

Company announcement from Vestas Wind Systems A/S

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Interim financial report, first quarter 2010

Results and order intake in line with expectations. Significant increase in investments and number of staff.

Summary: Vestas generated first-quarter revenue of EUR 755m, a drop of 32 per cent, achieving an EBIT of EUR (96)m, against EUR 76m in the first quarter of 2009. The EBIT margin thus declined from 6.9 per cent to (12.7) per cent due to the expected very low capacity utilisation. Net working capital stood at 21 per cent of expected annual revenue, against 8 per cent the year before. The first-quarter order intake was 1,258 MW, and the value of the backlog of firm and unconditional orders amounted to EUR 2.9bn at 31 March 2010. From 31 March to 27 April 2010, Vestas' announced order intake amounted to 2,014 MW inclusive of the firm and unconditional order of 1,500 MW from EDP Renováveis. Safety at Vestas' work places improved further, and renewable energy accounted for 43 per cent of Vestas' total energy consumption in the quarter. The forecast for 2010 is retained; an intake of firm and unconditional orders for 8,000-9,000 MW, an EBIT margin of 10-11 per cent, a net working capital of 15 per cent and revenue of EUR 7bn. Based on the order intake and market momentum, Vestas will now be launching full staffing in the USA, which contributes to Vestas expecting to employ a total of 3,400 employees in 2010. Furthermore, Vestas will also invest funds in a service and maintenance centre in Colorado, USA, and combined with the sales release of the V112-3.0 MW turbine for both onshore and offshore at the end of August, this represents a EUR 400m increase for the 2010 investment programme to EUR 1.0bn.

Q1 2010 at a glance (against Q1 2009)

- 64% Vestas shipped a total of 178 wind turbines
- a decrease of 64 per cent
- 56% Vestas shipped wind power systems with an aggregate capacity of 387 MW
- a decrease of 56 per cent
- 32% Vestas generated revenue of EUR 755m
- a decrease of 32 per cent
- EUR 172m EBIT amounted to EUR (96)m
- a decrease of EUR 172m
- EUR 138m Profit after tax amounted to EUR (82)m
- a decrease of EUR 138m
- 3% The number of employees fell to 20,693
- a decrease of 3 per cent

- 66% Industrial injuries per one million working hours was reduced to 4.4
 - a reduction of 66 per cent
- + 4 % points The share of renewable energy increased to 43 per cent
 - an increase of 4 percentage points

The Group's financial performance in Q1 2010

	Q1 2010 ¹⁾	Q1 2009 ¹⁾	Full year 2009
Revenue (mEUR)	755	1,105	6,636
EBIT (mEUR)	(96)	76	856
EBIT margin (%)	(12.7)	6.9	12.9
Profit after tax (mEUR)	(82)	56	579
Net working capital (% of revenue)	21	8	19
Cash flow from operating activities (mEUR)	(398)	(195)	(34)

1) Neither audited nor reviewed.

Revenue declined by 32 per cent in the first quarter of 2010 to EUR 755m in line with expectations. The EBIT margin therefore fell to (12.7) per cent. The decline in revenue and earnings reflects the much lower level of activity and Vestas' decision not to adjust its capacity further because of short-term market developments. Vestas' capacity at year-end 2010 will be 10,000 MW. Having shipped only 387 MW in the first quarter, Vestas was as expected thus far from utilising its capacity.

Outlook for 2010

Of the expected intake of firm and unconditional orders of 8,000-9,000 MW, Europe is still expected to contribute nearly 50 per cent, the Americas about 30 per cent and Asia/Pacific approx 20 per cent.

Adjusted for input prices, in general Vestas expects that prices and conditions remain unchanged in 2010 relative to 2009. In 2010, Vestas expects to achieve an EBIT margin of 10-11 per cent and revenue of EUR 7bn. The lower EBIT margin relative to 2009 is due to Vestas' excess capacity and the fact that the far majority of revenue, and especially earnings, will be generated at the end of the second half of the year, which will have a material impact on the margin. Revenue in the service business is expected to remain unchanged at EUR 600m with an EBIT margin of 15 per cent. Net working capital will continue to fluctuate heavily in 2010 and is expected to amount to 15 per cent of annual revenue at the end of the year.

Investments in property, plant and equipment and intangible assets are now expected to amount to EUR 650m and EUR 350m, respectively. The revised expectations for capital expenditure are due primarily to the V112-3.0 MW turbine being launched sooner and in greater volumes than previously planned. The additional investments will be allocated to, among other things, new blade moulds. Furthermore, a service and maintenance centre will be established adjacent to the blade and nacelle factory in Brighton, Colorado, USA.

