



Vestas®

Vestas Wind Systems A/S
Interim financial report
First quarter 2013

Company announcement of 8 May 2013

Wind. It means the world to us.™

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. There are a number of factors that could 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; (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 from suppliers and vendors; and (m) customer readiness and ability to accept delivery and installation of products and transfer of risk.

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Summary

Full-year guidance maintained. Turnaround continues according to plan. EBIT and free cash flow significantly improved.

Vestas maintains its full-year guidance and the focus on cost reductions, low investments and increased capacity utilisation continues. In the first quarter of 2013, Vestas generated revenue of EUR 1,096m – a decrease of 1 per cent to the year-earlier period. EBIT before special items increased by EUR 96m to EUR (108)m. The EBIT margin before special items was (9.9) per cent – an improvement of 8.6 percentage points compared to the first quarter of 2012. The free cash flow increased by EUR 235m to EUR (60)m.

The intake of firm and unconditional wind turbine orders was 644 MW in the first quarter of 2013 and the value of the wind turbine backlog amounted to EUR 7.0bn at 31 March 2013. In addition to the wind turbine order backlog, Vestas had service agreements with contractual future revenue of EUR 5.4bn at the end of March 2013, and thus the value of the combined backlog of wind turbine orders and service agreements stood at EUR 12.4bn which equals the level at the end of 2012.

Over the last 12 months, warranty consumption as a percentage of revenue was less than 1.5 per cent. The very low level is a result of the continued quality focus and the improved performance of the wind turbines.

The safety level at Vestas' workplaces improved substantially as the Industrial injuries per one million working hours declined by 36 per cent to 1.8 compared to the first quarter of 2012. The share of renewable energy increased by 14 percentage points to 58 per cent.



"It is satisfying to see that the Vestas turnaround continues according to plan and that results are becoming increasingly visible. Compared to the first quarter of 2012, we have improved earnings and free cash flow substantially," says Ditlev Engel, Group President & CEO and continues: "Furthermore, the fact that we have been able to accelerate the prototype installation of the V164 turbine and release new variants of our 2 and 3 MW platforms while at the same time, keeping investments low stands as evidence of our efforts paying off."

"Finally, I would like to emphasise the importance of our increased focus on improving the management of our working capital. For the first time in five years, we were able to free up liquidity by reducing the net working capital during the first quarter. This development was the major contributor to our substantial free cash flow improvement," Ditlev Engel concludes.

This interim report is available in Danish and English. In case of doubt, the Danish version shall apply.

Q1 at a glance (against Q1 2012)

- 34% Vestas produced and shipped 613 MW
- a decrease of 34 per cent
- 26% Vestas delivered wind power systems with an aggregate capacity of 819 MW
- a decrease of 26 per cent
- 1% Vestas generated revenue of EUR 1,096m
- a decrease of 1 per cent
- + 7% Service revenue amounted to EUR 217m
- an increase of 7 per cent
- + EUR 96m EBIT before special items amounted to EUR (108)m
- an increase of EUR 96m
- + EUR 11m Net loss amounted to EUR (151)m
- an improvement of EUR 11m
- + EUR 235m Vestas realised a free cash flow of EUR (60)m
- an increase of EUR 235m
- 24% The number of employees at the end of the quarter was 17,196
- a decrease of 24 per cent
- + 14% points Renewable energy amounted to 58 per cent of total energy consumption
- an increase of 14 percentage points
- 36% Industrial injuries per one million working hours was 1.8
- a decrease of 36 per cent

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Financial highlights for the Group

mEUR	Q1 2013 ¹⁾	Q1 2012 ¹⁾	Full year 2012
Highlights			
Income statement			
Revenue	1,096	1,105	7,216
Gross profit	58	12	796
Profit/(loss) before financial income and expenses, depreciation and amortisation (EBITDA) before special items	(12)	(90)	473
Operating profit/(loss) (EBIT) before special items	(108)	(204)	4
Profit/(loss) before financial income and expenses, depreciation and amortisation (EBITDA) after special items	(24)	(131)	299
Operating profit/(loss) (EBIT) after special items	(122)	(245)	(697)
Profit/(loss) of financial items	(29)	20	(14)
Profit/(loss) before tax	(151)	(225)	(713)
Net profit/(loss)	(151)	(162)	(963)
Balance sheet			
Balance sheet total	6,355	7,969	6,972
Equity	1,489	2,378	1,622
Provisions	356	352	353
Average interest-bearing position (net)	(1,108)	(920)	(1,189)
Net working capital	197	20	233
Investments in property, plant and equipment	7	38	167
Cash flow statement			
Cash flow from operating activities	(23)	(204)	(73)
Cash flow from investing activities	(37)	(91)	(286)
Free cash flow	(60)	(295)	(359)
Cash flow from financing activities	(309)	242	832
Change in cash at bank and in hand less current portion of bank debt	(369)	(53)	473

1) Neither audited nor reviewed.

Financial highlights for the Group

mEUR	Q1 2013 ¹⁾	Q1 2012 ¹⁾	Full year 2012
Ratios²⁾			
Financial ratios			
Gross margin (%)	5.3	1.1	11.0
EBITDA margin before special items (%)	(1.1)	(8.1)	6.6
EBIT margin before special items (%)	(9.9)	(18.5)	0.1
EBITDA margin after special items (%)	(2.2)	(11.9)	4.1
EBIT margin after special items (%)	(11.1)	(22.2)	(9.7)
Return on invested capital (ROIC) before special items ³⁾ (%)	2.1	(1.2)	0.2
Solvency ratio (%)	23.4	29.8	23.3
Return on equity ³⁾ (%)	(49.1)	(2.2)	(45.9)
Gearing (%)	96.6	48.8	108.0
Share ratios			
Earnings per share ⁴⁾ (EUR)	(4.7)	(0.3)	(4.8)
Book value per share (EUR)	7.3	11.7	8.0
Price/book value (EUR)	0.9	0.7	0.5
Cash flow from operating activities per share (EUR)	(0.1)	(1.0)	(0.4)
Dividend per share (EUR)	0.0	0.0	0.0
Payout ratio (%)	0.0	0.0	0.0
Share price at the end of the period (EUR)	6.2	7.6	4.3
Average number of shares	203,704,103	203,704,103	203,704,103
Number of shares at the end of the period	203,704,103	203,704,103	203,704,103

1) Neither audited nor reviewed.

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).

3) Calculated over a 12-month period.

4) Earnings per share have been calculated over a 12-month period and in accordance with IAS 33 on earnings per share.

