

## Company announcement from Vestas Wind Systems A/S

Aarhus, 3 February 2014  
Company announcement No. 4/2014  
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### Annual report 2013 – Revenue, EBIT and free cash flow above expectations

*Summary: 2013 marked the final year of Vestas' two-year turnaround. Vestas has delivered on the main focus areas over the turnaround period; annualised fixed capacity costs have been lowered by EUR 484m compared to the fourth quarter of 2011, net investments have been lowered by more than EUR 500m to EUR 239m since 2011 and working capital has been lowered to EUR (596)m – the lowest level ever.*

*For full year 2013, revenue amounted to EUR 6,084m, EBIT before special items was EUR 211m and the free cash flow amounted to EUR 1,009m. This was all above the latest expectations of minimum EUR 5.5bn, minimum 2 per cent and around EUR 1bn, respectively. The higher-than-expected revenue and EBIT were primarily driven by a smooth execution in terms of installation and transfer of risk combined with favourable weather conditions in December.*

*For 2014, Vestas expects revenue to amount to minimum EUR 6bn with an EBIT margin before special items of at least 5 per cent and a free cash flow of minimum EUR 300m.*

*“A double-digit EBIT margin in the fourth quarter and a free cash flow generation of more than EUR 1bn in 2013 are major achievements for Vestas and our dedicated employees,” says Anders Runevad, Group President & CEO, and he continues: “Yet, the satisfactory completion of the two-year turnaround is at least as important as it creates a solid starting point for the future strategy for Vestas, where Vestas will continue to focus on profitable growth.”*

#### Press and analyst meeting in Copenhagen, Denmark

In connection with the disclosure of this annual report, an information meeting including the strategic update will be held on Tuesday, 4 February 2014 at 9.30 a.m. CET (8.30 a.m. GMT) for analysts, investors and the media at:

Radisson Blu Scandinavia Hotel  
Amager Boulevard 70  
2300 Copenhagen S  
Denmark

Further details at [vestas.com/investor](http://vestas.com/investor).

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Company Reg. Name: Vestas Wind Systems A/S

## Financial figures, Q4 2013 vs. Q4 2012

mEUR

	Q4 2013	Q4 2012	Change
Revenue	2,361	2,512	(6)%
- of which service revenue	260	223	17%
Gross profit	456	333	37%
Gross margin (%)	19.3	13.3	6.0 pp
Profit before financial income and expenses, depreciation and amortisation (EBITDA) before special items	337	266	27%
EBITDA margin (%) before special items	14.3	10.6	3.7 pp
Operating profit (EBIT) before special items	240	155	55%
EBIT margin (%) before special items	10.2	6.2	4.0 pp
Net profit/(loss)	218	(618)	836
Net working capital	(596)	233	(829)
Free cash flow	816	416	96%

### Fourth quarter 2013

As expected, the fourth quarter was the best quarter in 2013 in terms of revenue, EBIT before special items and free cash flow. This was driven by higher deliveries, better project margins and an improved net working capital.

#### Vestas generated revenue of EUR 2,361m – a decrease of 6 per cent

- This was better than expected primarily driven by a smooth execution in terms of installation and transfer of risk combined with favourable weather conditions in December.

#### EBIT margin before special items amounted to 10.2 per cent – an increase of 4.0 percentage points

Despite the drop in revenue, the EBIT margin increased markedly – primarily driven by better margins on the delivered projects in the fourth quarter.

#### Vestas reported a free cash flow of EUR 816m – an increase of 96 per cent

- The free cash flow was positively impacted by a EUR 479m improvement in net working capital during the quarter.

## Financial figures, 2013 vs. 2012

mEUR

	2013	2012	Change
Revenue	6,084	7,216	(16)%
- of which service revenue	954	886	8%
Gross profit	896	796	13%
Gross margin (%)	14.7	11.0	3.7 pp
Profit before financial income and expenses, depreciation and amortisation (EBITDA) before special items	610	473	29%
EBITDA margin (%) before special items	10.0	6.6	3.4 pp
Operating profit (EBIT) before special items	211	4	207
EBIT margin (%) before special items	3.5	0.1	3.4 pp
Profit/(loss) before tax	(36)	(713)	(95)%
Net working capital	(596)	233	(829)
Free cash flow	1,009	(359)	1,368

### Full year 2013

Vestas' results and financial strength improved quarter-on-quarter during 2013 driven by lower costs, improved working capital and low capex requirements.