Financial items are still expected to amount to EUR (25)m. The effective tax rate is expected to be 28 per cent. Warranty provisions are expected to represent 3 per cent in 2010.

Vestas now expects to recruit 3,400 employees, net, in 2010 against 1,300 as previously expected. The number of staff at year-end 2010, will thus amount to around 24,000. The accelerated build-up of human resources is primarily attributable to the launch of production in the USA. Vestas Technology

R&D is still expected to increase its employee headcount by a total of 500 to approx 2,000 during 2010.

Assumptions and risks

As a result of the credit crisis, Vestas' order intake dropped considerably from the autumn of 2008 to the end of 2009. The expected improvement in order intake has materialised for Vestas, and a number of banks are venturing into project funding, which will henceforth create a more robust financial infrastructure for the industry and its customers. As the banks are now much more critical than they were before the credit squeeze, processing times and documentation requirements have gone up. This is clearly to the benefit of the financially strong blue-chip providers. A setback in the credit market would adversely affect the wind turbine market. Similarly, low prices of fossil fuels could postpone demand, and lower energy consumption caused by economic trends could also affect demand for wind power plants.

Prices of a number of components are again starting to rise. As a general rule, Vestas' contracts take such price increases into account so that the final price of the projects will reflect developments in input prices. This means that Vestas' margin is relatively robust towards fluctuating input prices. Large-scale investments throughout the supply chain have eliminated any immediate risk of bottlenecks and, by extension, Vestas' need for buffer stocks, which will be reduced in the course of 2010.

Other than the aforementioned, the most important risk factors include additional warranty provisions due to quality issues, transport costs, disruptions in production and in relation to wind turbine installation as well as potential patent disputes. The number of providers and sub-suppliers is growing, leading to intensified competition throughout the value chain.

Vestas operates with three types of contracts: "supply-only", "supply-and-installation" and "turnkey". The underlying operating risk is lowest when dealing with supply-only orders, but they do, however, increase quarter-on-quarter fluctuations in revenue and EBIT as this type of order is not recognised as revenue until the turbines have been delivered according to the contractual terms.

Several banks now require that one supplier is responsible for the whole project, which means that the trend towards more supply-only orders in recent years has reversed. In 2009, supply-only orders accounted for 25 per cent of revenue excluding service. Revenue from supply-and-installation and turnkey orders, in which Vestas is responsible for installing and connecting the turbines to the power grid and for the entire project including all engineering works, respectively, is recognised as the work is performed, providing a more balanced income flow. The trend towards a higher degree of complexity raises the access barriers, but the underlying operating risk is higher than it is for supply-only orders. There are no differences between the contract types in terms of the payment profile.

Vestas since 2006:
Improved quality, strengthened R&D efforts and greater profitability

	Q1 2010 ¹⁾	Full year 2009	Full year 2008	Full year 2007	Full year 2006
Order intake (bnEUR)	1.3	3.2	6.4	5.5	4.9
Order intake (MW)	1,258	3,072	6,019	5,613	5,559
Revenue (mEUR)	755	6,636	6,035	4,861	3,854
Gross margin (%)	5.8	21.7	19.5	17.0	12.0
Warranty provisions (%)	3.0	3.5	4.0	5.0	4.5
EBIT margin (%)	(12.7)	12.9	11.1	9.1	5.2
Net working capital (%)	21	19	5	(1)	3
Return on invested capital (%)	4.1 ²⁾	23.9	34.1	30.9	11.9
Investments in property, plant and (mEUR)	82	606	509	265	153
Number of employees, average	20,648	20,832	17,924	13,820	11,334
Number of R&D employees, end of period	1,673	1,490	1,345	650	519

1) Neither audited nor reviewed.

2) Calculated over a 12-month period.

Vestas is managed and developed with a long-term perspective. Accordingly, Vestas should not be judged on the basis of its quarterly results as they will reflect fluctuations in the level of activity and changes in contract types. In 2005-2006, Vestas initiated a sharp improvement in prices and conditions, including not least the introduction of advance payments and a reduced warranty period, the standard of which is now two years against previously up to five years. These steps significantly reduced the risk on Vestas' balance sheet. A key factor in Vestas' further progress is the improved ability to identify, control and price risks at all project stages and during the operational period of a wind power plant. This work is organised under a Contract Review Function, which reports to the CFO. Together with the CEO, the Contract Review Function reviews all projects in excess of EUR 15m. Smaller projects are handled in the individual sales business units.

