

Vestas[®]

Wind. It means the world to us.™

FIRST QUARTER 2021

Vestas Wind Systems A/S

Copenhagen, May 2021

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This document contains forward-looking statements concerning Vestas' financial condition, results of operations and business. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance, or events to differ materially from those expressed or implied in these statements.

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KEY HIGHLIGHTS IN Q1 2021

All-time high order backlog

Combined order backlog of EUR 45bn despite lower order intake in Q1 2021

Integration of offshore ongoing

Approx. 3,000 new colleagues welcomed in Vestas to capture future values

Revenue of EUR 2bn

Decreased compared to Q1 2020 due to lower activity levels and impact from supply chain constraints

EBIT margin of (3.6) percent

Slightly down from Q1 2020, impacted by lower revenue and logistical challenges

Annual displacement of CO₂ reaches 192m tonnes

Vestas' aggregated installed fleet at the end of Q1 displaces 192m tonnes of CO₂ on an annual basis



AGENDA

Orders and markets

Financials

Outlook & Q&A

GLOBAL BUSINESS ENVIRONMENT

Employee health and safety top priority



Renewables critical infrastructure

Maintain business continuity

Mobility and site access a prerequisite

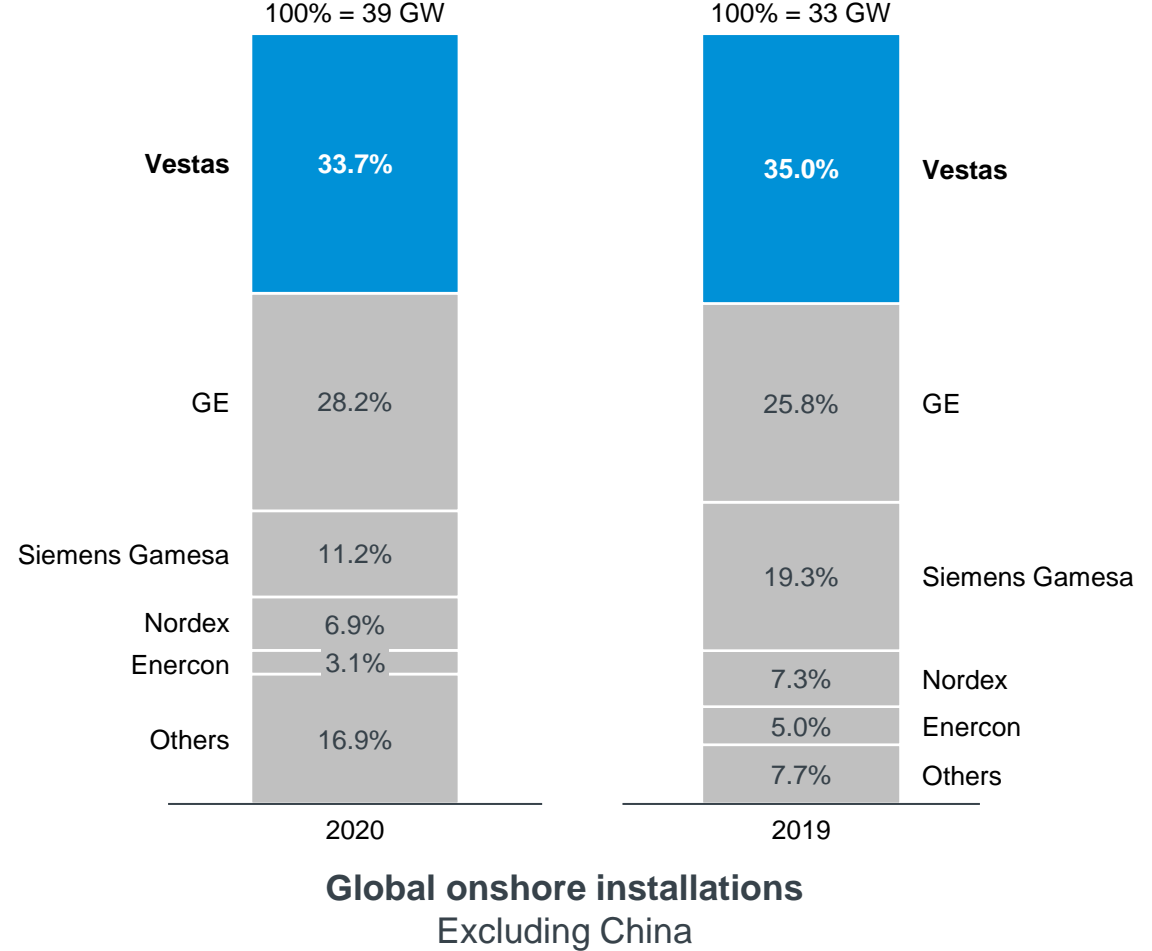
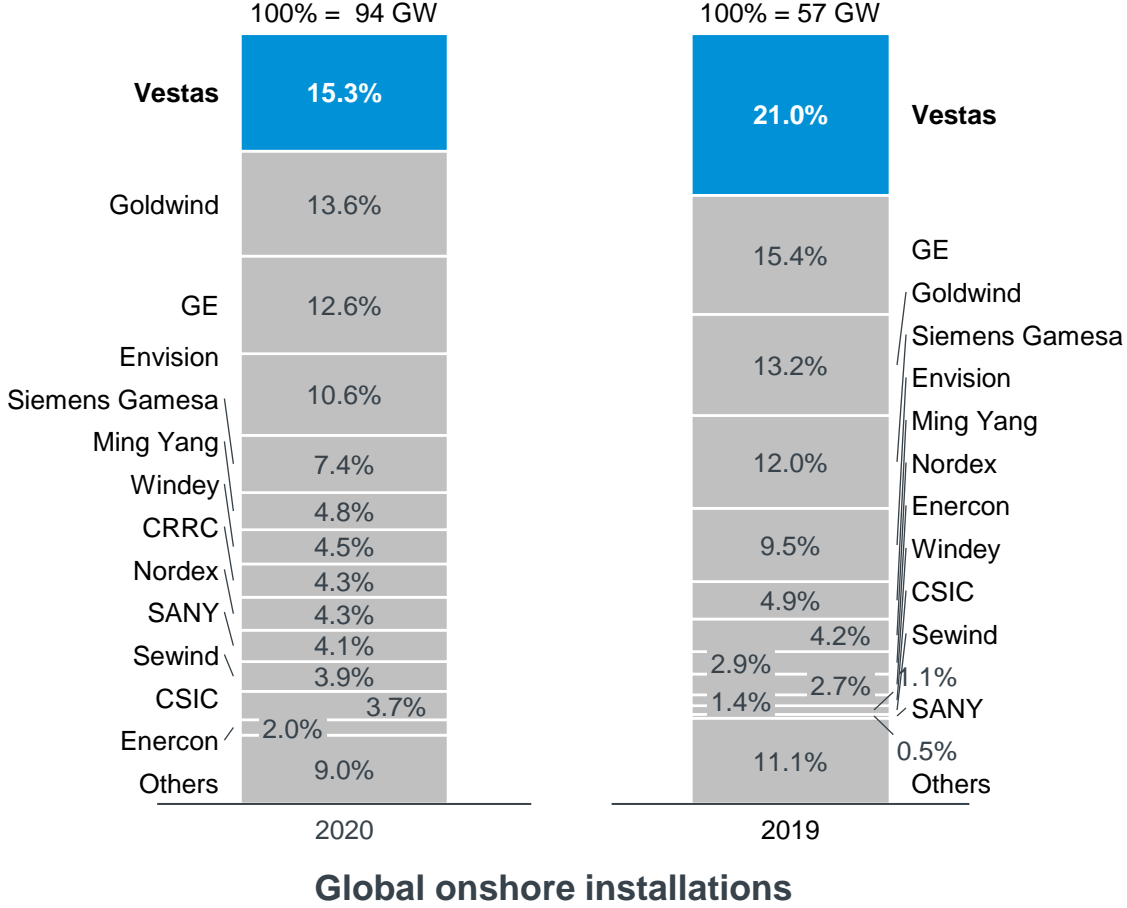
Maintain supply chain continuity

Longevity of pandemic has ripple effects and entails challenges accumulate

- Energy and wind power remain critical infrastructure, supporting business continuity
- Logistical challenges and supply chain bottlenecks amplified by COVID-19 restrictions in strategic markets and extraordinary events such as Suez canal blockage
- Reduced mobility for service technicians, construction workers, and goods

