LONG-TERM FINANCIAL AMBITIONS

Long-term ambitions reflect organic growth and profitability improvements

- **Revenue**
  - Grow faster than the market

- **EBIT margin**
  - Minimum 10 percent

- **Free Cash Flow**
  - Positive every year
DIVERSIFICATION OF BUSINESS MODEL CONTINUES

Strong platform for future financial performance

**Power solutions**
- Wind power competing on market-based mechanisms
- RE targets in place in all parts of the world
- Order backlog of EUR 10.5bn

**Service**
- Growth in annual installed wind power capacity
- Increasing contract duration provides better visibility at opportunity to cost out
- Order backlog of EUR 13.2bn with average duration of 7 years

**Offshore**
- JV on track to net profit breakeven in 2019
- Good position in a growing market with limited players
- 5 GW of pipeline projects secured

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Capitol Markets Day 2018
Vestas is in a unique position to outgrow the market

Future drivers

▲ 6-8 percent annual growth in onshore volumes towards 2021

▲ Drop in the US post 2020 expected to be offset by EMEA, and especially Asia Pacific

▲ Service increasingly supporting revenue growth

▼ Continuous reduction of LCOE for wind energy impacts Average Selling Price
DELIVERING MINIMUM 10 PERCENT EBIT MARGIN

Service accounts for an increasingly large part of profitability

EBIT before special items
EURm

<table>
<thead>
<tr>
<th>Year</th>
<th>Service</th>
<th>Power solutions</th>
<th>EBIT</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>705</td>
<td>201</td>
<td>906</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>1.196</td>
<td>225</td>
<td>1.421</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>924</td>
<td>306</td>
<td>1.230</td>
<td></td>
</tr>
<tr>
<td>2018e</td>
<td>201</td>
<td>1.421</td>
<td>225</td>
<td></td>
</tr>
<tr>
<td>Long-term</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Future drivers

▲ Increased activity
▲ New products and technology
▲ Committed to cost-out and efficiency improvements
▲ Service to grow its share of profit
▼ Highly competitive markets
▼ Cost inflation from tariffs

Service
Power solutions
Capita Markets Day 2018
COSTS: KEEPING A GLOBAL BALANCE

A global company constantly adjusting to reflect global market conditions

- Follow market developments
- Adjusting global footprint
- Constant focus on cost
COST DISCIPLINE REMAINS A KEY PRIORITY

Controlling the fixed cost base

Priorities

- Lean and flexible organisation
- Highest R&D spending in the industry securing best-in-class products

Drivers

△ Leverage
△ Increased activity in low cost countries
▼ Higher amortisations and depreciations
INVESTING IN ORDER TO CAPTURE THE GROWTH MOMENTUM

Investments expected to increase in the coming years

Investments
EURm, excl. M&A and divestments

<table>
<thead>
<tr>
<th>Year</th>
<th>Investments (EURm)</th>
<th>Percent of Revenue</th>
<th>Cash flow from investing activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2015</td>
<td>370</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>FY 2016</td>
<td>512</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>FY 2017</td>
<td>506</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>FY 2018e</td>
<td>600</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mid-term</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Priorities

• Support organic growth initiatives
• Highest R&D spending in the industry securing best-in-class products

Future drivers

▲ Higher activity level requires more investments
▲ Increased R&D capitalisation as product cycles becomes shorter
▲ Leveraging industry leading data fleet to drive digitalisation
▼ Introduction of modular products
MANAGING WORKING CAPITAL IN A GROWTH ENVIRONMENT

Complex and large projects call for careful management, timing, and control of cash flows

Wind turbine order backlog

<table>
<thead>
<tr>
<th>Year</th>
<th>EURbn</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2015</td>
<td>7.9</td>
</tr>
<tr>
<td>FY 2016</td>
<td>8.5</td>
</tr>
<tr>
<td>FY 2017</td>
<td>8.8</td>
</tr>
<tr>
<td>9M 2018</td>
<td>10.5</td>
</tr>
</tbody>
</table>

**Net Working Capital priorities**

- **Inventories**
  - Close cooperation between Sales, Sourcing and Manufacturing
  - Based on firm orders only
  - Prepayments and milestone payments funding production

- **Sourcing**
  - Use of standard components
  - Increased outsourcing with partners

- **Cash collection**
  - Unchanged payment terms

- **Construction work**
  - Faster installation
  - Improved experience and know-how
  - Reduced lead times

**SHORT-TERM CHALLENGES**

- Longer lead times in a capacity constrained environment
- Increased transportation time due to strategic sourcing
- Increased complexity due to tariffs

- **Maintaining solid cash conversion cycle**
Priorities for capital allocation remain unchanged

- EUR 2.5bn returned since 2014 – equaling around 20 percent of current market cap
- Priorities for capital allocation remain unchanged
  1. Organic growth
  2. Bolt-on acquisitions
  3. Dividend (25-30 percent of net profit)
  4. Share buy-back
ALL OPERATIONS TAKE A RESPONSIBLE APPROACH

Sustainability at Vestas

- Local community development
- Social License to Operate
- Health & safety
- Wind turbine environmental performance
- Environmental impact of Vestas' operations
- Responsible supplier management

Citizenship
Sustainable product and services
Responsible operations

Global leader in sustainable energy solutions

4 QUALITY EDUCATION
7 AFFORDABLE AND CLEAN ENERGY
8 DECENT WORK AND ECONOMIC GROWTH
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
17 PARTNERSHIPS FOR THE GOALS

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SUMMARY

1. Business model provides **stability** and **reduced risk profile**

2. Balance sheet remains **strong** and provides **flexibility**

3. Value creation shared with our shareholders
Q&A
THANK YOU FOR YOUR ATTENTION
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.

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