Company announcement from Vestas Wind Systems A/S

Randers, 10 February 2010
Company announcement No. 3/2010

Annual report 2009: Strong foundation for Triple15

EBIT rose by 28 per cent to EUR 856m in 2009, consistent with the "mid-point" guidance. The EBIT margin rose to 12.9 per cent. Revenue increased by 10 per cent to EUR 6.6bn, which was less than expected. Forecast for 2010 narrowed; due to late order intake, Vestas now expects to achieve an EBIT margin of 10-11 per cent and revenue of EUR 7bn. The far majority of revenue, and especially profit will to be generated in the second half of 2010. The inflow of firm and unconditional orders is expected to rise to 8,000-9,000 MW in 2010 from 3,072 MW in 2009, 6,019 MW in 2008 and 5,613 MW in 2007. The value of the backlog of firm and unconditional orders amounted to EUR 2.2bn at 31 December 2009.

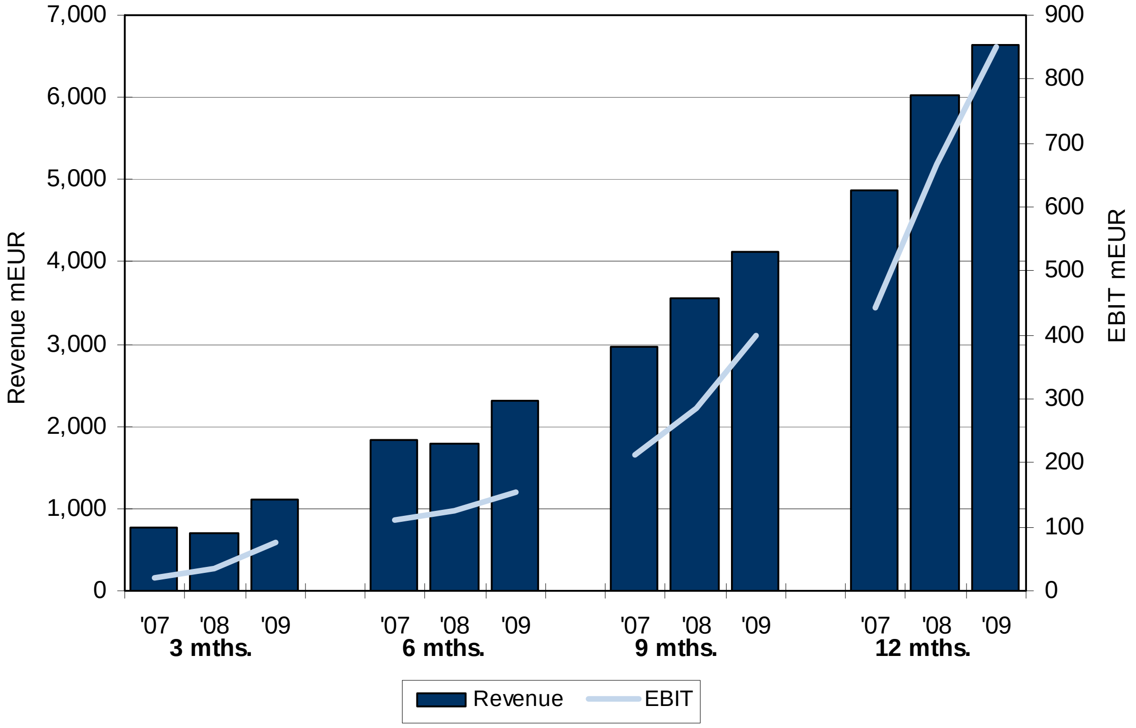
In spite of the credit squeeze, Vestas achieved its best-ever financial results, thereby consolidating its foundation for accomplishing Triple15. In spite of growth of 27 per cent, the service business fell slightly short of revenue expectations, whereas the EBIT margin target of 15 per cent was reached. Going forward, service is expected to show growth at least on a level with that for sales of wind power plants. The incidence of industrial injuries fell once more, to 8.1 injuries per one million working hours from 15.6 in 2008. Improved wind turbine performance and intensified customer relations resulted in a customer loyalty index of 64, which is an improvement of 12 points from 2008. The 92 per cent response rate in last autumn's employee satisfaction survey shows that Vestas still has strongly dedicated and loyal employees. Vestas expects to pay approx EUR 60m in bonus to its employees for 2009, against EUR 38m for 2008. Vestas also turned greener in the course of 2009, and green energy accounted for 49 per cent of Vestas' total energy consumption.