MARKET SHARES

Sustaining our global leadership position



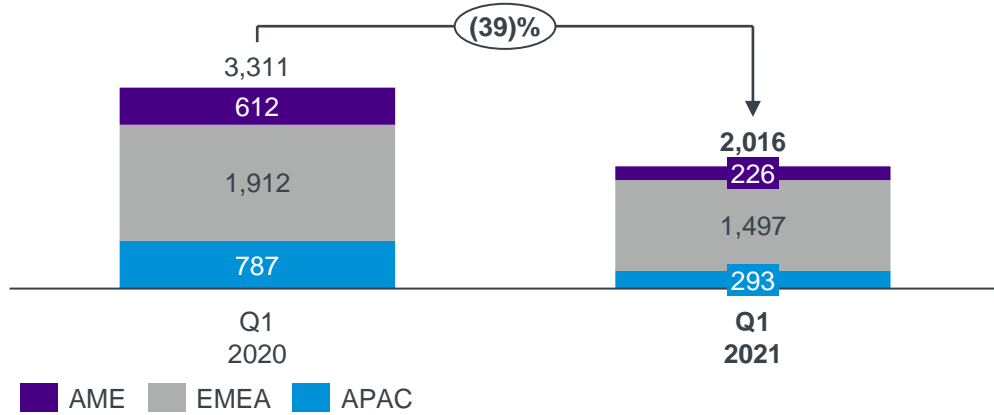
Source: Wood Mackenzie Power & Renewables



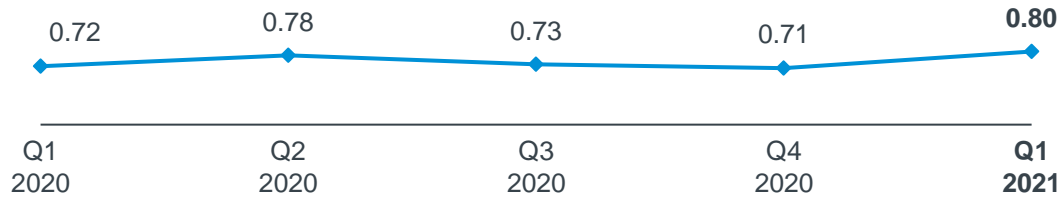
POWER SOLUTIONS

Leveraging our global leadership position

Firm and unconditional order intake
MW



Average selling price of order intake
mEUR per MW



Highlights

- Strong ambition levels from EU and USA targeting a **CO₂ reduction of 55 percent and 50 percent** respectively
- Strong tendering activity in the **offshore market** laying foundation for the 2025 market and beyond
- **Lower order intake** driven by **the US and China**; underlying pricing environment remains **stable**
- **Strong order backlog** at EUR 19.4bn across onshore and offshore; strong focus on project profitability

Turbine backlog



* Compared to Q1 2020

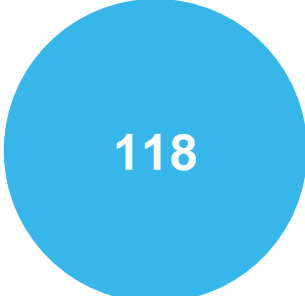
SERVICE BUSINESS

Well positioned as the world's largest service provider



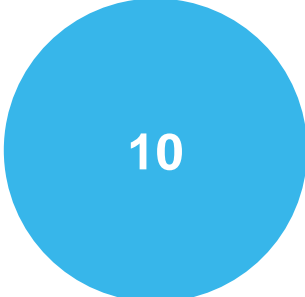
Service order backlog

- EUR 21.8bn onshore
- EUR 3.5bn offshore



GW of turbines with active service contracts

- 114 GW onshore
- 4 GW offshore



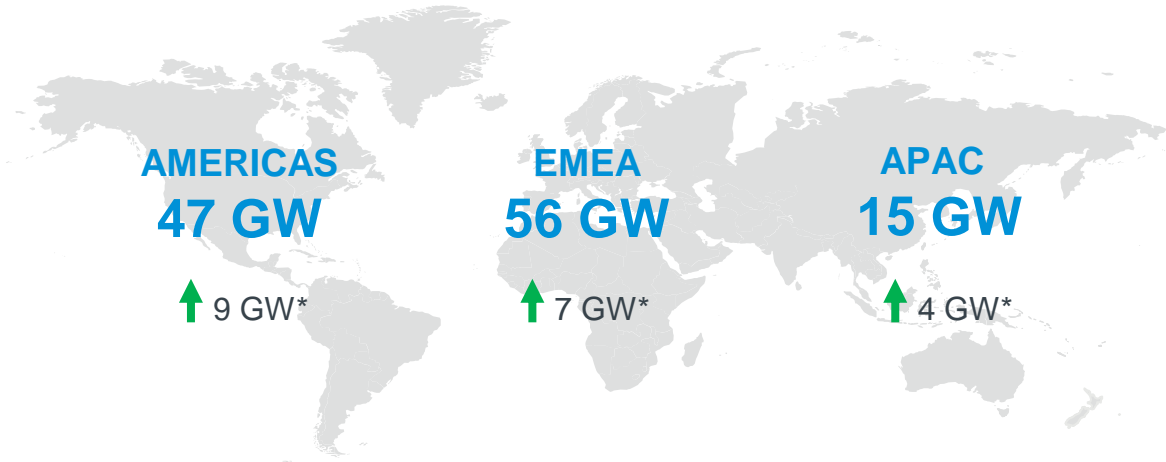
Years of average duration in the backlog

* Compared to Q1 2020.