Social and environmental key figures for the Group

	Q1 2013 ¹⁾	Q1 2012 ¹⁾	Full year 2012
Key figures²⁾			
Occupational health & safety			
Industrial injuries (number)	14	30	110
- of which fatal industrial injuries (number)	0	0	0
Products			
MW produced and shipped	613	931	6,171
Number of wind turbines produced and shipped	286	449	2,765
Utilisation of resources			
Consumption of metals (1,000 tonnes)	23	69	192
Consumption of other raw materials, etc. (1,000 tonnes)	23	33	121
Consumption of energy (GWh)	166	195	630
- of which renewable energy (GWh)	96	86	327
- of which renewable electricity (GWh)	89	76	310
Consumption of fresh water (1,000 m ³)	99	124	581
Waste disposal			
Volume of waste (1,000 tonnes)	16	23	87
- of which collected for recycling (1,000 tonnes)	8	12	44
Emissions			
Direct emission of CO ₂ (1,000 tonnes)	18	20	59
Indirect emission of CO ₂ (1,000 tonnes)	12 ³⁾	16	59
Local community			
Environmental accidents (number)	0	0	0
Breaches of internal inspection conditions (number)	1	1	1
Employees			
Average number of employees	17,307	22,929	21,033
Number of employees at the end of the period	17,196	22,576	17,778

1) Neither audited nor reviewed.

2) Accounting policies for social and environmental key figures for the Group, see page 36 of the annual report 2012.

3) Indirect CO₂ emissions are only linked to emissions from district heating, as Vestas is above 100 per cent renewable electricity for Q1 2013.

Social and environmental key figures for the Group

	Q1 2013 ¹⁾	Q1 2012 ¹⁾	Full year 2012
Indicators²⁾			
Occupational health and safety			
Incidence of industrial injuries per one million working hours	1.8	2.8	2.8
Absence due to illness among hourly-paid employees (%)	2.6	2.8	2.4
Absence due to illness among salaried employees (%)	1.5	1.1	1.1
Products			
CO ₂ savings over the lifetime on the MW produced and shipped (million tonnes of CO ₂)	16	25	163
Utilisation of resources			
Renewable energy (%)	58	44	52
Renewable electricity for own activities (%)	121	89	89
Employees			
Women in Board of Directors ³⁾ and Executive Management (%)	8	9	8
Women at management level (%)	17	18	17
Non-Danes at management level (%)	54	53	56

1) Neither audited nor reviewed.

2) Accounting policies for social and environmental key figures for the Group, see page 36 of the annual report 2012.

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

Development, first quarter 2013

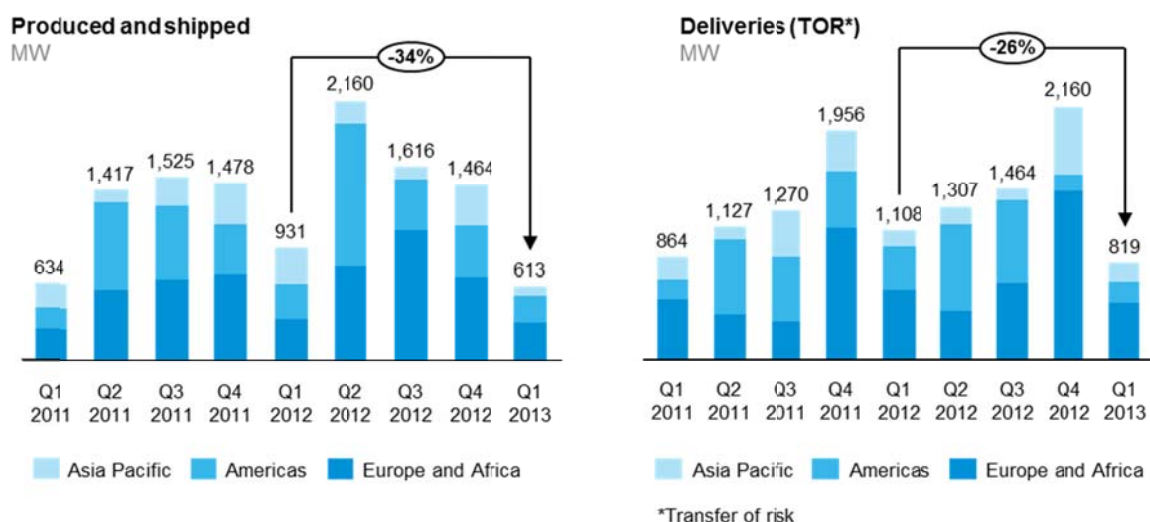
Order backlog and activities – wind turbines

The quarterly order intake was 644 MW, of which 42 per cent was publicly announced. The order backlog amounted to 6,927 MW at the end of March 2013. Europe and Africa accounted for 71 per cent and Americas and Asia Pacific accounted for 18 and 11 per cent, respectively. The value of the order backlog was EUR 7.0bn at the end of March 2013.

In the first quarter of 2013, Vestas produced and shipped wind turbines with an aggregate output of 613 MW (286 wind turbines) against 931 MW (449 wind turbines) in the first quarter of 2012. Final capacity delivered to the customers (transfer of risk – TOR) amounted to 819 MW; a decrease of 26 per cent from the first quarter of 2012.

MW	Europe and Africa	Americas	Asia Pacific	Total
Under completion, 1 January 2013	955	709	289	1,953
Delivered (TOR) to customers during the period	(489)	(182)	(148)	(819)
Produced and shipped during the period	317	233	63	613
Under completion, 31 March 2013	783	760	204	1,747

At the end of March 2013, wind turbine projects with a total output of 1,747 MW were under completion. This is reflected in the level of prepayments and inventories as a large share of these MW cannot yet be recognised as revenue. The revenue recognition of these MW will take place when the projects are finally delivered to the customers.