As planned, the first V112-3.0 MW wind turbine was installed at the beginning of 2010, and the new products, especially the V100-1.8 MW and V112-3.0 MW, are expected to account for a substantial proportion of the 2010 order intake of 8,000-9,000 MW. Owing to the capital increase in April 2009 and a strong underlying cash flow of EUR 903m before changes in working capital, Vestas was debt-free at the end of 2009 after the increase in working capital and the large-scale investments in the USA and China. In spite of Vestas being debt-free at the end of 2009, it is the company's strategy to ensure that substantial capital resources are in place through committed and non-committed credit facilities as well as other debt instruments.

The credit squeeze has resulted in higher documentation requirements from the financial institutions involved, caused longer negotiation times and strengthened interest in complex turnkey projects in which one company is responsible for the entire project. In 2009, turnkey and supply-and-installation orders accounted for 75 per cent of revenue, exclusive of service. This trend is clearly to the benefit of financially strong quality providers pursuing strict risk management, such as Vestas, and the proportion of these orders is expected, as a minimum, to be retained in the years ahead. This also applies to long-term service agreements, which provides Vestas' customers with Business Case Certainty.

Vestas Wind Systems A/S
Alsvej 21, 8940 Randers SV, Denmark
Tel: +45 9730 0000, Fax: +45 9730 0001, E-mail: vestas@vestas.com, Web: www.vestas.com
Bank: Nordea Bank Danmark A/S, Reg. No.: 2100, Account No.: DKK 0651 117097 - EUR 5005 677997
Company Reg. No.: 10 40 37 82
Company Reg. Name: Vestas Wind Systems A/S

EBIT and revenue for 2007-2009



Outlook for 2010

In 2010, Vestas expects to achieve an EBIT margin of 10-11 per cent and revenue of EUR 7bn against previously expected 10-12 per cent and EUR 7-8bn, respectively. The narrowing is due to the fact that the year's expected order intake of firm and unconditional orders of 8,000-9,000 MW now is anticipated to materialise so late in the year that it is considered unlikely that revenue will reach EUR 8bn. Europe will account for almost half of the expected 2010 order intake of 8,000-9,000 MW, whereas Americas and Asia/Pacific will account for 30 per cent and 20 per cent, respectively.

Adjusted for input prices, in general Vestas expects that prices and conditions remain unchanged in 2010 relative to 2009. The slowdown in profitability improvement is due to Vestas having excess capacity and the far majority of revenue, and especially profit, being expected in the second half of the year. Quarter-on-quarter distribution is thus expected to be more imbalanced than in 2009. Net working capital is expected to fluctuate heavily in 2010 and is expected to amount to 15 per cent of annual revenue at the end of the year.

Revenue in the service business is expected to rise to EUR 600m with an EBIT margin on a level with that achieved in 2009.

Investments in property, plant and equipment and intangible assets are expected to be EUR 250m and EUR 350m, respectively. The completion in 2010 of recent years' large investments in the USA and China will lead to lower investments in property, plant and equipment than in 2009.

Financial items are expected to amount to EUR (25)m. The effective tax rate is expected to be 28 per cent. Warranty provisions are expected to fall to 3.0 per cent in 2010.

Vestas expects to recruit 1,300 employees, net, in 2010, of which 500 will be employed with Vestas Technology R&D. At the end of 2010, Vestas thus expects to have approx 22,000 employees.

mEUR	Guidance for 2010	Full year 2009	Full year 2008
Order intake, firm and unconditional orders (MW)	8,000-9,000	3,072	6,019
Revenue	7,000	6,636	6,035
- of which service revenue	600	504	396
EBIT margin (%)	10-11	12.9	11,1
EBIT margin, service (%)	15	15	-
Financial items, net	(25)	(48)	46
Tax rate (%)	28	28	28
Net working capital (%)	15	19	5
Investments - property, plant and equipment - intangible assets	 250 350	 606 227	 509 169
Warranty provisions (%)	3.0	3.5	4.0
Incidence of industrial injuries	7.0	8.1	15.6
Customer loyalty (index)	70	64	52
Share of green energy (%)	55	49	38
Quality level, year-end (Sigma)	5	-	4

Triple15

On 27 October 2009, Vestas defined the financial targets – Triple15 – for its No. 1 in Modern Energy strategy; Vestas aims to achieve an EBIT margin of 15 per cent and revenue of EUR 15bn no later than 2015. This translates into an average annual growth of at least 15 per cent and a substantial improvement of the EBIT margin. Strong growth and a higher EBIT margin are prerequisites for Vestas to retain its market-leading position in wind power and thereby create the world's strongest energy brand as the No. 1 in Modern Energy.

Having a much more efficient and customer-oriented organisation with new wind turbines and service products is the foundation from which we aim to achieve the targets, and we have already taken a number of steps: The alignment of our production and sales business units is underway, we are adopting a more regional structure in Vestas and we have announced new wind turbines for the onshore and offshore segments. We retain a high level of investment in development activities around the world because wind power is a high-technology race in which day-by-day competition is becoming more and more fierce.