The higher prices coupled with far more effective production and improved quality have helped to lift Vestas' profitability. Going forward, new products such as the V112-3.0 MW, the V100-1.8 MW and the 6.0 MW turbine for offshore use and services in connection with the entire wind power plant coupled with ever-improving productivity and quality, regionalisation and more balanced output will be the drivers behind improved competitive strength and the expected increase of Vestas' earnings, as announced in Triple15 – no later than 2015, Vestas' EBIT margin and revenue must be 15 per cent and EUR 15bn, respectively. As part of the No. 1 in Modern Energy strategy, Vestas will continue to invest large amounts in production facilities. Going forward, Vestas expects its headcount to rise at a lower rate than its business volume because of enhanced efficiency, improved turbine performance and economies of scale. A key measure in this context is the ongoing standardisation of Vestas' organisation, which will facilitate communications and collaboration across the 14 business units. Vestas will therefore be able to maintain a high return on invested capital.

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Financial calendar 2010

18 August 2010	Publication of Q2 2010 Press and analyst meeting in London, England
1-2 September 2010	Capital Markets Day, Colorado, USA Further info on page 16.
26 October 2010	Publication of Q3 2010 Press and analyst meeting in New York, USA

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Press and analyst meeting in New York Wednesday, 28 April 2010 at 9 a.m. EST (New York time)/3 p.m. (CET)

In connection with the announcement of this interim financial report, an information meeting will be held today, Wednesday, at 9 a.m. EST (New York time)/3 p.m. (CET) for analysts, investors and the press at the Four Seasons Hotel i New York, USA. Further details on page 16 or on vestas.com/investor.

Yours sincerely
Vestas Wind Systems A/S

Bent Erik Carlsen
Chairman of the Board of Directors

Ditlev Engel
President & CEO

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

Financial highlights for the Group

mEUR	Q1 2010 ¹⁾	Q1 2009 ¹⁾	Full year 2009
Highlights			
Income statement			
Revenue	755	1,105	6,636
Gross profit	44	216	1,441
Profit before financial income and expenses, depreciation and amortisation (EBITDA)	(44)	123	1,074
Operating profit (EBIT)	(96)	76	856
Profit of financial items	(18)	2	(48)
Profit before tax	(114)	78	809
Net profit for the period	(82)	56	579
Balance sheet			
Balance sheet total	6,540	5,435	6,435
Equity	3,296	2,025	3,364
Provisions	251	249	356
Average interest-bearing position (net)	(228)	(48)	(55)
Net working capital (NWC)	1,468	553	1,235
Investments in property, plant and equipment	82	145	606
Cash flow statement			
Cash flow from operating activities	(398)	(195)	(34)
Cash flow from investing activities	(149)	(185)	(808)
Cash flow from financing activities	520	308	1,075
Change in cash at bank and in hand less current portion of bank debt	(27)	(72)	233

Financial highlights for the Group

mEUR	Q1 2010 ¹⁾	Q1 2009 ¹⁾	Full year 2009
Ratios			
Financial ratios²⁾			
Gross margin (%)	5.8	19.5	21.7
EBITDA margin (%)	(5.8)	11.1	16.2
EBIT margin (%)	(12.7)	6.9	12.9
Return on invested capital ³⁾ (ROIC) (%)	4.1	7.8	23.9
Solvency ratio (%)	50.4	37.3	52.3
Return on equity ³⁾ (%)	3.5	7.4	21.8
Gearing (%)	26.1	18.3	10.4
Share ratios²⁾			
Earnings per share ⁴⁾ (EUR)	0.5	0.7	2.9
Book value per share	16.2	10.9	16.5
Price/book value	2.5	3.0	2.6
Cash flow from operating activities per share	(2.0)	(1.1)	(0.2)
Dividend per share	0.0	0.0	0.0
Payout ratio (%)	0.0	0.0	0.0
Share price at the end of the period (EUR)	40.2	33.0	42.6
Average number of shares	203,704,103	185,204,103	197,723,281
Number of shares at the end of the period	203,704,103	185,204,103	203,704,103

1) Neither audited nor reviewed.

2) Ratios have been calculated following the guidelines from "Den Danske Finansanalytikerforening" (The Danish Society of Financial Analysts) (Recommendations and Financial ratios 2005).

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 Earnings per share.