Highlights

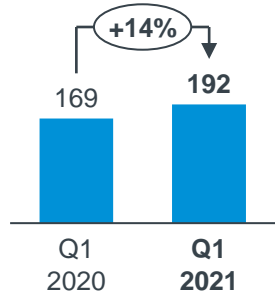
- Integration of offshore service continues; leveraging global supply chain and scale
- Focus on long-term service contracts continues, with key deals contracted in the Nordics and Ukraine

Service fleet



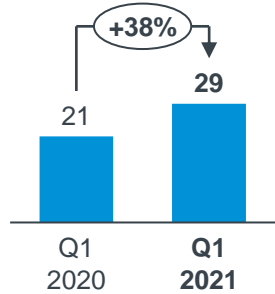
SUSTAINABILITY STRATEGY

Sustainability in everything we do



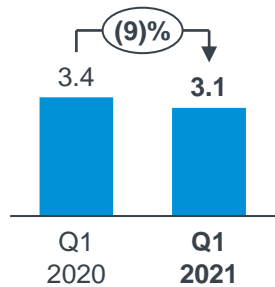
Displaced CO₂e

Annual CO₂e avoided by the total aggregated installed fleet (million t)



Carbon emissions

Direct and indirect emissions of CO₂e (scope 1&2)(1,000 t)



Safety

Total recordable injuries per 1 million working hours (TRIR)

Highlights

- Increase in carbon emissions driven by inclusion of offshore activities
- Investment in bio-composite specialist [Modvion](#) to investigate wooden towers as an alternative to steel
- New [EUR 2bn credit facility](#) at favourable terms following Baa1 credit rating and linked to ambitious sustainability targets

Carbon footprint



Carbon neutrality by 2030

Circularity



Zero-waste wind turbines by 2040

Our employees



The safest, most inclusive, and socially responsible company

Energy transition



Leading the transition to a world powered by sustainable energy



AGENDA

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INCOME STATEMENT

Lower activity levels in Power Solutions

mEUR	Q1 2021	Q1 2020	% change
Revenue	1,962	2,235	(12)%
Production costs	(1,773)	(2,076)	(15)%
Gross profit	189	159	19%
SG&A costs*	(260)	(213)	22%
EBIT before special items	(71)	(54)	(31)%
Special items	-	(58)	-
EBIT after special items	(71)	(112)	37%
Income from investments in joint ventures and associates	12	7	71%
Net profit	(57)	(80)	29%
Gross margin	9.7%	7.1%	2.6%-pts
EBITDA margin before special items	6.9%	4.3%	2.6%-pts
EBIT margin before special items	(3.6)%	(2.4)%	(1.2)%-pts