Order backlog and activities – service

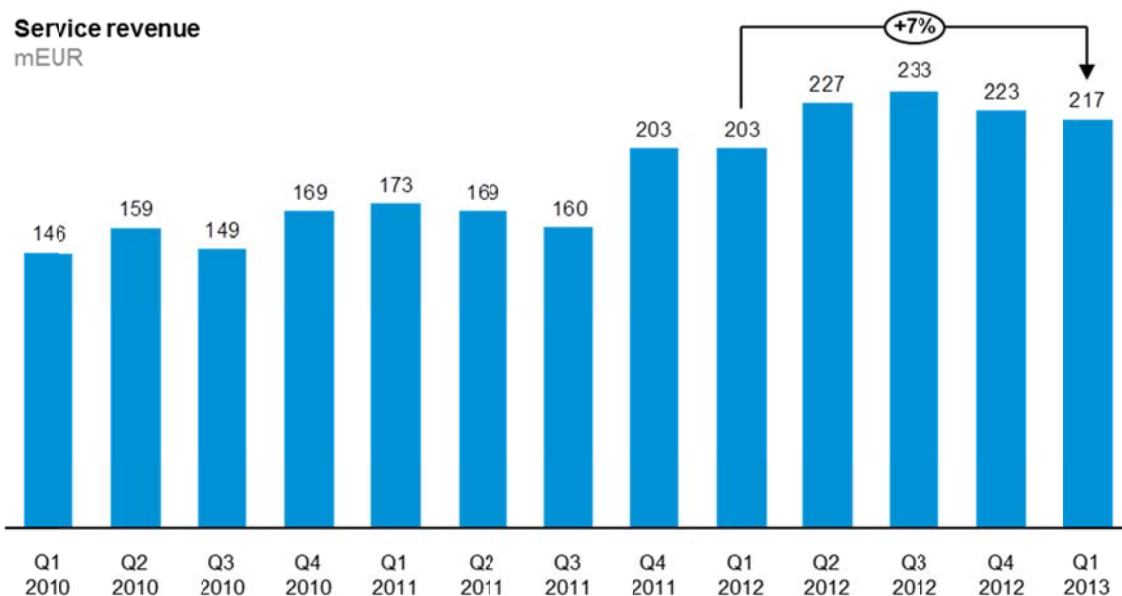
At the end of March 2013, Vestas had service agreements with contractual future revenue of EUR 5.4bn – an increase of 29 per cent compared to the end of March 2012.

Service revenue amounted to EUR 217m in the first quarter of 2013 – an increase of 7 per cent compared to the first quarter of 2012. Even though revenue and earnings from the service business are far more stable than from the wind turbine business, the revenue and earnings generating activities in the different service contracts may vary from quarter to quarter. In the first quarter of 2013, the EBIT margin amounted to 24 per cent before allocation of Group costs. The EBIT margin after allocation of Group costs was 15 per cent which is an increase of 12 percentage points compared to the first quarter 2012 – driven by an improved service contribution margin and lower Group costs.

The service business requires in-depth knowledge about the wind turbines' performance depending on wind conditions and grid types, but only ties up a small amount of capital. Vestas offers an increasingly broader product range covering everything from simple on-call duty to a guaranteed minimum exploitation of the wind.

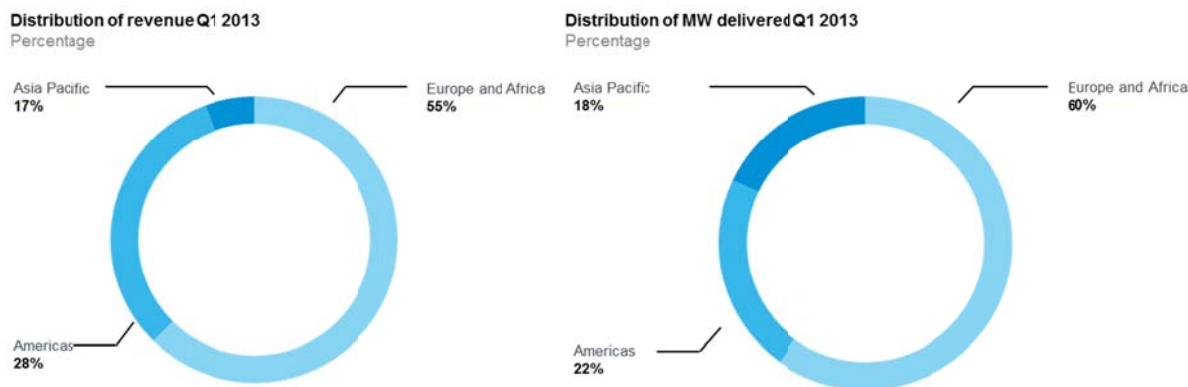
By the end of March 2013, Vestas has installed almost 56 GW in 73 countries. A high level of installed capacity and carefully planned service visits are key prerequisites for generating profit from the service business. Consequently, close monitoring of almost 25,000 wind turbines equivalent to nearly 44 GW is one of the foundations of Vestas' service business' growth strategy.

71 per cent of the expiring service contracts were renewed during the first three months of the year.

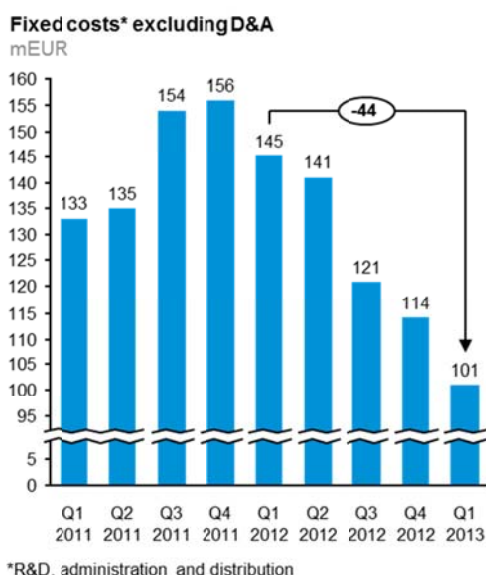


Income statement

In the first quarter of 2013, revenue amounted to EUR 1,096m; a decrease of 1 per cent compared to the year-earlier period. Europe and Africa accounted for 55 per cent of first quarter revenue, whereas the Americas and Asia Pacific accounted for 28 and 17 per cent, respectively.



In the first quarter of 2013, the gross margin increased to 5.3 per cent from 1.1 per cent in the first quarter of 2012. This development was primarily driven by lower capacity costs, lower warranty provisions and lower depreciation. These savings more than compensated for a very low contribution margin on a couple of projects delivered in the first quarter. It should be emphasised that quarter-on-quarter developments in gross margins may show substantial fluctuations due to volume and composition relating to countries, project complexity, order and wind turbine types as well as customer demands for delivery flexibility. The margins on the projects delivered in the first quarter are thus not representative for the margins on the projects in the backlog.



EBITDA before special items amounted to EUR (12)m in the first quarter of 2013 – an increase of EUR 78m compared to the first quarter of 2012. The increase is driven by the improved gross profit and EUR 44m lower fixed costs exclusive of depreciation and amortisation compared to the first quarter of 2012.

EBIT before special items amounted to EUR (108)m – an increase of EUR 96m on the first quarter of 2012. In addition to the above-mentioned improvements, the increase was positively impacted by lower depreciation and amortisation.

The EBIT margin before special items was improved by 8.6 percentage points to (9.9) per cent.

A total of EUR 14m was booked as special items in the first quarter of 2013 primarily related to layoff of employees.

In the first quarter of 2013, net financials amounted to EUR (29)m against EUR 20m in the first quarter of 2012 when net financials were positively affected by currency adjustments.