Non-financial highlights for the Group

	Q1 2010 ¹⁾	Q1 2009 ¹⁾	Full year 2009
Key figures²⁾			
Occupational health & safety			
Industrial injuries (number)	39	127	306
- of which fatal industrial injuries (number)	0	0	0
Products			
MW produced and shipped	387	885	6,131
Utilisation of resources			
Consumption of metals (tonnes)	28,236	58,237	202,624
Consumption of other raw materials, etc. (tonnes)	18,232	37,906	126,600
Consumption of energy (MWh)	149,432	158,600	537,165
- of which renewable energy (MWh)	64,552	63,178	263,611
- of which renewable electricity (MWh)	50,647	52,115	238,462
Consumption of water (m ³)	121,215	103,915	521,005
- of which water of non-drinking water quality (m ³)	16,086	20,328	102,528
Waste disposal			
Volume of waste (tonnes)	16,237	26,779	97,471
- of which collected for recycling (tonnes)	6,849	8,268	34,303
Emissions			
Emission of CO ₂ (tonnes)	15,896	15,089	50,532
Local community			
Environmental accidents (number)	0	4	10
Breaches of internal inspection conditions (number)	3	1	3
Employees			
Average number of employees	20,648	21,051	20,832
Number of employees at the end of the period	20,693	21,259	20,730

Non-financial highlights for the Group

	Q1 2010 ¹⁾	Q1 2009 ¹⁾	Full year 2009
Indicators²⁾			
Occupational health and safety			
Incidence of industrial injuries per one million working hours	4.4	12.8	8.1
Absence due to illness among hourly-paid employees (%)	3.2	3.3	2.8
Absence due to illness among salaried employees (%)	1.4	1.4	1.3
Products			
CO ₂ savings over 20 years on the MW produced and shipped (million tonnes of CO ₂)	10	21	163
Utilisation of resources			
Renewable energy (%)	43	39	49
Renewable electricity for own activities (%)	93	69	85
Employees			
Women at management level (%)	19	17	19
Non-Danes at management level (%)	46	44	46
Management system³⁾			
ISO 14001 (%)	97	100	97
OHSAS 18001 (%)	97	98	97

1) Neither audited nor reviewed.

2) Accounting policies for non-financial highlights for the Group, see page 60 of the annual report 2009.

3) The production facilities in Hohhot, Inner Mongolia, China, are expected certified by the end of first half-year 2010.

Management report

No. 1 in Modern Energy

Vestas' strategy is to be the No. 1 in Modern Energy because wind power means the world to us. To Vestas, being No. 1 means being the best, and being the best means maintaining world class safety standards, having the most satisfied customers, the best performing wind power plants and the most environmentally friendly production. Being the market-leader in wind power, Vestas aims to create the world's strongest energy brand. This is possible because wind power is financially competitive, predictable, independent, fast and clean. Vestas' financial priorities reflect its constant focus on profitability: 1) EBIT margin, 2) Net working capital, 3) Revenue.

Vestas aims to provide its customers with the lowest cost per MWh produced, "Cost of Energy", and optimum security for the capital invested in a wind power plant, "Business Case Certainty" – Vestas delivers as promised. Under the "Easy to work with" principle, Vestas also endeavours to become a more flexible and knowledgeable business partner because significantly improved customer loyalty is a prerequisite for Vestas to retain its market-leading position. In 2012, the target is for the customer loyalty index to have risen to 75 and for 2010 the target is 70. In 2009, it was 64 – a significant increase from index 44 in 2006.

Being the industry's leading player and a pure-play spokesperson, Vestas aims to ensure that wind power remains at the top of the global energy agenda. This is achieved through dialogue with politicians, public servants, interest groups and NGOs the world over and through advice and information to the public about the potential of wind power, both in individual markets and worldwide.

Wind, Oil and Gas

Wind, Oil and Gas is Vestas' vision, which expresses the ambition of making wind an energy source on a par with fossil fuels. At the end of 2009, wind power accounted for less than 2 per cent of the world's combined electricity production. Among renewable sources of energy, wind power is currently the best means of ensuring that the many national climate targets are reached. Vestas expects that, if the necessary political decisions on a national and international level to expand the power grid and appoint sites are made now, wind power can make up at least 10 per cent of total electricity production by 2020. That translates into installed wind power capacity of at least 1,000,000 MW, as compared with around 160,000 MW at the end of 2009. The wind power industry including the many sub-suppliers will be able to create more than 2 million jobs along the way. The key to realising the potential is having long-term, stable national schemes that provide the industry with the necessary opportunities to plan and invest in employees, technology and production facilities.

Long-term national and local climate targets have now been defined by China, the EU and Australia, among others. In the USA, Congress is currently drafting a climate and energy bill to underpin the green ambitions already defined by more than 30 states. In spite of the credit crisis and the global economic slowdown, politicians around the world have retained their climate targets, and in Vestas' opinion this demonstrates that the green agenda is here to stay. The climate, the environment and independence of scarce resources such as fresh water will henceforth drive political and economic developments, as exemplified by China's massive investments in green technology. The increasing demand for Business Case Certainty in China implies that Vestas has reserved the capacity at its Chinese factories for the Chinese market for the remainder of the year.

