First quarter 2023

Vestas Wind Systems A/S
Copenhagen, May 2023
Disclaimer and cautionary statement

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.

Forward-looking statements include, among other things, statements concerning Vestas’ potential exposure to market risks and statements expressing management’s expectations, beliefs, estimates, forecasts, projections and assumptions. A number of factors that affect Vestas' future operations and could cause Vestas’ results to differ materially from those expressed in the forward-looking statements included in this document, include (without limitation): (a) changes in demand for Vestas’ products; (b) currency and interest rate fluctuations; (c) loss of market share and industry competition; (d) environmental and physical risks, including adverse weather conditions; (e) legislative, fiscal, and regulatory developments, including changes in tax or accounting policies; (f) economic and financial market conditions in various countries and regions; (g) political risks, including the risks of expropriation and renegotiation of the terms of contracts with governmental entities, and delays or advancements in the approval of projects; (h) ability to enforce patents; (i) product development risks; (j) cost of commodities; (k) customer credit risks; (l) supply of components; and (m) customer created delays affecting product installation, grid connections and other revenue-recognition factors.

All forward-looking statements contained in this document are expressly qualified by the cautionary statements contained or referenced to in this statement. Undue reliance should not be placed on forward-looking statements. Additional factors that may affect future results are contained in Vestas’ annual report for the year ended 31 December 2022 (available at www.vestas.com/investor) and these factors also should be considered. Each forward-looking statement speaks only as of the date of this document. Vestas does not undertake any obligation to publicly update or revise any forward-looking statement as a result of new information or future events other than as required by Danish law. In light of these risks, results could differ materially from those stated, implied or inferred from the forward-looking statements contained in this document.
Key highlights in Q1 2023

Revenue of EUR 2.8bn
Growth of 14 percent YoY driven by higher average pricing on deliveries, higher volume, and 29 percent Service growth

EBIT margin of 1 percent
Profitability improvement driven by the sale of the converter business, lower warranty provisions, and strong Service business

Order intake of 3.3 GW
Wind turbine orders in GW grew by 12 percent YoY with an ASP of EUR 0.89m/MW impacted by mix

Solid capital structure with more than EUR 1bn of new financing in Q1
EUR 500m sustainability-linked bond issued and EUR 750m revolving credit facility signed

Vestas leading the industry forward with discipline
Despite driving industry maturity, Vestas maintains a leading position in the global market
Agenda

Orders and markets

Financials

Outlook

Q&A
Global business environment expected to remain challenging throughout 2023

- **Russia exit** and geo-political uncertainty
- **Inflation becoming more pervasive**, impacting production, and execution costs
- Market **design and permitting** still a barrier to new installations
- Difficult conditions for completing **projects**

Employee health and safety top priority

Renewables critical infrastructure

Mobility and site access a prerequisite

Maintain supply chain continuity

Maintain business continuity
Market shares – 2022
Leading the industry with discipline

Highlights
Global installations outside China declined 13 percent in 2022 driven by lower installations in the USA, Vietnam and Sweden.

Despite driving industry discipline, Vestas maintains leading position in the global market share outside China as we continue to put value before volume.

Chinese OEMs still mainly active in their home market.

Global onshore and offshore installations (excluding China)

Source: WoodMac Global wind turbine OEM 2022 market shares database (May 2023)
Power Solutions – Q1 2023
Commercial discipline intact - a necessity for industry wide profitability

**Highlights**

**Strong order intake**, up 12 percent YoY, driven by Americas and South Africa

The **1.3 GW Casa dos Ventos order in Brazil** is the largest onshore order ever for Vestas

**Slow permitting processes** and regulatory uncertainty remains a challenge in both onshore and offshore

ASP declined from EUR 1.15m/MW in Q4 2022 to EUR 0.89m/MW in Q1 2023 impacted by mix effects from scope, country and FX – underlying ASP and profitability not diluted

Strong momentum with new offshore V236-15 MW™ turbine with more than **10 GW of total preferred supplier agreements**
Service – Q1 2023
Well positioned for further growth