*R&D, administration, and distribution

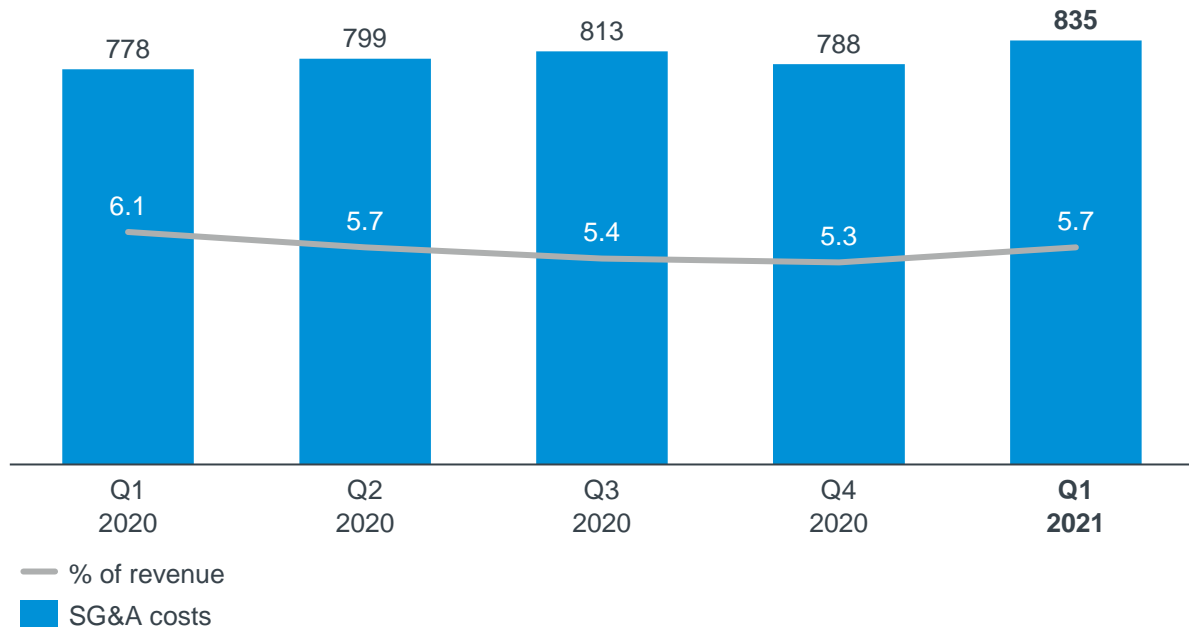
Highlights

- **Revenue decreased 12 percent**; particularly driven by lower activity levels and impacted by supply chain constraints
- **Gross margin up by 2.6 percentage points** mainly driven by improved project profitability despite continued logistical challenges and supply chain bottlenecks which is amplified by COVID-19
- **EBIT margin before special items decreased by 1.2 percentage points**, mainly driven by higher SG&A costs as a result of offshore integration

SG&A COSTS

SG&A costs increased due to offshore

SG&A costs (TTM)*
mEUR and percent



Highlights

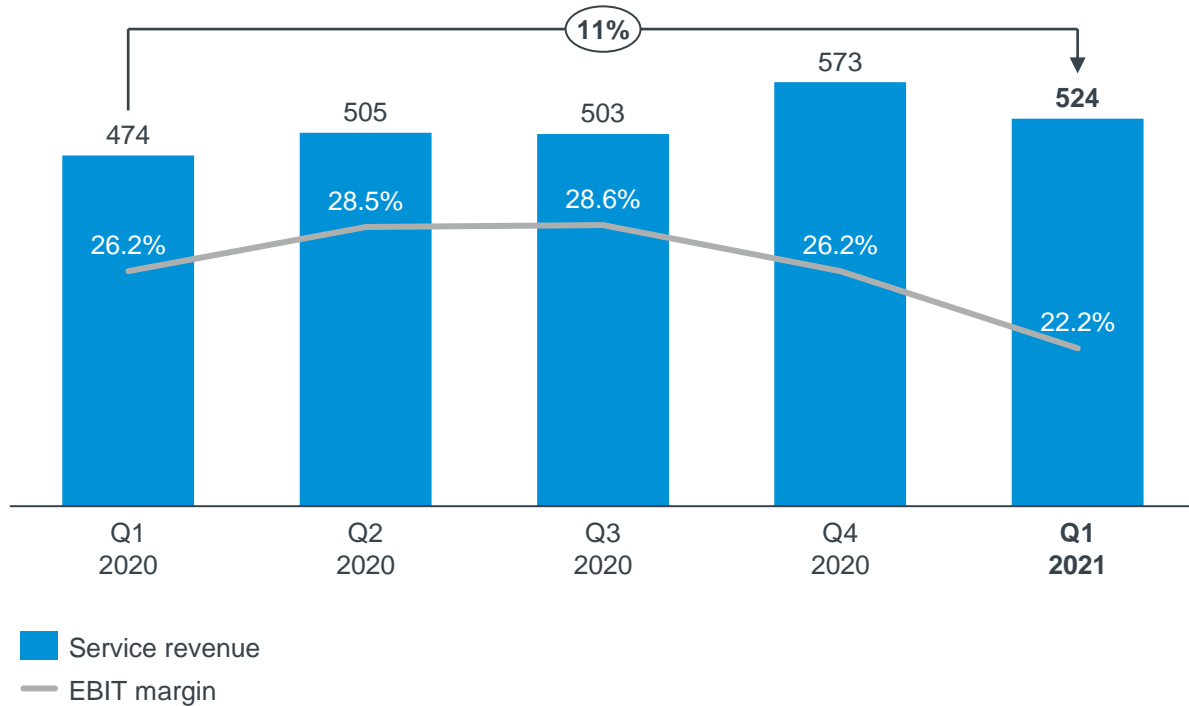
- Continuing to **leverage on SG&A costs**
- Depreciation and amortisation (excluding impairments) **increased EUR 56m YoY** primarily related to offshore
- Relative to activity levels, SG&A costs amounted to **5.7 percent** – a decrease of **0.4 percentage points** compared to Q1 2020

