Raising the bar towards 2020

After completing a successful turnaround, Vestas launched the Profitable Growth Strategy in 2014, with the objective to deliver profitable growth. Vestas is executing on the strategic objectives and meeting the targets with the result that Vestas is now stronger than ever across the business.

In the coming years, the strategic ambition is to further develop and expand Vestas’ market position. Profitable growth will continue to set the direction. Vestas will continue to work diligently on strengthening its position further by also taking advantage of the opportunities ahead. Vestas wants to grow in a profitable way, as generating profit will allow Vestas to further expand its business and achieve its ambitions.

And at the same time, Vestas needs to prepare for the future to beat the increasing competition on all parameters. To do so, Vestas will build further on its capabilities to integrate new technologies in its product portfolio and at the same time ensure the lowest possible levelised cost of energy. Improving its competitiveness also requires Vestas to adapt its organisation to succeed in rapidly evolving market conditions.

Vision and mission

Vestas’ vision and mission serve as important beacons for uniting all Vestas’ key stakeholders, most importantly its employees, setting a clear purpose and direction for where the company is heading and how the employees can support that journey.

Vision – To be the global leader in sustainable energy solutions, meaning:

- Lowest cost of energy solutions
- Preferred partner
- Leader in revenue
- Best-in-class margins.

Mission – Deliver best-in-class energy solutions to the benefit of Vestas’ customers and the planet.

Vestas corporate strategy update

The wind power industry is maturing and will face new opportunities and challenges towards 2020. The outlook for the industry remains positive while continuously evolving, as is Vestas and its overall strategy.

Strategy update in response to industry outlook

The 2017-2020 strategy update captures an evolving reality for wind power where the onshore sector is shifting from high growth rates to high but steady volumes. To be the global leader in sustainable energy solutions, Vestas need to do more in all parts of the business. Looking ahead to 2020, three key themes shape Vestas’ approach across the Group:

- **Raising the bar** – Vestas will set even higher, more ambitious targets to push ourselves to stay ahead of competition.
- **Refining initiatives** – Re-scoping or expanding Vestas strategic initiatives to reflect new market realities.
- **Accelerating execution** – Accelerating execution of new and existing initiatives to deliver on higher targets.

The 2017-2020 strategy provides Vestas with an attractive financial outlook towards 2020. In addition, Vestas continues to explore opportunities to accelerate growth and develop the company further.

The strategic direction for Vestas remains the same, but Vestas has refined and accelerated its strategic initiatives to effectively respond to a new reality as well as updated its vision and mission statements. The Vestas vision – to be the global leader in sustainable energy solutions – reflects the evolving nature of power markets and our customers who operate in those markets. Vestas plays in the sustainable energy solutions market and wind continues to be at the core DNA of Vestas offerings.

Vestas’ strategy revolves around four core objectives:

- Global leader in the wind power plant solutions market
- Global leader in the service solutions market
- Lowest cost of energy solutions
- Best-in-class global operations.
The building blocks of the corporate strategy

**Vision & proof points**

Deliver best-in-class energy solutions for the benefit of Vestas’ customers and the planet

**Mission statement**

Global Leader in Sustainable Energy Solutions

- Lowest Cost of Energy Solutions
- Preferred Partner
- Leader in Revenues
- Best-in-Class Margins

**Strategic objectives**

- Global leader in the wind power plant solutions market
- Global leader in the wind service solutions market
- Lowest cost of energy solutions
- Best-in-class global operations

**Values**

- Accountability
- Collaboration
- Simplicity

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**Global leader in the wind power plant solutions market**

Vestas will continue to focus on profitable growth in mature and emerging markets, partnering more closely with its customers, expanding its key account programme, involving customers in product development, and working closely with them to deliver tailored solutions.

With its strong global footprint, Vestas has a competitive edge, allowing it to grow profitably in both developed and developing markets. Vestas will continue to scale production up and down in accordance with demand in different regions. Building on its long-standing global presence, Vestas will continue to pursue opportunities in markets where wind energy is set to expand.

As part of Vestas’ ambitions to grow profitably, Vestas is participating in project development to a limited extent as some markets require this. By entering into co-development activities under a more structured approach, Vestas expects to be able to engage earlier with certain customers and thereby potentially lock deals earlier than it would otherwise be possible in some cases, whilst simultaneously offering significant value to the customer. The short to medium-term financial effects from such initiatives are expected to be limited in the context of Vestas’ overall financials.

The repowering potential is increasing rapidly and Vestas is well-positioned to capture value in this market segment. The main repowering opportunity towards 2020 is in Germany with additional potential in Denmark, the USA, and India. Beyond 2020, the repowering potential will become global.

Vestas’ mid-term ambition to grow faster than the market remains unchanged for 2017-2020. Vestas’ ambition is to uphold its No. 1 global position in installed wind power capacity.

**Global leader in the service solutions market**

Vestas has installed 82 GW on six continents and services more than 71 GW across the globe. Together with Vestas’ industry-leading quality and a Lost Production Factor under 2 percent, Vestas has an unparalleled track record within operation and service of wind turbines.

As the majority of Vestas’ wind turbine contracts are sold with service agreements, typically running for five to 10 years, the stable revenue stream from the service business is set to continue its growth as the installed base of wind turbines increases.

As part of Vestas’ goal to become the leader in the service solutions market, Vestas will grow its multi-brand service solutions. Multi-brand service solutions offer a large opportunity as Vestas turbines cover approx 16 percent of the total installed fleet worldwide. With the acquisitions of UpWind Solutions Inc. and Avalon Holding GmbH, Vestas accelerated its competences within multi-brand service solutions.

Vestas’ large installed base and unmatched data processing and analytics capabilities within the wind power industry serve as an important enabler for developing and expanding the service business further. Vestas already use data to optimise operation and maintenance, but Vestas data expertise should enable the company to bring new value creating solutions to the market.

As a result of higher than anticipated growth in the service business, Vestas has decided to increase its strategic ambition for the area. The new target is to grow its service business by more than 50 percent organically towards 2020 versus 2016 revenue, while at the same time deliver best-in-class margins.
For more than 35 years, Vestas has been driving down the cost of energy in the wind power industry and been at the heart of the technological progress. Vestas has a clear ambition to sustain this downward trend and lower the cost of energy faster than anyone in the wind power industry by bringing commercially valuable products and services to the market. Vestas’ technology strategy derives its strength from market-driven product development and extensive testing at the wind power industry’s largest test facility, located in Denmark. Coupled with utilising Vestas’ smart data capabilities across the entire value chain, Vestas’ approach to technology enables it to continuously integrate new and effectively innovate proven technologies to create high-performing products and services in pursuit of its over-riding objective: lowering the levelised cost of energy (LCOE).

During 2016, Vestas introduced new variants and solutions to support its ambition to reduce LCOE faster than market average. By reducing LCOE faster than market average, Vestas aims to provide its customers with the highest returns in the industry. Vestas’ investments in new technology are the highest in the wind power industry. Vestas’ corporate strategy positioned to support growth in all areas
Vestas has a strong position within its three main business areas, onshore wind turbines, services, and offshore wind. Each area offers a solid base for continued growth and stability. In the coming years, Vestas expects the onshore wind turbine market to transition from high global growth rates to high but steady volumes, while Vestas expects to see double-digit growth in the worldwide installed base creating important new opportunities to grow the service business. Finally, offshore wind is projected to become a large-scale renewable technology, creating the foundation for a high growth scenario in the offshore market.