The independent auditor's report

To the Shareholders of Vestas Wind Systems A/S

Our opinion
In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2016 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2016 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 31 December 2016 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2016 in accordance with the Danish Financial Statements Act.

What we have audited
Vestas Wind Systems A/S' Consolidated Financial Statements and Parent Company Financial Statements for the financial year 1 January to 31 December 2016, pages 053-117 and pages 119-133, comprise income statement, balance sheet, statement of changes in equity and notes to the financial statements, including summary of significant accounting policies for the Group as well as for the Parent Company and statement of comprehensive income and cash flow statement for the Group. Collectively referred to as the "financial statements".

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Group in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and with the ethical requirements that are relevant to our audit of the financial statements in Denmark. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key Audit Matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for 2016. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition	
Recognition of the Group's revenue is complex due to several types of customer contracts utilised, including sale of wind turbines and power plants (supply-only, supply-and-installation and turnkey), service contracts and sale of spare parts. We focused on this area as recognition of revenue involves significant judgement made by Management including; whether contracts contain deliverables which should be separated for revenue recognition purposes and the most appropriate revenue recognition methodology for each of those elements; determining the allocation of consideration on a fair value basis between components of multi-element contracts as noted above; assessing when transfer of risk has occurred regarding sale of wind turbines (supply-only and supply-and-installation) and sale of spare parts; and assessing the degree of completion of project and service contracts which are accounted for on a "percentage of completion" basis. Refer to Note 1.2 and Note 2.4.	We tested the relevant controls used to ensure the completeness, accuracy and timing of revenue recognised, including controls over the degree of completion of turnkey and service contracts at year-end. We read a sample of both project and service contracts to assess whether the revenue recognition methodology was relevant and consistent with accounting standards, and had been applied consistently. We focused on contract classification, allocation of income and cost to the individual parts of the contracts and timing of transfer of risk. Where a contract contained multiple elements, we considered Management's judgements as to whether there were elements that should be accounted for separately, and, in such cases, challenged the judgements made in the allocation of the consideration to each element. We evaluated and challenged the significant judgements and estimates made by Management in applying Vestas' accounting policy to a sample of specific contracts and separable elements of contracts, and we obtained evidence to support them, including details of contractual agreements, delivery records, cash receipts and project plans. For the contracts selected, we inspected original signed contracts and agreed the revenue recognised to the underlying accounting records. We obtained a sample of Management's calculations of the degree of completion of turnkey and service contracts at year-end. We matched a sample of source data used in Management's calculation to supporting evidence, and evaluated the judgements applied. We also considered the historical outturns of judgements used in prior periods. We applied Computer Assisted Audit Techniques to establish, whether any revenue had been recognised where no corresponding accounts receivable or cash item had been recorded in the general ledger.