Highlights

Strong operational start to the year with continued high activity

Service order backlog increased to EUR 31bn; inflation indexation continues to protect profitability of the backlog

Covento – Vestas’ digital platform for aftermarket parts and services – building momentum

Service order backlog

EUR 31.0bn
(27.5 onshore)

GW under active service contracts

147 GW
(136 onshore)

Average years contract duration

11 Years

Service fleet

AMERICAS
57 GW
↑ 4 GW*

EMEA
71 GW
↑ 9 GW*

APAC
19 GW
↑ 2 GW*

*Compared to Q1 2022
Vestas Development – Q1 2023
High activity level in major energy markets

**Highlights**

In Q1 2023, Vestas’ pipeline of development projects amounted to 32 GW with Australia, USA, and Brazil being the countries with the largest project pipeline.

During the quarter, Vestas secured 1.1 GW of new pipeline projects.

Finland generated 50 MW of order intake in the quarter.

**Order intake generated**
- 50 MW

**New secured pipeline**
- 1.1 GW

**Total project pipeline**
- 32 GW

**Development pipeline**

- **AMERICAS**
  - 8 GW

- **EMEA**
  - 9 GW

- **APAC**
  - 15 GW
Sustainability – Q1 2023
The most sustainable energy company in the world

Highlights

**Lifetime CO\(_2\)e avoided** by produced and shipped capacity decreased by 21 percent from Q1 2022, due to lower produced and shipped turbines.

**Carbon emissions** from our own operations decreased by 4 percent due to lower activity.

New methodology resulting in improved data quality on contractors monitored introduced in Q1 making TRIR non-comparable year-on-year;

**Number of recordable injuries declined** compared to last year.

**CO\(_2\)e avoided**
Expected CO\(_2\)e avoided over the lifetime of the capacity produced and shipped during the period (million t)

<table>
<thead>
<tr>
<th></th>
<th>Q1 2022</th>
<th>Q1 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>118</td>
<td>93</td>
</tr>
<tr>
<td>Notes</td>
<td></td>
<td>(21)%</td>
</tr>
</tbody>
</table>

**Carbon emissions**
Direct and indirect emissions of CO\(_2\)e (Scope 1&2)(million t)

<table>
<thead>
<tr>
<th></th>
<th>Q1 2022</th>
<th>Q1 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>0.025</td>
<td>0.024</td>
</tr>
<tr>
<td>Notes</td>
<td></td>
<td>(4)%</td>
</tr>
</tbody>
</table>

**Safety**
Total Recordable Injuries per million working hours (TRIR)

<table>
<thead>
<tr>
<th></th>
<th>Q1 2022</th>
<th>Q1 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>3.1</td>
<td>2.1</td>
</tr>
<tr>
<td>Notes</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

NOTE: As of 1 January 2023, the safety data methodology has been revised to improve the data quality of contractor working hours.
### Income statement – Q1 2023

Profitability improving from low level

#### Highlights

- **Revenue increased 14 percent YoY**, driven by higher average pricing on wind turbine deliveries, higher volume, and increasing Service activity.

- **Gross margin increased by 5.7 percentage points YoY**, driven by higher revenue in both segments and improved margin in Power Solutions.

- Sale of technology of **EUR 147m** relating to the sale of the converters & controls business to KK Wind.

- **EBIT margin before special items increased by 15 percentage points YoY**, driven by increased gross margin, better fixed cost absorption in the quarter, as well as the offshore adjustments made in the first quarter of 2022.

#### Financial Highlights

<table>
<thead>
<tr>
<th>mEUR</th>
<th>Q1 2023</th>
<th>Q1 2022</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>2,829</td>
<td>2,485</td>
<td>14%</td>
</tr>
<tr>
<td>Production costs</td>
<td>(2,641)</td>
<td>(2,463)</td>
<td>7%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>188</td>
<td>22</td>
<td>755%</td>
</tr>
<tr>
<td>SG&amp;A costs*</td>
<td>(304)</td>
<td>(351)</td>
<td>(13)%</td>
</tr>
<tr>
<td>Sale of technology</td>
<td>147</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Income from investments in JVs and associates</td>
<td>9</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>EBIT before special items</td>
<td>40</td>
<td>(329)</td>
<td>Positive</td>
</tr>
<tr>
<td>Special items</td>
<td>26</td>
<td>(565)</td>
<td>-</td>
</tr>
<tr>
<td>EBIT</td>
<td>66</td>
<td>(894)</td>
<td>Positive</td>
</tr>
<tr>
<td>Income from investments in joint ventures and associates</td>
<td>(1)</td>
<td>(1)</td>
<td>-</td>
</tr>
<tr>
<td>Net profit</td>
<td>16</td>
<td>(765)</td>
<td>Positive</td>
</tr>
</tbody>
</table>