Vestas is confident that a fixed price for CO₂ would promote the necessary climate investments because it would provide industrial and financial investors with a higher degree of predictability than the present quota system, which leads to large fluctuations in the price of CO₂.

Failure is not an option

Vestas' mission, Failure is not an option, expresses the organisation's commitment to constantly seeking improvements and to consistently following up on and rectifying errors in a structured manner. The mission also mirrors Vestas' uncompromising stance on safety, which is given top priority no matter what the context, because the customers demand it and the employees are entitled to it.

The ambition to attain a 6 Sigma quality level throughout the value chain not later than in 2015 underlines this commitment to constant improvement. At the end of 2008, Vestas and the vast majority of its suppliers had reached 4 Sigma. The target for the end of 2010 is 5 Sigma, which is a prerequisite for the long-term improvement of the EBIT margin. It should be emphasised that Vestas' customers, Vestas' earnings and its reputation continue to suffer from a few suppliers' inadequate production and quality management. Therefore, Vestas regularly establishes relations with new suppliers with a commitment to reach 6 Sigma in a joint effort with Vestas.

Vestas currently monitors more than 16,000 turbines, or 27,500 MW, round the clock, and this opens up for effective maintenance planning and higher uptime and performance for the turbines, benefiting customer earnings and Vestas' expenditure, as Vestas' service technicians are now able to service more than twice as many turbines as they were at the beginning of 2008. The monitoring of 70 per cent of Vestas' total installed capacity of about 39,000 MW is extended each day. Failure is not an option also applies to Triple15.

The Willpower

Vestas is driven forward by its employees, whose willpower, imagination and ability to constantly develop the technology and the organisation have made Vestas the industry leader. This is expressed in the sculpture entitled the Willpower, which has been placed at a number of the Group's locations. Reaching for the sky, it symbolises the willpower and passion possessed by the employees. Vestas seeks to promote a culture characterised by independent initiatives and collaboration across professional and organisational boundaries and in which the dynamics and sense of responsibility that usually characterise a small company are retained. The solid foundation of the sculpture reflects the reliability, common sense and trustworthiness that is the cornerstone of all Vestas' activities. Vestas' Code of Conduct is to ensure that all employees and other persons acting on behalf of Vestas know what is correct Vestas behaviour.

Management focus

Vestas' Management's overall focus is on customers, colleagues, Cost of Energy and shareholders. Success in these areas is a prerequisite for retaining the leadership position in competition with some of the world's largest corporations.

Customers

Wind power is gaining support in more and more countries, with new customers as well as large and well-established international players investing in wind power plants. As wind power comes to represent an ever-growing proportion of the energy supply, considerably larger customers will account for a growing share of demand. In 2009, when energy companies and utilities accounted for 58 per cent of revenue, Vestas' revenue was distributed among 201 customers. The figures for 2008 and 2007 were 228 and 272, respectively. This places heavy and increasing technical demands on the Vestas organisation, which in early 2009 rolled out Key Account Management so that customers with international operations have a permanent contact in the Vestas Government. Vestas also endeavours to become a more flexible and open business partner and is intensifying customer dialogue at all levels. Through much improved turbine reliability and much closer customer relations, Vestas, being a

quality supplier, delivers Business Case Certainty to its customers. Vestas retains its strategy of not relying on any single market or customer.

Colleagues

In the first quarter of 2010, Vestas retained its employee headcount, whilst many factories were idle in connection with the transition to make-to-order manufacturing, the structural aim of which is to reduce Vestas' inventories and production time. These measures have been facilitated by the improvement of Vestas' in-house production and higher quality products and logistics from many suppliers.

Based on the order intake and market momentum, Vestas will now begin to recruit employees to reach its target level of staffing in the USA. During the next 12 months, Vestas expects to increase its headcount in the USA to a total of around 4,000. Vestas' US facilities will together with the new service and maintenance centre in Brighton recruit around 2,000 employees over the next 12 months.

In order to reduce organisational complexity and facilitate communications across the business units and corporate functions, the four production business units have been streamlined and now share the same organisational structure. The seven sales business units are embarking on a restructuring towards a uniform structure, which will help reduce Vestas' response time. The retention of the market leadership position calls for shorter lead and delivery times. Concurrently with the organisational streamlining, which significantly increases transparency, Vestas will become more decentralised with more decision-making power and responsibility being assigned to the operating units.