*R&D, administration, and distribution on a 12 months basis

SERVICE BUSINESS

Strong service performance

Service revenue and EBIT margin
mEUR and percent



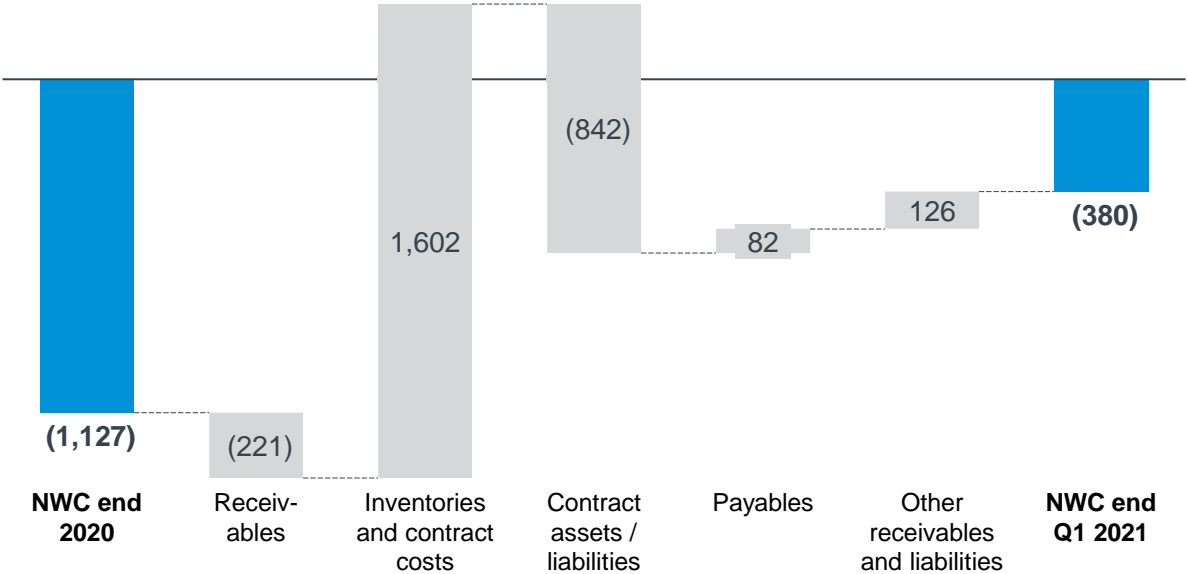
Highlights

- Service revenue increased by 11 percent compared to Q1 2020, mainly driven by higher activity levels and integration of the offshore business
- 2021 Q1 EBIT before special items: EUR 116m
2021 Q1 EBIT margin before special items: 22 percent
- EBIT margin impacted by external factors as well as the integration of the offshore business

CHANGE IN NET WORKING CAPITAL

Inventory increased to cater for high activity levels

NWC change over the year
mEUR



Highlights

- Net working capital negatively impacted by **increased level of inventory** to cater for high activity levels and integration of offshore; partly offset by **down and milestone payments**

CASH FLOW STATEMENT

Negative free cash flow in the quarter

mEUR	Q1 2021	Q1 2020	Abs. change
Cash flow from operating activities before change in net working capital	7	(85)	92
Change in net working capital*	(753)	(675)	(78)
Cash flow from operating activities	(746)	(760)	14
Cash flow from investing activities**	(152)	(160)	8
Free cash flow before financial investments**	(898)	(920)	22
Investments in joint ventures and associates	(186)	-	-
Free cash flow	(1,090)	(919)	(171)
Cash flow from financing activities	(309)	42	(351)
Net interest-bearing position	445	1,482	(1,037)

Highlights

- Negative **free cash flow** before financial investments of **EUR (898)m**; slightly up from Q1 2020, mainly driven by the **cash flow from EBITDA**
- Net interest-bearing position of **EUR 445m**; constant focus on **cash discipline**
- Investments in JVs and associates impacted by the **EUR 180m** upfront payment in relation to the CIP transaction