Balance sheet

Vestas had total assets of EUR 6,355m at 31 March 2013, against EUR 7,969m the year before. At the end of March 2013, Vestas' interest-bearing net position amounted to EUR 972m, representing an increase of 14 per cent over the last year. During the first quarter, the net debt increased by EUR 72m.

Net working capital

At the end of March 2013, Vestas' net working capital amounted to EUR 197m, which is an increase of EUR 177m compared to the end of March 2012. During the quarter, net working capital decreased by EUR 36m. The improvement was due to lower inventories and receivables and higher prepayments which more than compensated for the lower trade payables and other liabilities.

The regionalised manufacturing leaves room for further reduction of the inventories in the different regions by decreasing the lead time. An important focus area is to reduce the working capital tied up in "MW under completion" i.e. turbines in transport to site, in installation phase and in mechanical completion phase. Vestas aims to reduce the level of MW under completion significantly by decreasing lead time in manufacturing, transportation and construction. At the same time, Vestas focuses on order-to-cash by implementing improvements within contract management and cash collection. MW under completion stood at 1,747 MW by the end of March 2013 – a reduction of 206 MW compared to the beginning of 2013.

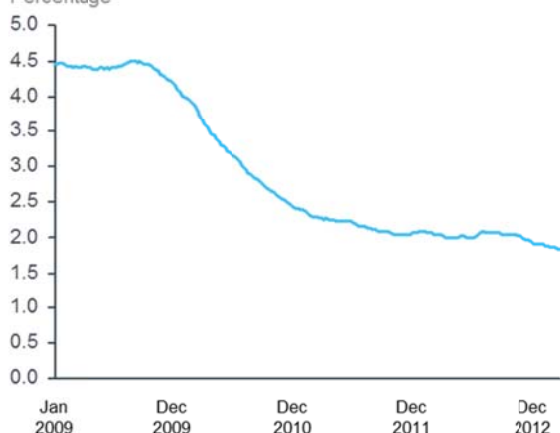
Warranty provisions

In the first quarter of 2013, warranty provisions amounted to EUR 23m, equivalent to 2.1 per cent of revenue. In the first quarter of 2013, warranty consumption amounted to EUR 17m – compared to EUR 30m in the first quarter of 2012. Over the last 12 months, warranty consumption as a percentage of revenue was less than 1.5 per cent. The very low level is a result of the continued quality focus and the improved performance of the wind turbines.

In general, provisions are made for all expected costs associated with wind turbine repairs or replacements, and any reimbursement from other involved parties is not offset unless a written agreement has been made to that effect. Provisions are made to cover possible costs of remedy and other costs in accordance with specific agreements. Provisions are based on estimates, and actual costs may deviate substantially from such estimates.

Lost production factor

Percentage



The ongoing improvement of the Lost Production Factor (LPF) on Vestas wind turbines implies that the customers achieve a consistently better return on their investment. At the end of March 2013, all the wind power plants where Vestas are guaranteeing the performance showed an average LPF of less than 2.

Data calculated across nearly 15,000 Vestas wind turbines under full scope service.

Total equity

Vestas' equity amounted to EUR 1,489m at 31 March 2013; a decrease of EUR 889m on 31 March 2012, primarily driven by the write-downs of non-current assets and tax assets made over the past 12 months.

Cash flow and investments

In the first quarter of 2013, cash flow from operating activities increased by EUR 181m to EUR (23)m positively affected by changes in net working capital and an improved net result. Cash flow from net interests was significantly affected by costs in relation to closing of the revised bank facilities. Cash flow from investments amounted to EUR 37m, which is 59 per cent lower than the same period last year.

The free cash flow increased by EUR 235m to EUR (60)m in the first quarter of 2013.

Business priorities

In 2006, Vestas began to build an organisation and a production with global reach. The objective was to be able to manufacture regionally at local costs, to reduce transport costs both financially and in terms of environmental footprint and to improve relations with local, regional and global customers and thereby shortening delivery times.

Increased regionalisation, improved quality and growing service revenue

	Q1 2013 ¹⁾	Full year 2012	Full year 2011	Full year 2010	Full year 2009	Full year 2008
Order intake (bnEUR)	0.7	3.8	7.3	8.6	3.2	6.4
Order intake (MW)	644	3,738	7,397	8,673	3,072	6,019
Produced and shipped (MW)	613	6,171	5,054	4,057	6,131	6,160
Deliveries (MW)	819	6,039	5,217	5,842	4,764	5,580
Revenue (mEUR)	1,096	7,216	5,836	6,920	5,079	5,904
- of which service	217	886	705	623	504	396
Gross margin (%)	5.3	11.0	12.4	17.0	16.5	19.1
Warranty provisions (%)	2.1	2.1	2.5	2.8	5.8	4.5
EBIT margin before special items (%)	(9.9)	0.1	(0.7)	6.8	4.9	10.4
Net working capital as percentage of revenue (%)	3.6 ²⁾	3.2	(1.2)	9.7	6.2	(1.2)
Return on invested capital (ROIC) before special items ³⁾ (%)	2.1	0.2	(1.3)	10.8	9.5	43.4
Investments (mEUR)	(37)	(386)	(761)	(789)	(808)	(680)
Free cash flow (mEUR)	(60)	(359)	79	(733)	(842)	(403)
Number of employees, end of period	17,196	17,778	22,721	23,252	20,730	20,829
- of which outside Europe	6,397	6,704	8,603	8,127	6,569	5,320

1) Neither audited nor reviewed.

2) Net working capital as percentage of minimum outlook for revenue

3) Calculated over a 12-month period.

However, in recent years, the economic downturn has curbed energy demand and overshadowed the green agenda on a number of large markets. As a result, growth is no longer a given for the wind power industry, nor for Vestas. Consequently, Vestas embarked on a new journey when a new

operating business model and a new organisation were conceived by the end of 2011. The objective is to optimise cash flow and earnings in the short term, while not sacrificing long-term opportunities such as capitalising on the growing service business or developing the game changing V164-8.0 MW turbine for offshore.

All areas of the business must enhance the focus on improving the currently disappointing return on invested capital. For 2013 in particular, this means executing on three objectives of importance: cost reductions, reduced investments and improved capacity utilisation and capital efficiency.

Cost reductions

During 2012, a cost reduction plan for both fixed and variable costs was intensified in order to improve earnings. Vestas expects the combined fixed cost savings efforts during 2012 and 2013 to exceed EUR 400m with full effect as from the end of 2013. Likewise, variable costs were reduced during the course of 2012. When Vestas entered 2012, the product and production costs for the V112 turbine and the GridStreamer™ technology were higher than expected. In order to reduce these and other variable costs, more than 100 product cost-out initiatives were implemented. Product cost-out initiatives ranged from reducing the selection of bolts and screws to radically streamlining the production of large components for Vestas' wind turbines.