All Vestas employees are covered by a bonus scheme. For employees in the 14 business units, 30 per cent of the bonus depends on targets specific to the business unit, whilst 70 per cent depends on the Group's announced targets for the year and developments in customer satisfaction. For employees in the parent company, the bonus depends exclusively on the fulfilment of announced targets and improvement in customer satisfaction. When calculating the bonus for 2010, each component is weighted as follows: An EBIT margin of 10 per cent (40 per cent weighting), a net working capital of 15 per cent (20 per cent weighting), revenue of EUR 7bn (20 per cent weighting) and a customer loyalty index of 70 (20 per cent weighting). In the longer term, bonus payments will be more closely linked to the day-to-day performance of each employee. For 2009, a bonus amount of EUR 59m will be disbursed.

As part of Triple15, Vestas aims, in terms of cultural versatility, to become a more international business with a much higher of non-Danish and women employees in management positions. At the end of the first quarter of 2010, non-Danes held 46 per cent of the positions in the top 2,500, and 19 per cent were women.

Cost of Energy

Vestas' wind power plants must have the lowest Cost of Energy and will ensure that the price of wind power continues to fall. Conversely, the price of fossil fuels is expected to rise, thus steadily increasing the competitiveness and resulting value of wind turbines. Through large-scale investments in development and test facilities around the world, Vestas will seek to consolidate its leadership position within wind power. At the end of the first quarter of 2010, 8 per cent of Vestas' staff were employed with Vestas Technology R&D, which is now organised in specialised centres around the world, managed from Aarhus in Denmark. In 2010, the development activities will be extended by an additional 500 employees to around 2,000 employees in Denmark and abroad. In addition to improved design, which also facilitates the work of service technicians, lighter materials and the possibility of recycling all turbine components, Vestas is also investing large resources in optimising the location of each turbine in a wind power plant with a view to harnessing the wind to the full.

In 2009, Vestas started to market its new turbine types, V112-3.0 MW, V100-1.8 MW and V60-850 kW. The first orders for the V100-1.8 MW and V60-850 kW turbines were announced at the end of

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2009, whilst the V112-3.0 MW turbine is currently undergoing the final tests before it will be released for sale for both onshore and offshore at the end of August 2010. In addition, Vestas is developing a 6.0 MW turbine for offshore operations. All of the new products are designed to provide the customers with Business Case Certainty and the lowest Cost of Energy. A number of new products and services will in the coming years contribute to securing Vestas accomplishing Triple15.

The motivation behind Vestas' development initiatives is the goal of having increasingly robust turbines and the necessity of increasing output per kilogramme turbine for the benefit of the environment. As part of these initiatives, under the "As green as it gets" principle, Vestas has stepped up its efforts to minimise the consumption of resources. One result of the intensified efforts is that, from the second quarter of 2009, Vestas has reported on quarterly developments in its non-financial highlights in order to give prominence to the performance in achieving its environmental and safety targets.

Consumption of raw materials declined by 52 per cent, and waste generation dropped by 39 per cent relative to the first quarter of 2009, reflecting the quarter's lower level of activity. Conversely, energy consumption is largely unchanged.

Vestas has implemented a green building policy, under which all buildings must comply with the LEED platinum building standard, and this will significantly contribute to reducing energy consumption from Vestas' buildings in the years to come. The extension of the development centres on the Isle of Wight, UK, and at Lem in Denmark will be the first buildings that meet the LEED platinum construction standard. Vestas' new headquarters, which are under construction in Aarhus, Denmark, will also be certified to this construction standard. At this site, annual CO₂ emissions will be reduced by 95 per cent compared with a similar building, among other things owing to the installation of Denmark's largest geothermal heating plant.

In the first quarter of 2010, the share of renewable energy was 43 per cent and the share of renewable electricity was 93 per cent. The corresponding figures for the year-earlier period were 39 per cent and 69 per cent. A number of factories started to purchase renewable electricity at the beginning of 2010, which had a positive effect on the share of renewable energy and electricity. On the other hand, new capacity and colder-than-usual winter weather during the quarter pushed up heat consumption, adversely affecting the proportion of renewable energy because energy for heating to a greater extent is based on non-renewable sources of energy.

Vestas pursues an energy policy, which stipulates that all purchases of electricity must be from renewable energy sources, subject to availability. The target is for 55 per cent of Vestas' energy consumption to come from renewable sources by 2010. The precondition is that the proportion of renewable electricity is increased to more than 90 per cent by 2010.

Vestas has established a wind power plant in India in order to balance the energy consumption from areas in which it is still not possible to buy green electricity.

The incidence of industrial injuries per one million working hours was 4.4 in the first quarter, a drop of 66 per cent relative to the first quarter of 2009. Vestas took advantage of the low level of activity in the first quarter to provide training for 1,666 employees in workplace safety, which is expected to result in a noticeable improvement in safety levels.