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross margin</td>
<td>6.6</td>
<td>0.9</td>
<td>5.7%-pts</td>
</tr>
<tr>
<td>EBITDA margin before special items</td>
<td>8.3</td>
<td>(0.8)</td>
<td>9.1%-pts</td>
</tr>
<tr>
<td>EBIT margin before special items</td>
<td>1.4</td>
<td>(13.2)</td>
<td>14.6%-pts</td>
</tr>
</tbody>
</table>

*R&D, administration, and distribution, including depreciations and amortisations.
Power Solutions – Q1 2023
Profitability improving

**Highlights**

- **Revenue increased by 9 percent YoY**, driven by higher activity in EMEA and Americas
- EBIT margin before special items of negative **2.7 percent, up by 18 percentage points YoY** driven by the sale of the converter business, offshore adjustment last year, and higher activity
- Underlying **profitability improving** but still hampered by execution of low-margin projects from the backlog

### Power Solutions revenue and EBIT margin, mEUR and percent

<table>
<thead>
<tr>
<th></th>
<th>Offshore revenue</th>
<th>Onshore revenue</th>
<th>EBIT margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2022</td>
<td>1,862</td>
<td>157</td>
<td>(20.4)</td>
</tr>
<tr>
<td>Q2 2022</td>
<td>2,605</td>
<td>78</td>
<td>(8.6)</td>
</tr>
<tr>
<td>Q3 2022</td>
<td>3,096</td>
<td>373</td>
<td>(8.1)</td>
</tr>
<tr>
<td>Q4 2022</td>
<td></td>
<td></td>
<td>(17.4)</td>
</tr>
<tr>
<td>Q1 2023</td>
<td>3,768</td>
<td>325</td>
<td>(2.7)</td>
</tr>
</tbody>
</table>
Service – Q1 2023
Strong growth and stable EBIT margin

Highlights

Revenue increased 29 percent YoY, driven by higher activity overall, inflation indexation in contracts and higher transactional sales – offset slightly by negative currency.

Service generated EBIT of EUR 183m corresponding to a margin of 22.7 percent.
**SG&A costs – Q1 2023**

Fixed capacity costs at same level

### Highlights

SG&A costs of **8.2 percent** of revenue on a trailing 12-month basis, which is the same level as last year.

---

*SG&A costs (TTM)*, mEUR and percent

<table>
<thead>
<tr>
<th>Quarter</th>
<th>SG&amp;A costs in mEUR</th>
<th>% of revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2022</td>
<td>1,212</td>
<td>7.5</td>
</tr>
<tr>
<td>Q2 2022</td>
<td>1,209</td>
<td>7.6</td>
</tr>
<tr>
<td>Q3 2022</td>
<td>1,217</td>
<td>8.5</td>
</tr>
<tr>
<td>Q4 2022</td>
<td>1,270</td>
<td>8.8</td>
</tr>
<tr>
<td>Q1 2023</td>
<td>1,223</td>
<td>8.2</td>
</tr>
</tbody>
</table>

*R&D, administration and distribution costs on trailing twelve months basis.
Net working capital – Q1 2023
Increased NWC in the quarter reflecting normal seasonality

Highlights

Net working capital increased in Q1 driven by an increase in the level of inventory, high level of supplier payments in the quarter, partly offset by down- and milestone payments.