In order to match sites to market demand and Vestas' new operating business model, a number of facilities were closed down during 2012. The closing and exiting of facilities that are no longer needed will continue over the course of 2013 through the continuous implementation of a site simplification plan. Vestas has already announced the closure of the former corporate headquarters in Randers, Denmark, and facilities in Copenhagen, Denmark, in Shanghai, China, and in Leatherhead, UK. It has also been decided to outsource spare parts warehouse operations in Europe.

Reduced investments

Another focus area for Vestas is lowering the need for investments. Over the last 12 months, net investments amounted to EUR 232m which is EUR 456m lower than the corresponding figures one year ago. An example of measures implemented to reduce investments is the new product roadmap launched in 2012. The product roadmap prioritises continuous development of existing, well proven products over development of entirely new platforms which requires huge investments. The new wind turbine variants in the 2 and 3 MW platforms are the latest examples of the new product roadmap. Vestas will also accelerate profitability and reduce the time it takes to bring new wind turbine variants to market. Finally, Vestas plans to take further advantage of an industry supply chain that has improved significantly in recent years. By utilising standard components to a higher degree, Vestas will further reduce its need for investments.

Improved capacity utilisation and capital efficiency

In general, Vestas will make its business more scalable. Instead of continuing to produce almost all components itself, Vestas intends to become a much lighter company, assembling parts made from trusted business partners and validated suppliers to a higher degree than is the case today. In 2012, Vestas divested the tower factory in Varde, Denmark, to a Chinese business partner. Another way of increasing capacity utilisation is to supply to third-parties which is why Vestas has entered into an agreement to supply towers for a number of non-Vestas wind power projects from the tower factory in Pueblo, USA. In 2013, Vestas expects to divest some manufacturing plants which will further increase the capital efficiency.

Yet the shift from growth to consolidation as well as a higher utilisation of outsourcing, must never compromise Vestas' leading position in the areas of quality, technology and safety.

Financial priorities

The focus on cost reductions, reduced investments and increased outsourcing, has not changed Vestas' three main financial priorities:

1. EBIT margin
Vestas has defined a goal of achieving a high single-digit EBIT margin in the medium term subject to a normalised US market. For 2013, the goal is to achieve an EBIT margin before special items of at least 1 per cent.
2. Free cash flow
In 2013, Vestas aims to generate a positive free cash flow and reduce its net debt.
3. Revenue
Vestas has two revenue streams: Wind turbines and service. Service, which is more profitable, is expected to continue being the fastest growing segment. For 2013, the target is total revenue of at least EUR 5.5bn of which service constitutes approx EUR 1bn.

Products

Vestas continuously develops new upgrades of the wind turbine platforms and new service solutions. The product roadmap is thoroughly evaluated with respect to expected future market demand and capex requirements.

In September 2012, Vestas launched a V126-3.0 MW turbine as the first variant to the platform on which the V112-3.0 MW turbine is built and in April 2013, Vestas released another three variants to the 3 MW platform; the V112-3.3 MW, the V117-3.3 MW and the V126-3.3 MW. Late April, Vestas also released two new variants to the 2 MW platform; the V110-2.0 MW and an updated V100-2.0 MW.

Both the V126-3.3 MW and the V110-2.0 MW turbine will be with structural shell blades. The establishment of production lines for this blade design requires a significantly lower capital investment and the blades can be outsourced for third-party production if Vestas chooses to do so in specific markets.

With the introduction of the new wind turbine variants, Vestas has a strong product programme for all wind classes in both the 2 MW and the 3 MW platform.

Vestas will continue to optimise the platforms in order to offer further options to the customers. This could include different rotor diameters and generator sizes as well as other generator options.

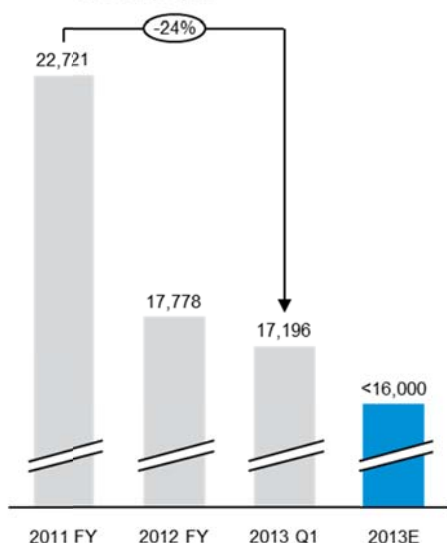
The development of the V164-8.0 MW turbine is continuing according to Vestas' plans, with installation of the first prototype now expected to take place in Denmark in the first quarter of 2014. As previously announced, Vestas has received inquiries from potential partners on the V164-8.0 MW turbine.

Social and environmental performance

Employees

During the course of 2012, Vestas carried out a comprehensive, global restructuring of the organisation due to an excessive cost base in relation to the activity level. The restructuring continued in the first quarter of 2013, where Vestas saw an employee reduction of 582 of which 95 per cent were salaried employees.

Employees, end of period
Number of employees



Vestas expects to further reduce its headcount during 2013 through divestments, continuation of hiring freeze and layoffs. This is expected to bring down the number of employees to no more than 16,000 by the end of 2013 compared to 17,778 by the end of 2012 and 22,721 by the end of 2011. The additional cost savings will contribute to reducing costs by more than EUR 400m from year-end 2011 to year-end 2013.

Over the course of 2013, Vestas will scale the organisation up and down according to among other things the expected activity level.

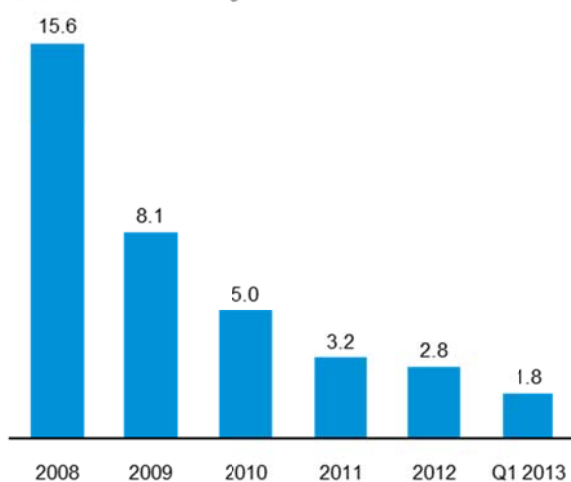
Safety

Safety performance measured as incidence of industrial injuries per one million working hours improved from 2.8 in the first quarter of 2012 to 1.8 in the first quarter of 2013, which is below the full-year target of no more than 2.0. The significant improvement is seen throughout Vestas, where both Sales and Manufacturing have reduced the incidence of industrial injuries by approx 50 per cent. Vestas has since 2005 been on a steep improvement curve within safety with a 95 per cent reduction in the incidence of industrial injuries.