#### Vestas generated revenue of EUR 6,084m – a decrease of 16 per cent

- The decline was primarily driven by the lower activity in the US market, which was Vestas' largest market in 2012. Revenue for the full-year was higher than the guided minimum of EUR 5.5bn primarily driven by a smooth installation and transfer of risk combined with favourable weather conditions in December.

#### EBIT margin before special items amounted to 3.5 per cent – an increase of 3.4 percentage points

- Despite the lower revenue, the EBIT margin increased – driven by lower costs, better margins on the delivered projects and lower depreciation and amortisation. The realised EBIT margin of 3.5 per cent was above the guidance of minimum 2 per cent due to the better-than-expected revenue.

#### Vestas reported a free cash flow of EUR 1,009m – an increase of EUR 1,368m

- The free cash flow improvement was primarily driven by the improved working capital. As a result of the positive free cash flow, the net debt declined by EUR 986m during 2013 and Vestas ended 2013 with a net cash position of EUR 86m.

## Non-financial figures, 2013 vs. 2012

	2013	2012	Change
<b>Operational figures</b>			
Order intake (bnEUR)	5.8	3.8	53%
Order intake (MW)	5,964	3,738	60%
Order backlog – wind turbines (MW)	7,417	7,156	4%
Order backlog – wind turbines (bnEUR)	6.8	7.1	(4)%
Order backlog – service (bnEUR)	6.7	5.3	26%
Produced and shipped – wind turbines (MW)	4,513	6,171	(27)%
Produced and shipped – wind turbines (number)	2,025	2,765	(27)%
Deliveries (MW)	4,862	6,039	(19)%
<b>Social and environmental figures</b>			
Number of employees at the end of the period	15,497	17,778	(13)%
Global bonus (mEUR)	97	-	97
Incidence of lost time injuries per one million working hours	2.1	2.8	(25)%
Renewable energy (%)	56	52	4 pp

**The incidence of lost time injuries per one million working hours was 2.1 – a reduction of 25 per cent**  
 - This was slightly above the target of 2.0. The next focus area will be behaviour in order to meet the target of no more than 0.5 incidents of lost time injuries per one million working hours in 2015.

**The number of employees was 15,497 – a reduction of 13 per cent**  
 - The reduction in the number of employees was in accordance with the year-end target of no more than 16,000 employees. The lay-offs were the primary driver behind the reduction in the fixed costs of EUR 484m from year-end 2011 to year-end 2013.

**EUR 97m was provided for bonus in the fourth quarter of 2013**  
 - As the targets for bonus pay-out were achieved in 2013, a global bonus will be paid out to all employees in 2014.

### Outlook 2014

	Outlook 2014	Full year 2013
Revenue (bnEUR)	min. 6	6.1
EBIT margin (%) before special items	min. 5	3.5
Total investments (mEUR)	approx 250	239
Free cash flow (mEUR)	min. 300	1,009

### Outlook 2014

Revenue is expected to be minimum EUR 6bn including service revenue, which is expected to grow. Vestas expects to achieve an EBIT margin before special items of minimum 5 per cent with the service earnings remaining stable.

Total investments are expected to amount to approx EUR 250m, and the free cash flow is expected to be minimum EUR 300m in 2014.

### Annual general meeting 2014

The Annual General Meeting of Vestas Wind Systems A/S will be held on 24 March 2014 at 1 p.m. (CET) at the Concert Hall (Musikhuset) in Aarhus, Denmark.

Board member, Jørgen Huno Rasmussen, has informed that he will not stand for re-election. The remaining board members elected by the general meeting have all informed the Board that they will stand for re-election. The Board of Directors proposes that Ms Lykke Friis is elected as new member of the Board of Directors. Lykke Friis is prorektor of education at the University of Copenhagen, Denmark, and former Minister for Climate and Energy, Denmark, as well as former Minister for Gender Equality, Denmark.