In the years ahead, large, experienced and financially strong companies will join the race, having realised that Vestas' vision, Wind, Oil and Gas, is about to become a reality. Retaining our market leadership and the position as a “pure play” spokesperson for modern energy will only be possible through close relations and collaboration with our existing and new customers around the world. Consequently, dramatically improved customer satisfaction is paramount for Vestas to accomplish Triple15.

COP15 did not turn out to be the global and supranational climate breakthrough that Vestas had hoped for. On the other hand, the large number of heads of states and governments from around the world attending the conference clearly showed that the climate and the environment, or clean air, water and energy, are now at the very top of the international agenda, underpinned by the many national targets and initiatives. This is good news for Vestas and wind power because modern energy is one of the keys to the solution for generations to come. No other form of renewable energy is currently able to match wind power, for which the price of MWh will continue to fall.

Furthermore, Vestas will continue to promote a fixed price of CO_2, which would give the energy sector the predictability required to carry out the large-scale investments in infrastructure. Over the next 25 years, an increase in the global population of two billion people will raise the price of fossil fuels, thereby adding further strength to the competitiveness of modern energy. Also in the short term, the price of fossil fuels will go up, to the benefit of wind power proliferation.

The year's order intake was significantly lower than originally planned, and orders were received much later in the year than expected. It is only now at the beginning of 2010, that the market for bank funding truly appears to be approaching a normal trend, although the banks are now far more critical and require much more documentation than they did previously. We appreciate this trend, although it prolongs the contract negotiation process considerably, as it is clearly to the advantage of financially strong quality manufacturers such as Vestas and thus helps to mature our industry.

The present entry barriers are considerably higher than they were a few years back, even though more banks and financial institutions will enter the wind power market in the future as knowledge of wind power increases. A wind power plant is a “green bond” with a predictable cash flow provided that the turbines are in the right location, are handled correctly and given optimum service. Our wind power track record of more than 30 years and our will to constant improvement and change are the building blocks for Triple15.

Vestas is intensifying its efforts to enhance safety, reduce our environmental footprint and use of Earth's resources in order to strengthen our reputation as a responsible employer and competitive collaboration partner. In addition to more MWh per kilo wind power plant, more energy-friendly buildings and vehicles are the way forward. Vestas must have world-class safety at its sites; our customers demand it, and our employees are entitled to it.

“Failure is not an option” is Vestas' mission and that applies also to Triple15.

Vestas Wind Systems A/S
Alsvej 21, 8940 Randers SV, Denmark
Tel: +45 9730 0000, Fax: +45 9730 0001, E-mail: vestas@vestas.com, Web: www.vestas.com
Bank: Nordea Bank Danmark A/S, Reg. No.: 2100, Account No.: DKK 0651 117097 - EUR 5005 677997
Company Reg. No.: 10 40 37 82
Company Reg. Name: Vestas Wind Systems A/S

**Press and analyst meeting in London,
Wednesday, 10 February 2010 at 2 p.m. (London time)/3 p.m. CET**

In connection with the publication of the annual report, an information meeting will be held today **Wednesday, 10 February 2010 at 2 p.m. (London time)/3 p.m. CET** for analysts, investors and the press at:

The Landmark London
"Drawing room"
222 Marylebone Road
London NW1 6JQ
England

Further details at www.vestas.com/investor.

Any questions may be addressed to Ditlev Engel, President and CEO of Vestas Wind Systems A/S or to Peter Wenzel Kruse, Senior Vice President of Group Communications at Vestas Wind Systems A/S, both on telephone +45 9730 0000.

Yours sincerely
Vestas Wind Systems A/S

Bent Erik Carlsen	Ditlev Engel
Chairman of the Board of Directors	*President and CEO*