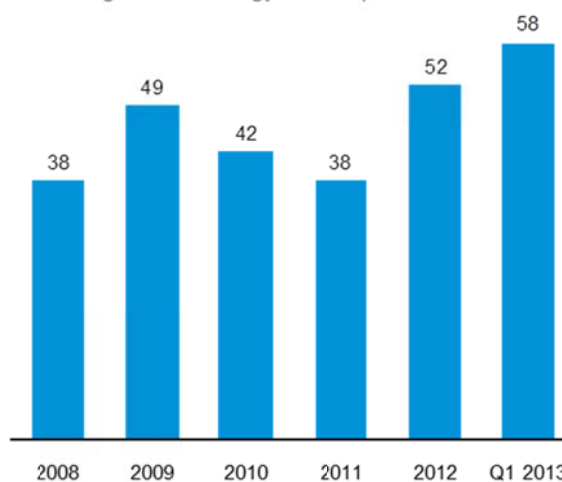
Environmental performance

The main reasons for the reduced consumption of energy and water, the lower volume of waste and the reduced emission of CO₂ are the lower activity level in the first quarter of 2013 compared to the first quarter of 2012. The closure of the factories in Hohhot, China, and Olvega, Spain, as well as the sales of the tower factory in Varde, Denmark also contributed to the positive development.

Incidence of industrial injuries
Per one million working hours



Renewable energy
Percentage of total energy consumption



Vestas' consumption of electricity was fully based on renewable electricity in the first quarter of 2013, which is mainly due to reduced electricity consumption at sites using non-renewable electricity as well as an increased electricity production from own wind power plants. The combined effect hereof results in a renewable electricity percentage of 121 for the first quarter of 2013. The surplus renewable electricity will be balanced out over 2013. In the first quarter of 2013, the share of renewable energy increased by 14 percentage points to 58 per cent.

Shareholders

At the end of March 2013, Vestas had 176,133 registered shareholders, including custodian banks. The registered shareholders held 92.8 per cent of the company's share capital. At the end of March, 171,519 Danish shareholders owned about 62 per cent of Vestas, which has a free float of 100 per cent.

With an announced stake of 5.22 per cent, Marathon Asset Management LLP, UK, is the only shareholder with a notified shareholding above 5 per cent.

Vestas seeks to have an international group of shareholders and to inform its shareholders openly about the company's long-term targets, priorities and initiatives conducted with due consideration to the short-term opportunities and limitations.

Outlook 2013

Vestas maintains its full-year guidance of an EBIT margin before special items of at least 1 per cent and revenue of at least EUR 5.5bn, including service revenue, which is expected to amount to approx EUR 1bn. Service EBIT margin before allocation of Group costs is still expected to be approx 17 per cent. Shipments are expected to be 4-5 GW.

The free cash flow is still expected to be positive in 2013.

It should be emphasised that Vestas' accounting policies only allow the recognition of supply-only and supply-and-installation projects as income when the risk has finally passed to the customer, irrespective of whether Vestas has already produced, shipped and installed the turbines. Disruptions in production and challenges in relation to wind turbine installation, for example bad weather, lack of grid connections and similar matters may thus cause delays that could affect Vestas' financial results for 2013. As usual, Vestas expects to see significant fluctuations in the activity level between the quarters.

The development of the V164-8.0 MW turbine continues according to Vestas' plans, with installation of the first prototype now expected to take place in the first quarter of 2014 – a quarter earlier than previously expected. As previously announced, Vestas has received inquiries from potential partners on the V164-8.0 MW turbine.

There are no plans to invest in new production facilities, and thus investments in property, plant and equipment are expected to be around EUR 150m.

Vestas expects to further reduce the number of employees during 2013 and the year-end number of employees is expected to be no more than 16,000.

Assumptions and risks

The continued economic downturn as well as an increased emphasis on cost of energy continues to put focus on reducing or even abandoning support schemes for wind energy across the globe. Though there are grounds for cautious optimism, the industry must expect a low level of support short- and mid-term. The tendency towards decreasing regulatory financial frameworks for wind power thus continues to add pressure on the industry.

As a consequence the banks have become much more diligent than previously and processing times and documentation requirements have gone up. A further setback in the credit market would adversely affect Vestas' market potential. Similarly, low prices of fossil fuels could postpone demand, and lower energy consumption caused by economic cycles could also affect demand for wind power plants.

The slowdown in market growth has generally triggered component abundance and represents a financial challenge to a number of suppliers. Vestas monitors the risk in relation to component procurement and regularly follows up on the financial standing of existing and potential suppliers.

To minimise the potential impact and reduce risks in connection with fluctuations in prices of commodities such as copper and nickel, Vestas has entered into long-term fixed price agreements with suppliers. In general, however, Vestas seeks to include specific commodity price escalation clauses in its sales contracts. This means that Vestas' earnings on contracts are relatively robust towards fluctuating input prices.

An increase in the price of steel, in particular, may, however, have an adverse impact on project earnings.

Other than the aforementioned, the most important risk factors include additional warranty provisions due to potential quality issues, transport costs, disruptions in production and wind turbine installations and potential patent disputes. The combination of having production facilities in Europe, China and the USA as well as worldwide sales makes Vestas less sensitive to fluctuations in currencies.

Vestas operates with three types of contracts: Supply-only, supply-and-installation and turnkey. Revenue from supply-only and supply-and-installation orders is not recognised until the wind turbines have been finally handed over to the customer. This may cause a time lag concerning the income recognition. The far majority of Vestas' revenue derives from these types of contracts. Revenue from turnkey orders is recognised based on the percentage of completion method in line with shipments. There are no differences between the contract types in terms of the payment profile. Payments are typically received when orders are received, as physical shipments are effected and at final transfer of risk.

Along with certain of its present and former members of the Board of Directors and the Executive Management, Vestas has been named as a defendant in a class action lawsuit filed in the United States District Court, District of Oregon, USA, see also company announcement No. 8/2011 of 21 March 2011.

Press and analyst meeting

For analysts, investors and the media, an information meeting will be held today,

Wednesday, 8 May 2013 at 10 a.m. CEST (9 a.m. BST) at Vestas' Headquarters
Hedeager 44, 8200 Aarhus N, Denmark.