The convening for the Annual General Meeting will be disclosed on 28 February 2014.

### Capital Markets Day 2014

Vestas will host a Capital Markets Day on 12 June 2014.

# Highlights for the Group

mEUR	2013	2012	2011	2010	2009 <sup>1)</sup>
<b>HIGHLIGHTS</b>					
<b>INCOME STATEMENT</b>					
Revenue	6,084	7,216	5,836	6,920	5,079
Gross profit	896	796	725	1,175	836
Profit before financial income and expenses, depreciation and amortisation (EBITDA) before special items	610	473	305	747	469
Operating profit/(loss) (EBIT) before special items	211	4	(38)	468	251
Profit before financial income and expenses, depreciation and amortisation (EBITDA) after special items	530	299	305	684	469
Operating profit/(loss) (EBIT) after special items	102	(697)	(60)	310	251
Profit/(loss) of financial items	(138)	(14)	(93)	(72)	(48)
Profit/(loss) before tax	(36)	(713)	(153)	238	204
Profit/(loss) for the year	(82)	(963)	(166)	156	125
<b>BALANCE SHEET</b>					
Balance sheet total	5,640	6,972	7,689	7,066	7,959
Equity	1,524	1,622	2,576	2,754	2,542
Provisions	388	353	329	370	534
Average interest-bearing position (net)	(862)	(1,189)	(990)	(593)	(55)
Net working capital	(596)	233	(71)	672	317
Investments in property, plant and equipment	73	167	406	458	606
<b>CASH FLOW STATEMENT</b>					
Cash flow from operating activities	1,248	(73)	840	56	(34)
Cash flow from investing activities	(239)	(286)	(761)	(789)	(808)
Free cash flow	1,009	(359)	79	(733)	(842)
Cash flow from financing activities	(1,150)	832	(13)	568	1,075
Change in cash at bank and in hand less current portion of bank debt	(141)	473	66	(165)	233
<b>RATIOS<sup>2)</sup></b>					
<b>FINANCIAL RATIOS</b>					
Gross margin (%)	14.7	11.0	12.4	17.0	16.5
EBITDA margin (%) before special items	10.0	6.6	5.2	10.8	9.2
EBIT margin (%) before special items	3.5	0.1	(0.7)	6.8	4.9
EBITDA margin (%) after special items	8.7	4.1	5.2	9.9	9.2
EBIT margin (%) after special items	1.7	(9.7)	(1.0)	4.5	4.9
Return on invested capital (ROIC) (%) before special items <sup>3)</sup>	7.7	0.2	(1.3)	10.8	9.5
Solvency ratio (%)	27.0	23.3	33.5	39.0	31.9
Net interest-bearing debt/EBITDA before special items	(0.1)	1.9	1.8	0.8	(0.3)
Return on equity (%)	(5.2)	(45.9)	(6.2)	5.9	6.1
Gearing (%)	39.9	108.0	35.7	33.2	13.8
<b>SHARE RATIOS</b>					
Earnings per share (EUR)	(0.4)	(4.8)	(0.8)	0.8	0.6
Book value per share (EUR)	7.5	8.0	12.6	13.5	12.5
Price / book value (EUR)	2.9	0.5	0.7	1.7	3.4
P / E-value (EUR)	(53.3)	(0.9)	(10.3)	30.8	71.0
Cash flow from operating activities per share (EUR)	6.1	(0.4)	4.1	0.3	(0.2)
Dividend per share (EUR)	0	0.0	0.0	0.0	0.0
Payout ratio (%)	0	0.0	0.0	0.0	0.0
Share price 31 December (EUR)	21.5	4.3	8.3	23.6	42.6
Average number of shares	203,704,103	203,704,103	203,704,103	203,704,103	197,723,281
Number of shares at the end of the year	203,704,103	203,704,103	203,704,103	203,704,103	203,704,103

1) The comparative figures have been adjusted in accordance with the changed accounting policies implemented in 2010.