Financial highlights for the Group

mEUR	2009	2008	2007	2006	2005
HIGHLIGHTS					
Income statement					
Revenue	6,636	6,035	4,861	3,854	3,583
Gross profit	1,441	1,179	825	461	84
Profit before financial income and expenses, depreciation and amortisation (EBITDA)	1,074	803	579	328	9
Operating profit/(loss) (EBIT)	856	668	443	201	(116)
Profit/(loss) of financial items	(48)	46	0	(40)	(42)
Profit/(loss) before tax	809	714	443	161	(158)
Profit/(loss) for the year	579	511	291	111	(192)
Balance sheet					
Balance sheet total	6,435	5,308	4,296	3,654	3,085
Equity	3,364	1,955	1,516	1,262	962
Provisions	356	274	305	265	239
Average interest-bearing position (net)	(55)	395	179	(299)	(560)
Net working capital	1,235	299	(68)	122	498
Investments in property, plant and equipment	606	509	265	153	95
Cash flow statement					
Cash flow from operating activities	(34)	277	701	598	148
Cash flow from investing activities	(808)	(680)	(317)	(144)	(137)
Cash flow from financing activities	1,075	(91)	(54)	(101)	(46)
Change in cash at bank and in hand less current portion of bank debt	233	(494)	330	353	(35)
RATIOS					
Financial ratios[1)]					
Gross margin (%)	21.7	19.5	17.0	12.0	2.4
EBITDA margin (%)	16.2	13.3	11.9	8.5	0.3
EBIT margin (%)	12.9	11.1	9.1	5.2	(3.2)
Return on invested capital (ROIC) (%)	23.9	34.1	30.9	11.9	(13.2)
Solvency ratio (%)	52.3	36.8	35.3	34.5	31.2
Return on equity (%)	21.8	29.4	21.0	10.0	(18.1)
Gearing (%)	10.4	6.3	9.9	13.8	51.2
Share ratios[1)]					
Earnings per share	2.9	2.8	1.6	0.6	(1.1)
Book value per share	16.5	10.6	8.2	6.8	5.5
Price / book value	2.6	3.9	9.0	4.7	2.5
P / E-value	14.6	14.8	47.1	52.8	(12.7)
Cash flow from operating activities per share	(0.2)	1.5	3.8	3.2	0.8
Dividend per share	0.0	0.0	0.0	0.0	0.0
Payout ratio (%)	0.0	0.0	0.0	0.0	0.0
Share price 31 December (EUR)	42.6	40.7	74.0	32.0	13.9
Average number of shares	197,723,281	185,204,103	185,204,103	182,722,520	174,911,173
Number of shares at the end of the year	203,704,103	185,204,103	185,204,103	185,204,103	174,911,173

1) The ratios have been calculated in accordance with the guidelines from "Den Danske Finansanalytikerforening" (The Danish Society of Financial Analysts) (Recommendations and Financial ratios 2005), refer to note 1 to the consolidated accounts.

Non-financial highlights for the Group

	2009	2008	2007	2006	2005
KEY FIGURES[1]					
Occupational health & safety					
Industrial injuries (number)	306	534	534	525	472
– of which fatal industrial injuries (number)	0	0	0	1	0
Products					
MW produced and shipped[2]	6,131	6,160	4,974	4,313	3,900
Utilisation of resources					
Consumption of metals (tonnes)	202,624	187,478	170,505	164,413	143,170
Consumption of other raw materials, etc. (tonnes)	126,600	129,207	111,541	93,983	82,592
Consumption of energy (MWh)	537,165	458,296	372,037	330,106	227,907
– of which renewable energy (MWh)	263,611	172,800	139,983	124,841	118,603
– of which renewable electricity (MWh)	238,462	167,311	138,035	124,841	118,603
Consumption of water (m^3)	521,005	474,958	554,516	343,084	226,410
– of which water of non-drinking water quality (m^3)	102,528	103,066	14,809	14,954	0
Waste disposal					
Volume of waste (tonnes)	97,471	96,632	89,643	82,739	67,313
- of which collected for recycling (tonnes)	34,303	30,254	28,422	27,593	17,266
Emissions					
Emission of CO_2 (tonnes)	50,523	41,832	32,798	28,396	18,406
Local community					
Environmental accidents (number)	10	16	15	7	4
Breaches of internal inspection conditions (number)	3	5	5	6	5
Employees					
Average number of employees	20,832	17,924	13,820	11,334	10,300
Number of employees at the end of the year	20,730	20,829	15,305	12,309	10,618
INDICATORS[1]					
Occupational health and safety					
Incidence of industrial injuries per one million working hours[3]	8.1	15.6	20.8	25.3	33.8
Absence due to illness among hourly-paid employees (%)	2.8	3.3	3.6	3.2	4.1
Absence due to illness among salaried employees (%)	1.3	1.1	1.4	1.5	1.5
Products					
CO2 savings over 20 years on the MW produced and shipped (million tonnes of CO_2)	163	164	143	124	112
Utilisation of resources					
Renewable energy (%)	49	38	37	38	52
Renewable electricity for own activities (%)	85	68	66	68	75
Employees					
Women at management level (%)	19	17	N/C[4]	N/C	N/C
Non-Danes at management level (%)	46	42	N/C	N/C	N/C
Management system[5]					
ISO 14001 (%)	97	100	80	76	75
OHSAS 18001 (%)	97	98	84	77	63

1) Accounting policies for non-financial highlights for the Group, see page 60. Comments on non-financial issues for the Group, see pages 50-59.
2) To be able to better illustrate the connection between physical production and resource consumption, products are now calculated as MW produced and shipped in stead of as previously MW delivered.
3) Please note that accounting policies have been changed as from 2009, see page 101 in the annual report 2008.
4) Not calculated (N/C) for the year.
5) The production facilities in Hohhot, Inner Mongolia, China, are expected certified by the end of first half-year 2010.