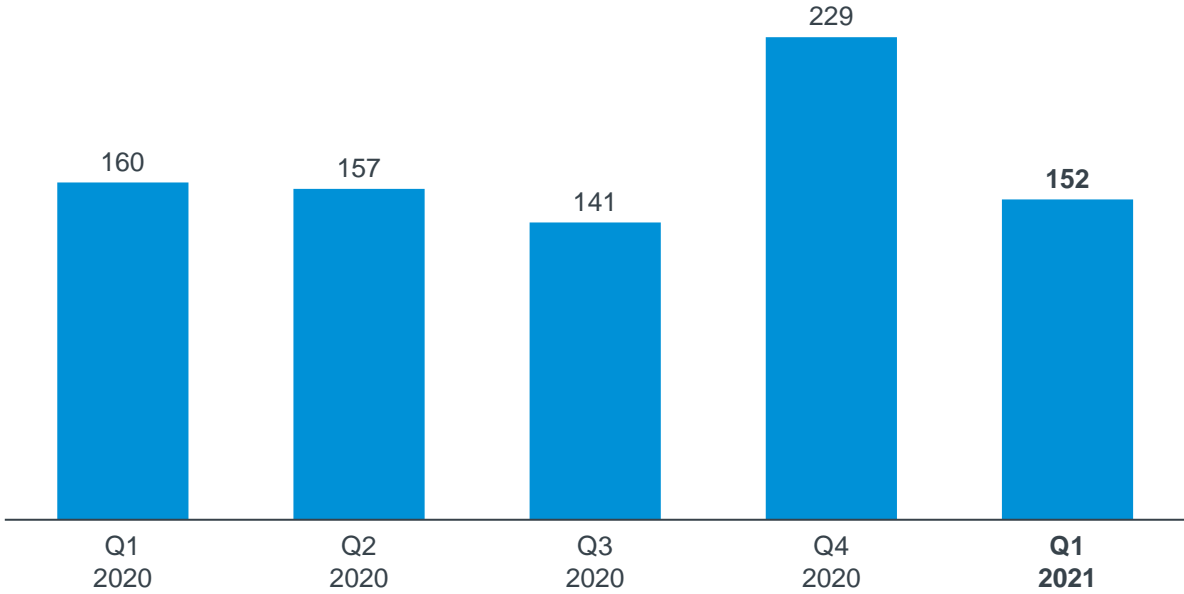
* Change in net working capital in Q1 2021 impacted by non-cash adjustments and exchange rate adjustments with a total amount of net EUR (6)m.

** Excl. acquisitions of subsidiaries, joint ventures, associates and financial investments.

TOTAL INVESTMENTS

Investments stable year-over-year

Total investments*
mEUR



Cash flow from investing activities*

Highlights

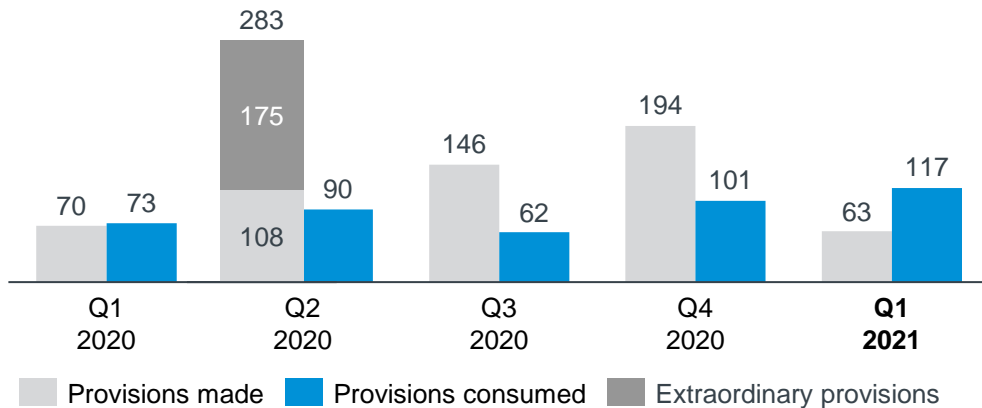
- Investments of EUR 152m in Q1 2021; roughly unchanged from EUR 160m in Q1 2020

* Excl. acquisitions of subsidiaries, joint ventures, associates and financial investments.