2) The ratios have been calculated in accordance with the guidelines from "Den Danske Finansanalytikerforening" (The Danish Society of Financial Analysts) (Recommendations and Financial ratios 2010), ref. note 1 to the consolidated accounts. Vestas annual report 2013.

3) Adjustment for tax based on expected future effective tax rate of 28 per cent.

	2013	2012	2011	2010	2009
<b>OPERATIONAL KEY FIGURES</b>					
Order intake (bnEUR)	5.8	3.8	7.3	8.6	3.2
Order intake (MW)	5,964	3,738	7,397	8,673	3,072
Order backlog – wind turbines (bnEUR)	6.8	7.1	9.6	7.7	2.2
Order backlog – service (bnEUR)	6.7	5.3	3.9	2.8	1.9
Produced and shipped wind turbines (MW)	4,513	6,171	5,054	4,057	6,131
Produced and shipped wind turbines (number)	2,025	2,765	2,571	2,025	3,320
Deliveries (MW)	4,862	6,039	5,217	5,842	4,764
<b>SOCIAL AND ENVIRONMENTAL KEY FIGURES<sup>1)</sup></b>					
<b>OCCUPATIONAL HEALTH &amp; SAFETY</b>					
Lost time injuries (number)	66	110	132	201	306
- of which fatal injuries (number)	1	0	1	0	0
<b>UTILISATION OF RESOURCES</b>					
Consumption of metals (1,000 tonnes)	119	192	212	171	203
Consumption of other raw materials, etc. (1,000 tonnes)	91	121	105	107	127
Consumption of energy (GWh)	586	630	586	578	537
- of which renewable energy (GWh)	325	327	223	242	264
- of which renewable electricity (GWh)	309	310	208	209	238
Consumption of fresh water (1,000 m <sup>3</sup> )	512	581	562	598	521
<b>WASTE DISPOSAL</b>					
Volume of waste (1,000 tonnes)	71	87	89	89	97
- of which collected for recycling (1,000 tonnes)	42	44	48	35	34
<b>EMISSIONS</b>					
Direct emission of CO <sub>2</sub> (1,000 tonnes)	56	59	58	57	51
Indirect emission of CO <sub>2</sub> (1,000 tonnes)	44	59	90	66	68
<b>LOCAL COMMUNITY</b>					
Environmental accidents (number)	0	0	0	0	10
Breaches of internal inspection conditions (number)	1	1	3	3	3
<b>EMPLOYEES</b>					
Average number of employees	17,051	21,033	22,926	22,216	20,832
Number of employees at the end of the period	15,497	17,778	22,721	23,252	20,730
- of which outside Europe and Africa	5,861	6,704	8,603	8,127	6,569
<b>SOCIAL AND ENVIRONMENTAL INDICATORS<sup>1)</sup></b>					
<b>OCCUPATIONAL HEALTH &amp; SAFETY</b>					
Incidence of lost time injuries per one million working hours	2.1	2.8	3.2	5.0	8.1
Absence due to illness among hourly-paid employees (%)	2.5	2.4	2.3	2.6	2.8
Absence due to illness among salaried employees (%)	1.2	1.1	1.3	1.3	1.3
<b>PRODUCTS</b>					
CO <sub>2</sub> savings over the life time on the MW produced and shipped (million tonnes of CO <sub>2</sub> )	125	163	133	108	163
<b>UTILISATION OF RESOURCES</b>					
Renewable energy (%)	56	52	38	42	49
Renewable electricity for own activities (%)	100	89	68	74	85
<b>EMPLOYEES</b>					
Women in Board of Directors <sup>2)</sup> and Executive Management (%)	15	8	0	0	0
Women at management level (%)	17	17	18	19	19
Non-Danes at management level (%)	53	56	53	49	46

1) Read more: Consolidated social and environmental statement. Vestas annual report 2013.

2) Only Board members elected by the general meeting are included.

### **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, including (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 2013 (available at [www.vestas.com/investor](http://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 others 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.