Recent years' dedicated focus on the safety culture by building management and employee skills, improving work procedures, documentation, production equipment and wind turbine design has thus been intensified in 2010. Vestas employs the safety philosophy that all injuries can be avoided. Vestas further increases its focus on this area by following up on these developments in its quarterly reports.

The target for 2010 is to achieve an incidence of 7.0 industrial injuries or less per one million working hours. For 2012, the target is three injuries or less per one million working hours.

Shareholders

At the end of March 2010, Vestas had 127,362 registered shareholders, including custody banks. The registered shareholders held 87 per cent of the company's share capital. At the end of March, 122,961 Danish shareholders owned about 30 per cent of Vestas, which has a free float of 100 per cent. No shareholders have reported shareholdings that exceed 5 per cent. Vestas seeks to have an international group of shareholders and to inform this group openly about the company's long-term targets, priorities and initiatives conducted with due consideration to the short-term opportunities and limitations. The Group presents its interim reports in London and New York as part of roadshows, which will cover more than 25 capitals and financial centres in North America, Europe and Asia in 2010. Vestas also arranges a large number of meetings with private investors in Denmark and Sweden.

Development, first quarter 2010

Activities and order backlog

In the first quarter of 2010, Vestas shipped wind power systems with an aggregate output of 387 MW (178 turbines) against 885 MW (490 turbines) in the first quarter of 2009. Final capacity delivered to the customers amounted to 758 MW, a decrease of 4 per cent from the first quarter of 2009.

	Europe	Americas	Asia/ Pacific	Total
MW under completion, 1 January 2010	2,883	315	571	3,769
MW delivered to customers in the period	(562)	(131)	(65)	(758)
MW produced and shipped in the period	228	60	99	387
MW under completion, 31 March 2010	2,549	244	605	3,398

At the end of the quarter, turbine projects with a total output of 3,398 MW were under completion, slowing down the EBIT margin increase as part of the revenue cannot be recognised until the turbines have been shipped or finally handed over to the customers. The quarterly order intake was 1,258 MW, of which 62 per cent has been announced publicly. The order backlog amounted to 2,618 MW at the end of March 2010. Europe accounted for 65 per cent and the Americas and Asia/Pacific accounted for 22 and 13 per cent, respectively. The value of the order backlog was EUR 2.9bn at the end of March 2010. From 31 March to 27 April 2010, announced order intake amounted to 2,014 MW inclusive of the 1,500 MW firm and unconditional order from EDP Renováveis.

Income statement

Europe accounted for 61 per cent of revenue in the first quarter of 2010. The Americas and Asia/Pacific accounted for 18 per cent and 21 per cent of revenue, respectively. First-quarter revenue amounted to 11 per cent of the expected full-year revenue, against 17 per cent of actual revenue in 2009. Service revenue amounted to EUR 146m. The service business comprises the sale and repair of spare parts, guaranteed uptime for a fixed fee and general service and maintenance work on an hourly basis.

Vestas recorded a gross profit of EUR 44m in the first quarter of 2010 against EUR 216m the year before. The gross margin thus fell from 19.5 per cent to 5.8 per cent as a result of the planned very low capacity utilisation during the quarter.

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Financial items amounted to a net expense of EUR 18m against an income of EUR 2m in the first quarter of 2009, primarily due to exchange rate adjustments. Vestas' average interest-bearing net position in the first quarter of 2010 amounted to EUR (228)m, against EUR (48)m in the year-earlier period.

Balance sheet

Vestas had total assets of EUR 6,540m at 31 March 2010, against EUR 5,435m at 31 March 2009. At the end of March 2010, Vestas' interest-bearing net position had decreased by EUR 195m to EUR (404)m. Financial debt obligations rose by EUR 494m to EUR 864m since 31 March 2009. On 23 March 2010, Vestas issued a EUR-denominated corporate bond with a principal amount of EUR 600m and a coupon of 4.625 per cent. The bond runs for five years until 23 March 2015.

Net working capital

At 31 March 2010, Vestas' net working capital amounted to EUR 1,468m against EUR 553m at the end of March 2009. The three main reasons being: 1) A decline in pre-payments during the period which reflects the decline in the order backlog. 2) A high, but decreasing, level of work in progress. 3) Vestas has reduced trade payables after a busy year-end 2009. Conversely, inventories have been reduced compared to the end of March 2009, which has dampened the increase in the net working capital.

Trade receivables and construction contracts

Trade receivables amounted to EUR 575m at 31 March 2010, compared with EUR 567m the year before. Construction contracts amounted to EUR 144m, net, against EUR (755)m the year before. Construction contracts comprise projects currently being installed, but for which the risk has not been transferred to the customers.