Key Audit Matter	How our audit addressed the Key Audit Matter
Tax risks The Group operates in a complex multinational tax environment and the Group is part in tax cases with domestic and foreign tax authorities. We focused on this area as the amounts involved are material and as the valuation of the provision and deferred tax assets is associated with a high degree of judgement. At 31 December 2016, the Group has recognised provisions in respect of uncertain tax positions. Furthermore, the Group has recognised write-downs on deferred tax assets. Refer to Note 5.1 and 5.2.	We evaluated relevant controls regarding completeness of records of uncertain tax positions and Management's procedure for estimating the provision for uncertain tax provisions and write-down of deferred tax assets. In understanding and evaluating Management's judgements, we considered the status of recent and current tax authority audits and enquiries, the outcome of previous claims, judgemental positions taken in tax returns and current estimates and developments in the tax environment. In addition, we used internal local and international tax specialists to evaluate and challenge the adequacy of Management's key assumptions and read correspondence with tax authorities to assess Management's estimates. We evaluated the Group's model for valuation of deferred tax assets, including the forecasts used to estimate the expected future taxable income.
Warranty provisions The Group's product warranties primarily cover expected costs to repair or replace components with defects or functional errors and financial losses suffered by the Group's customers in connection with unplanned suspension of operations. Warranties are usually granted for a two-year period from delivery of the turbine, however, in certain cases, a warranty of up to five years is granted. Additionally, provisions are also made for turbines sold with serial errors. We focused on this area as the completeness and valuation of the expected outcome of warranty provisions requires a high degree of Management judgement and the use of estimates giving rise to inherent uncertainty in the amounts recorded in the financial statements. Refer to Note 3.5.	We tested the relevant controls regarding completeness of warranty provisions and how Management assesses valuation of provisions. We challenged the assumptions underlying the valuation of provisions by checking and verifying the inputs used to calculate the provisions, including interviewing project managers, cost controllers and Management regarding individual cases. We assessed specific warranty provisions held for individual cases to evaluate whether the warranty provisions were sufficient to cover expected costs at year-end. Further, we assessed the level of historical warranty claims to assess whether the total warranty provisions held at year-end were sufficient to cover expected costs in light of known and expected cases and standard warranty periods provided.
Inventory valuation The valuation of inventory across the Group is dependent on establishing appropriate valuation controls. We focused on this area as Management judgement is applied to estimate the appropriate write-down for obsolete inventories and the indirect production costs manually capitalised as inventory. These judgements are key elements in the valuation of inventories. Refer to Note 2.2.	We tested relevant internal controls that the Group uses to ensure proper valuation of inventory, including the procedures for write-down of obsolete inventory and the indirect production costs manually capitalised as inventory. We tested the adequacy of write-downs for excess and/or obsolete inventory by verifying future demand data, historical usage, historical accuracy of write-downs and Management's plans to utilise the inventory. We evaluated and challenged the significant judgements and estimates made by Management in applying Vestas' accounting policy in relation to indirect production costs.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether the Management's Review includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and Parent Company Financial Statements and has been prepared in accordance with the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation of Consolidated Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of Parent Company Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Hellerup, 8 February 2017

PricewaterhouseCoopers
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Kim Füchsel
State Authorised
Public Accountant

Kim Tromholt
State Authorised
Public Accountant

The independent auditor's limited assurance report

To the Stakeholders of Vestas Wind Systems A/S

We have undertaken a limited assurance engagement of the consolidated social and environmental key figures and indicators in the annual report of Vestas Wind Systems A/S for the financial year 2016, as included on page 7 in the annual report for 2016. A multidisciplinary team including assurance practitioners, engineers and other experts conducted this engagement.

Management's responsibility
Management is responsible for preparation of the consolidated social and environmental key figures and indicators in accordance with Group accounting policies as expressed on page 52. This responsibility includes design, implementation and maintenance of internal control relevant to the preparation of the social and environmental key figures and indicators ensuring that data are free from material misstatement, whether due to fraud or error.

Vestas Wind Systems A/S' accounting policies for the consolidated social and environmental key figures and indicators contain Management's reasoning for the selection of topics and indicators as well as defined reporting scope for each data type.

Our Independence and Quality Control
We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

PwC applies International Standard on Quality Control 1, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility
Our responsibility is to express a limited assurance conclusion on the consolidated social and environmental key figures and indicators stated on page 7 based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information". The standard requires that we plan and perform this engagement to obtain limited assurance about whether the consolidated social and environmental key figures and indicators are free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 involves assessing the suitability in the circumstances of Vestas Wind Systems A/S' use of stated accounting policies as the basis for the preparation of the consolidated social and environmental key figures and indicators. Furthermore, it involves assessing the risks of material misstatement, whether due to fraud or error, responding to the assessed risks as necessary in the circumstances and evaluating the overall presentation of the consolidated social and environmental key figures and indicators. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:
- Through inquiries, obtained an understanding of Vestas Wind Systems A/S' control environment and information systems relevant to quantification and reporting of social and environmental data;
- Made site visits in Denmark, Germany and Brazil to assess the completeness of social and environmental data sources, data collection methods, source data and relevant assumptions applicable to the sites. The sites selected for testing were chosen taking into consideration their size and sites selected in prior periods. Our procedures included testing to underlying documentation as well as input data controls performed at these sites;
- Planned and conducted interviews and show-me meetings with Group functions to assess consolidation processes, use of company-wide systems and controls performed at group level as well as test of social and environmental data prepared at Group level to underlying documentation.

Limited Assurance Conclusion
Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the consolidated social and environmental key figures and indicators presented on page 7 in the annual report of Vestas Wind Systems A/S for the financial year 2016 is not free of material misstatements and is not prepared, in all material respects, in accordance with the stated accounting policies as included on page 52.

Hellerup, 8 February 2017

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