Net working capital reflects the typical seasonality of our business, as we build inventory for a busier second half of the year.
Cash flow statement – Q1 2023
Cash flow in the quarter driven by typical seasonality

Highlights

**Operating cash flow** before change in NWC increased EUR 567m driven by higher profitability

**Negative free cash flow of EUR 1.1bn** on par with last year and driven by net working capital

<table>
<thead>
<tr>
<th>mEUR</th>
<th>Q1 2023</th>
<th>Q1 2022</th>
<th>Abs. Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from operating activities before change in net working capital</td>
<td>248</td>
<td>(319)</td>
<td>567</td>
</tr>
<tr>
<td>Change in net working capital*</td>
<td>(1,222)</td>
<td>(609)</td>
<td>(613)</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>(974)</td>
<td>(928)</td>
<td>(46)</td>
</tr>
<tr>
<td>Cash flow from investing activities**</td>
<td>(107)</td>
<td>(193)</td>
<td>86</td>
</tr>
<tr>
<td>Free cash flow before financial investments**</td>
<td>(1,081)</td>
<td>(1,121)</td>
<td>40</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>(1,085)</td>
<td>(1,123)</td>
<td>38</td>
</tr>
<tr>
<td>Cash flow from financing activities</td>
<td>436</td>
<td>494</td>
<td>(58)</td>
</tr>
<tr>
<td>Net interest-bearing position</td>
<td>(1,121)</td>
<td>58</td>
<td>(1,179)</td>
</tr>
</tbody>
</table>

* Change in net working capital impacted by non-cash adjustments and exchange rate adjustments with a total amount of net EUR 39m.
** * Excl. acquisitions of subsidiaries, joint ventures, associates and financial investments.
Total investments – Q1 2023
Sale of converters and controls business to KK Wind finalised in the quarter

Highlights

Investments of EUR 107m in Q1, a decrease from Q1 last year mainly driven by a cash inflow related to the sale of the converters & controls business of EUR 58m

Additionally, lower investments in transportation equipment and construction tools lead to lower net investments in the quarter

* Excl. acquisitions of subsidiaries, joint ventures, associates and financial investments.
Provisions and LPF – Q1 2023
Warranty provisions remain elevated but improved year-on-year

Highlights

LPF* continues at high level as a consequence of the extraordinary repair and upgrade level

Warranty provisions made in Q1 2023 corresponding to 4.0 percent of revenue; a decrease from 7.8 percent in Q1 2022

* LPF measures potential energy production not captured by Vestas’ onshore and offshore wind turbines.
Capital structure – Q1 2023
Solid capital structure and investment grade rating

**Highlights**

As expected, **net debt to EBITDA** increased to **5.8x** in Q1 mainly affected by the low EBITDA on a trailing 12-month basis.

In March, Vestas issued a EUR 500m **sustainability-linked bond** maturing in 2026; and signed a EUR 750m revolving credit facility maturing in 2024.

**Investment grade rating** of Baa2 from Moody's with stable outlook.

---

**Net debt to EBITDA before special items**

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

Q1 2022 | Q2 2022 | Q3 2022 | Q4 2022 | Q1 2023
---|---|---|---|---
0.0 | 0.5 | 2.6 | 0.7 | 1.0 | 5.8
## Outlook 2023

<table>
<thead>
<tr>
<th></th>
<th>Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue (bnEUR)</strong></td>
<td></td>
</tr>
<tr>
<td>- Service is expected to grow min. 5 percent</td>
<td>14 – 15.5</td>
</tr>
<tr>
<td><strong>EBIT margin before special items (%)</strong></td>
<td></td>
</tr>
<tr>
<td>- Service margin is expected to be approx. 22 percent</td>
<td>(2) – 3</td>
</tr>
<tr>
<td><strong>Total investments (bnEUR)</strong></td>
<td></td>
</tr>
<tr>
<td>Excl. acquisitions of subsidiaries, joint ventures, associates and financial investments</td>
<td>approx. 1</td>
</tr>
</tbody>
</table>

- Important to note that basic assumptions behind the guidance are more uncertain than normal
- The 2023 outlook is based on current foreign exchange rates
Financial calendar 2023:

• Disclosure of Q2 2023 (9th August)
• Disclosure of Q3 2023 (8th November)