Danish Export Credit Agency unlock Vietnamese wind energy project through innovative financing structure that can be used in other emerging markets

With emerging markets looking to renewable energy to fuel their growth, securing competitive financing solutions play a key role in ensuring projects achieve attractive financial returns. With challenges associated with project bankability, the cost of local lending, and risk allocation, innovative financial solutions are a key enabler to unlock projects and drive further renewable energy development around the globe.

Recently, Vestas' Structured Finance function demonstrated its ability to provide customised renewable energy solutions by assisting Vietnamese developer Tan Hoan Cau Joint Stock Corporation (THC) to secure foreign-denominated project funding that made possible the 33 MW Huong Linh 1 Wind Farm in late 2018.

Vestas was instrumental in coordinating with the involved parties – which included the Danish Export Credit Agency (EKF), a leading offshore bank, and one of Vietnam's largest banks – and leading a joint effort to identify the challenges and develop a workable solution. By having a thorough market and customer understanding, Vestas was able to lead a collaborative effort in developing an innovative solution that featured structuring a local bank guarantee to the offshore bank, who in turn received a further guarantee from EKF. The result was a better business case and return on investment for THC, thus creating a more bankable project with a lower cost of debt, for a longer term and higher amount of borrowing than would have been otherwise achievable.

“Achieving the financial close for this deal with EKF, the Danish Export Credit Agency, is a significant milestone in Vietnam's wind industry. With Vestas' proven track record in the Asia Pacific region and its ability to provide customised solutions, we are glad they connected us with the right partners to finance our project”, said Nguyen Trung Thanh, Deputy Director of Tan Hoan Cau Joint Stock Company.

“Securing this order underlines Vestas' expertise in Structured Finance to offer our customers customised financing solutions based on their specific requirements. This project also demonstrates THC's continuous confidence in us since our cooperation in Huong Linh 2 Wind Farm which started generating clean energy in September 2017”, said Clive Turton, President of Vestas Asia Pacific.

“Vietnam is a country with increasing energy needs and good conditions for wind energy. EKF has participated in wind farm financing worldwide, and our guarantees makes it possible to attract project funding from international banks. We see a great potential in Vietnam and are very proud to be part of the financing of the Huong Linh 1 wind farm. EKF is ready to cover more wind farm financings in Vietnam in the years to come”, says Kirstine Damkjaer, CEO, EKF Danmark's Export Credit Agency.

The Huong Linh 1 Wind Farm is the first project of this nature in Vietnam, and Vestas was instrumental in bringing this unique financing concept that will help to open a new path for financing wind projects in Vietnam and support the Vietnamese government to achieve its targets for Renewable Energy generation. Furthermore, this solution works to incentivise foreign investment into Vietnam, allowing for further Export Credit Agency support for future renewable energy project.

And although this was a solution for a specific Vietnamese project, the solution can – with some modifications – easily be applied to other developing/emerging wind energy markets.

The Huong Linh 1 Wind Farm is located at Huong Hoa town in Quang Tri province and includes supply and installation supervision of 15 turbines of the 2 MW platform as well as a 10-year service agreement AOM 4000 including a Vestas Online® Business SCADA solution. The project achieved financial close in December of 2018, with turbine installation expected to commence around the end of first quarter of 2019.

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About Vestas

Vestas is the energy industry's global partner on sustainable energy solutions. We design, manufacture, install, and service wind turbines across the globe, and with 101 GW of wind turbines in 80 countries, we have installed more wind power than anyone else. Through our industry-leading smart data capabilities and 86 GW of wind turbines under service, we use data to interpret, forecast, and exploit wind resources and deliver best-in-class wind power solutions. Together with our customers, Vestas' more than 24,600 employees are bringing the world sustainable energy solutions to power a bright future.

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