WARRANTY PROVISIONS AND LOST PRODUCTION FACTOR

Warranty consumption and LPF increased in the quarter

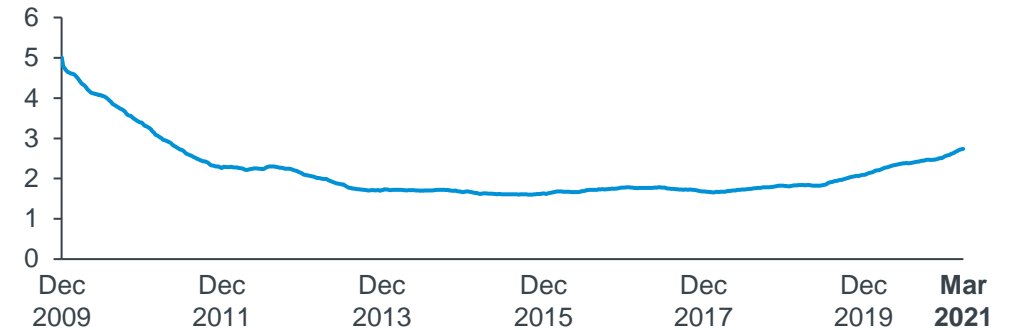
Warranty provisions made and consumed
mEUR



Highlights

- Warranty provisions made decreased **EUR 7m** YoY, corresponding to **3.2 percent of revenue in Q1 2021**
- Increased consumption driven by repair and upgrade activities

Lost Production Factor (LPF)
Percent



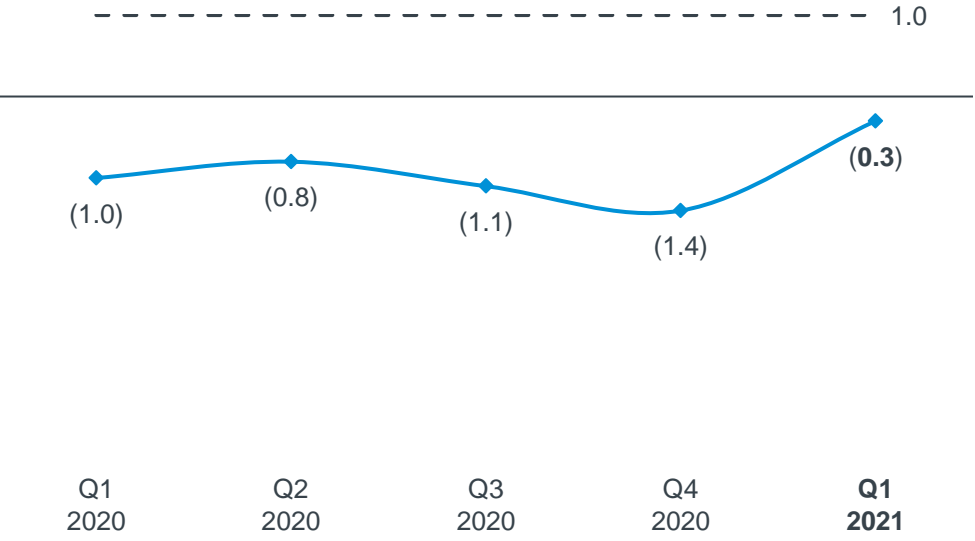
Highlights

- LPF increasing during Q1 2021 as a consequence of the **extraordinary repair and upgrade level**
- LPF measures potential energy production not captured by Vestas' onshore and offshore wind turbines

CAPITAL STRUCTURE

Net debt to EBITDA well below threshold

Net debt to EBITDA before special items



◆ Net debt to EBITDA, last 12 months
-- Net debt to EBITDA, financial target

Highlights

- Net debt to EBITDA remains at low level of (0.3) in Q1 2021
- New EUR 2bn credit facility to support onshore and offshore wind project guarantees



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OUTLOOK 2021

Outlook

Revenue (bnEUR)

- Service is expected to grow approx. 15 percent

16 – 17

EBIT margin before special items (%)

- Service margin is expected to be approx. 24 percent

6 – 8

Total investments (mEUR)

Excl. acquisitions of subsidiaries, joint ventures, associates and financial investments

approx. 1,000

- In 2021, warranty provisions are expected to be at a level around 3 percent of revenue including both onshore and offshore
- Special items are expected to amount to approx. EUR 100m relating to the integration of MHI Vestas Offshore Wind
- Important to note that basic assumptions behind the guidance are more uncertain than normal

The 2021 outlook is based on current foreign exchange rates.

Q&A

Financial calendar 2021:

- Disclosure of Q2 2021 (11 August)
- Disclosure of Q3 2021 (3 November)

A large, semi-transparent blue illustration of a wind turbine nacelle and a blade, set against a dark background. The nacelle is shown in a perspective view, revealing internal components like the gearbox and generator. The blade is long and tapers towards the tip, with a grid of lines indicating its internal structure. The overall aesthetic is clean and technical.

THANK YOU FOR YOUR ATTENTION

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