The information meeting will be held in English (with simultaneous interpretation into Danish) and webcast live via vestas.com/investor.

The meeting may be attended electronically, and questions may be asked through a conference call.

The telephone numbers for the conference call are:

Europe:	+44 208 817 9301
USA:	+1 718 354 1226
Denmark:	+45 7026 5040

A replay of the information meeting will subsequently be available on vestas.com/investor.

Contact details

Vestas Wind Systems A/S, Denmark
Lars Villadsen, Senior Vice President, Investor Relations
Tel.: +45 9730 0000

Management's statement

The Executive Management and the Board of Directors have today discussed and approved the interim financial report of Vestas Wind Systems A/S for the period 1 January to 31 March 2013.

The interim financial report has been prepared in accordance with IAS 34 on interim financial reporting as adopted by the EU and additional Danish disclosure requirements for interim financial reports of listed companies. The interim financial report has neither been audited nor reviewed.

In our opinion the interim financial report gives a true and fair view of the Group's assets, liabilities and financial position at 31 March 2013 and of the results of the Group's operations and cash flow for the period 1 January to 31 March 2013.

Further, in our opinion the management report gives a true and fair review of the development in the Group's operations and financial matters, the results of the Group's operations for the period and the Group's financial position as a whole and describes the significant risks and uncertainties pertaining to the Group.

Aarhus, Denmark, 8 May 2013

Executive Management

Ditlev Engel
Group President and CEO

Anders Vedel
Executive Vice President and CTO

Jean-Marc Lechêne
Executive Vice President and COO

Juan Araluce
Executive Vice President and CSO

Marika Fredriksson
Executive Vice President and CFO

Board of Directors

Bert Nordberg
Chairman

Lars Josefsson
Deputy Chairman

Carsten Bjerg

Eija Pitkänen

Henrik Andersen

Henry Sténson

Jørgen Huno Rasmussen

Jørn Ankær Thomsen

Kim Hvid Thomsen

Knud Bjarne Hansen

Michael Abildgaard Lisbjerg

Sussie Dvinge Agerbo

Consolidated accounts – 1 January to 31 March 2013

Consolidated income statement

mEUR	Q1 2013	Q1 2012
Revenue	1,096	1,105
Cost of sales	(1,038)	(1,093)
Gross profit	58	12
Research and development costs	(62)	(60)
Distribution expenses	(43)	(56)
Administrative expenses	(61)	(100)
Operating profit/(loss) before special items	(108)	(204)
Special items	(14)	(41)
Operating profit/(loss) after special items	(122)	(245)
Income from investments in associates	0	0
Net financials	(29)	20
Profit/(loss) before tax	(151)	(225)
Corporation tax	0	63
Net profit/(loss) for the period	(151)	(162)
Earnings per share (EPS)		
Earnings per share for the period (EUR), basic	(0.74)	(0.80)
Earnings per share for the period (EUR), diluted	(0.74)	(0.80)

Consolidated statement of comprehensive income

mEUR	Q1 2013	Q1 2012
Profit/(loss) for the period	(151)	(162)
Items to be reclassified to the income statement when specific conditions are met:		
Exchange rate adjustments relating to foreign entities	19	(26)
Fair value adjustments of derivative financial instruments for the period	(3)	(40)
Fair value adjustments of derivative financial instruments transferred to the income statement (cost of sales)	0	24
Tax on derivative financial instruments and other comprehensive income	1	4
Other comprehensive income after tax for the period	17	(38)
Total comprehensive income for the period	(134)	(200)

Consolidated balance sheet – Assets

mEUR	31 March 2013	31 March 2012	31 December 2012
Goodwill	216	320	216
Completed development projects	440	572	485
Software	57	87	64
Development projects in progress	279	264	251
Total intangible assets	992	1,243	1,016
Land and buildings	784	1,007	785
Plant and machinery	217	378	220
Other fixtures, fittings, tools and equipment	200	324	218
Property, plant and equipment in progress	64	142	63
Total property, plant and equipment	1,265	1,851	1,286
Investments in associates	1	4	1
Other receivables	32	42	32
Deferred tax	146	387	146
Total other non-current assets	179	433	179
Total non-current assets	2,436	3,527	2,481
Inventories	2,151	3,018	2,244
Trade receivables	637	631	792
Construction contracts in progress	55	34	21
Other receivables	410	378	389
Corporation tax	63	71	63
Cash at bank and in hand	467	310	851
Total current assets	3,783	4,442	4,360
Non-current assets held for sale	136	0	131
TOTAL ASSETS	6,355	7,969	6,972

Consolidated balance sheet – Equity and liabilities

mEUR	31 March 2013	31 March 2012	31 December 2012
Share capital	27	27	27
Other reserves	22	(31)	5
Retained earnings	1,440	2,382	1,590
Total equity	1,489	2,378	1,622
Deferred tax	17	0	17
Provisions	176	162	175
Pension obligations	2	2	2
Financial liabilities	1,149	1,156	1,458
Total non-current liabilities	1,344	1,320	1,652
Prepayments from customers	1,815	2,175	1,716
Construction contracts in progress	47	95	77
Trade payables	883	1,428	1,008
Provisions	161	188	159
Financial debt	290	4	293
Other liabilities	311	343	412
Corporation tax	15	38	33
Total current liabilities	3,522	4,271	3,698
Total liabilities	4,866	5,591	5,350
TOTAL EQUITY AND LIABILITIES	6,355	7,969	6,972

Consolidated statement of changes in equity – 3 months 2013

mEUR	Share capital	Translation reserve	Cash flow hedging reserve	-	Retained earnings	Total
Equity at 1 January 2013	27	7	(2)	32	1,590	1,622
Share based payments	0	0	0	0	1	1
Total comprehensive income for the period	0	19	(2)	17	(151)	(134)
Equity at 31 March 2013	27	26	(4)	49	1,440	1,489

Consolidated statement of changes in equity – 3 months 2012

mEUR	Share capital	Translation reserve	Cash flow hedging reserve	-	Retained earnings	Total
Equity at 1 January 2012	27	27	(20)	34	2,542	2,576
Share based payments	0	0	0	0	2	2
Total comprehensive income for the period	0	(26)	(12)	(38)	(162)	(200)
Equity at 31 March 2012	27	1	(32)	(4)	2,382	2,378

Summarised consolidated cash flow statement

mEUR	Q1 2013	Q1 2012
Profit/(loss) for the period	(151)	(162)
Adjustments for non-cash transactions	143	83
Corporation tax paid	(20)	(32)
Net interest	(31)	(2)
Cash flow from operating activities before change in net working capital	(59)	(113)
Change in net working capital	36	(91)
Cash flow from operating activities	(23)	(204)
Net investment in intangible assets	(29)	(55)
Net investment in property, plant and equipment	(7)	(38)
Other	(1)	2
Cash flow from investing activities	(37)	(91)
Free cash flow	(60)	(295)
Repayment of non-current liabilities	(309)	0
Raising of non-current liabilities	0	242
Cash flow from financing activities	(309)	242
Change in cash at bank and in hand less current portion of bank debt	(369)	(53)
Cash at bank and in hand less current portion of bank debt at 1 January	847	370
Exchange rate adjustments of cash at bank and in hand	(12)	(10)
Cash at bank and in hand less current portion of bank debt at 31 March	466	307
The amount can be specified as follows:		
Cash at bank and in hand without disposal restrictions	463	294
Cash at bank and in hand with disposal restrictions	4	16
Total cash at bank and in hand	467	310
Current portion of bank debt	(1)	(3)
	466	307

Accounting policies

Basis of Preparation

The interim report comprises a summary of the consolidated financial statements of Vestas Wind Systems A/S.

Accounting Policies

The interim report is prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the EU and additional Danish disclosure requirements for interim financial reporting of listed companies.

Except for the effect of new IASs/IFRSs implemented in the period, the accounting policies remain unchanged from the annual report for 2012, which is presented under International Financial Reporting Standards (IFRSs) as adopted by the EU. Reference is made to the annual report for 2012, pages 67-72, for a complete description of the accounting policies of the Group.

New IASs/IFRSs and IFRICs implemented in the period

No new standards or interpretations of importance to net profit and equity were implemented in 2013.

For additional information on IASs/IFRSs and IFRICs implemented in the current year or later, reference is made to note 40 on page 108 of the annual report for 2012.

To date, no new IASs/IFRSs or IFRICs have been issued in 2013 which are at this time considered relevant to Vestas.

MW delivered (TOR)	Q1 2013	Q1 2012	Full year 2012
United Kingdom	123	46	312
Sweden	120	50	525
Germany	57	191	591
Italy	39	54	452
Poland	38	108	275
Finland	30	9	33
France	24	-	168
Denmark	18	-	87
Ukraine	15	-	81
Netherlands	9	4	42
Turkey	6	24	48
Romania	4	-	56
Portugal	3	2	6
Switzerland	3	-	-
Spain	-	92	290
Czech Republic	-	4	16
Cape Verde	-	3	3
Norway	-	-	54
Belgium	-	-	16
Austria	-	-	14
Cyprus	-	-	11
Bulgaria	-	-	6
Ireland	-	-	4
Total Europe and Africa	489	587	3,090
Brazil	90	76	88
Chile	90	-	7
Uruguay	2	-	7
USA	-	297	1,313
Argentina	-	2	2
Canada	-	-	439
Nicaragua	-	-	40
Netherlands Antilles	-	-	30
Mexico	-	-	29
Puerto Rico	-	-	23
Total Americas	182	375	1,978
Australia	93	-	420
China	47	92	413
India	8	54	88
Pakistan	-	-	50
Total Asia Pacific	148	146	971
TOTAL WORLD	819	1,108	6,039

MW overview per quarter 2013

MW	Europe and Africa	Americas	Asia Pacific	Total
Q1				
Under completion, 1 January 2013	955	709	289	1,953
Delivered (TOR) to customers during the period	(489)	(182)	(148)	(819)
Produced and shipped during the period	317	233	63	613
Under completion, 31 March 2013	783	760	204	1,747

Warranty provisions

mEUR	31 March 2013	31 March 2012	31 December 2012
Warranty provisions, 1 January	274	249	249
Exchange rate adjustments	0	0	(1)
Provisions for the period	23	62	148
Warranty provisions consumed during the period	(17)	(30)	(119)
Adjustments relating to the change in discounting of warranty provisions	0	0	(3)
Warranty provisions	280	281	274
The provisions are expected to be payable as follows:			
< 1 year	135	155	132
> 1 year	145	126	142

Segment information

mEUR	Europe and Africa sales units	Americas sales units	Asia Pacific sales units	Production units	Service	Total reportable segments	
Q1 2013							
External revenue	474	239	162	4	217	1,096	
Internal revenue	110	16	3	452	0	581	
Total segment revenue	520	319	165	458	217	1,677	
Reportable segments' operating results (EBIT)¹⁾	(16)	(21)	5	85	32	85	
Total assets	1,123	1,207	300	1,746	416	4,792	
Q1 2012							
External revenue	525	287	81	9	203	1,105	
Internal revenue	71	34	5	776	0	886	
Total segment revenue	596	321	86	785	203	1,991	
Reportable segments' operating results (EBIT)	(56)	(59)	(21)	(46)	6	(176)	
Total assets	1,484	1,086	669	2,634	426	6,299	
Reconciliation						Q1 2013	Q1 2012
Reportable segments' EBIT						85	(176)
Unallocated net expenses ²⁾						(207)	(69)
Consolidated operating profit (EBIT)						(122)	(245)

1) EBIT of EUR 32m is after allocation of Group costs of EUR 20m.

Before allocation of Group costs, EBIT amounts to EUR 52m (2012: EUR 31m).

2) Inclusive of parent company income (management fee, service, royalty and other rental income from Group companies) reduced by costs related to Turbines R&D and Group staff functions.

Company announcements from Vestas Wind Systems A/S

Disclosed during the first quarter of 2013

03.01.2013	01	Vestas signs 90 MW purchase agreement
11.01.2013	02	Vestas obtains final credit approval of credit facilities
14.01.2013	03	Vestas receives request for scrutiny
16.01.2013	04	Vestas to supply towers for third parties for North American wind power projects
17.01.2013	05	Major shareholder announcement – BlackRock, Inc.
21.01.2013	06	Information in the market regarding Dutch offshore project
06.02.2013	07	Annual report 2012 – Vestas is prepared for a tough 2013
01.03.2013	08	Information in the market regarding project in the Philippines
21.03.2013	09	Vestas Wind Systems A/S' Annual General Meeting on 21 March 2013
22.03.2013	10	Share based incentive programme 2013
29.03.2013	11	Vestas receives 105 MW order in Ukraine

Disclosed during the second quarter of 2013

05.04.2013	12	Information in the market regarding order in Uruguay
08.04.2013	13	Vestas receives 299 MW order in Canada
08.04.2013	14	Major shareholder announcement – Marathon Asset Management LLP
15.04.2013	15	Vestas appoints new Chief Financial Officer
23.04.2013	16	Vestas receives a 10-year service contract renewal for 120 MW
24.04.2013	17	Vestas receives 110 MW order in Chile

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