Warranty provisions

In 2010, Vestas expects to make warranty provisions of 3 per cent of annual revenue, against 3.5 per cent in 2009. Provisions are made for all costs associated with turbine repairs, and any reimbursement is not offset unless a written agreement has been made with the supplier to that effect. The warranty provisions of EUR 23m in the first quarter, equivalent to 3.0 per cent of revenue, cover possible costs for remedy and other costs in accordance with specific agreements. Provisions are based on estimates, and actual costs may deviate substantially from such estimates. The typical warranty period is currently two years as opposed to previously, up to five years, and that reduces Vestas' risk exposure.

Changes in equity

Vestas' equity amounted to EUR 3,296m at 31 March 2010, an increase of EUR 1,271m on 31 March 2009. Vestas' Board of Directors believes that a solvency ratio of at least 40 per cent is a prerequisite for paying dividend. To this should be added the investment requirement and the goal of maintaining strong liquidity resources.

Cash flow and investments

As a result of the slowing order intake from the autumn of 2008 to the end of 2009, Vestas draws on its credit facilities. Longer term, Vestas will be able to finance its organic growth through operations. Cash flows from operating activities before changes in working capital fell to EUR (165)m in the first quarter of 2010 from EUR 59m in the first quarter of 2009. Cash flows from operating activities including costs for warranty commitments amounted to EUR (398)m, against EUR (195)m in the first quarter of 2009. Cash flows from investing activities amounted to EUR (149)m. The investments were made primarily in equipment and development projects.

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Capital Markets Day – 1-2 September 2010 in Colorado, USA

Vestas will host a Capital Markets Day for institutional investors, analysts and the press on Wednesday, 1 September and Thursday, 2 September 2010 in Colorado, USA. The programme includes a review of the principal markets and the V112 turbine. Furthermore, the new production facilities in Colorado, which also will be producing the V112-3.0 MW turbine, will be presented. You may register for the arrangement by contacting Vestas' Investor Relations department at CapDay@vestas.com **not later than 5 July 2010**.

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Press and analyst meeting in New York Wednesday, 28 April 2010 at 9 a.m. EST (New York time)/3 p.m. (CET)

In connection with the announcement of this interim financial report, an information meeting will be held today, Wednesday at 9 a.m. EST (New York time)/3 p.m. (CET) for analysts, investors and the press at the Four Seasons Hotel, "Cosmopolitan Suite", 57 East 57th Street, New York 10022, USA.

The information meeting will be held in English and webcast live with simultaneous interpretation into Danish, German, Italian, Spanish and Mandarin 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 +45 7026 5040 (DK), +44 208 817 9301 (UK), +1 718 354 1226 (USA).

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

The Vestas Group

**Interim financial report for the period
1 January 2010-31 March 2010**

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The interim financial report has neither been audited nor reviewed.

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Consolidated income statement

mEUR	Q1 2010	Q1 2009
Revenue	755	1,105
Cost of sales	(711)	(889)
Gross profit	44	216
Research and development costs	(18)	(25)
Selling and distribution expenses	(44)	(39) ¹⁾
Administrative expenses	(78)	(76) ¹⁾
Operating profit	(96)	76
Income from investments in associates	0	0
Net financials	(18)	2
Profit before tax	(114)	78
Corporation tax	32	(22)
Net profit for the period	(82)	56
Earnings per share (EPS)		
Earnings per share for the period (EUR), basic	(0.40)	0.30
Earnings per share for the period (EUR), diluted	(0.40)	0.30

1) Costs amounting to EUR 17m has been re-classified from selling and distribution expenses to administrative expenses. For full year 2009, the re-classification means that selling and distributions costs are EUR 54m lower than disclosed in the annual report for 2009 and administrative expenses EUR 54m higher.

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Consolidated statement of comprehensive income

mEUR	Q1 2010	Q1 2009
Profit for the period	(82)	56
Exchange rate adjustments relating to foreign entities	21	15
Fair value adjustments of derivative financial instruments for the period	(17)	(38)
Fair value adjustments of derivative financial instruments transferred to the income statement (cost of sales)	8	38
Tax on derivative financial instruments	1	0
Other comprehensive income after tax for the period	13	15
Total comprehensive income for the period	(69)	71

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Consolidated balance sheet – Assets

mEUR	31 March 2010	31 March 2009	31 December 2009
Goodwill	320	320	320
Completed development projects	135	101	99
Software	73	63	73
Development projects in progress	336	192	320
Total intangible assets	864	676	812
Land and buildings	681	513	661
Plant and machinery	234	163	230
Other fixtures, fittings, tools and equipment	219	196	216
Property, plant and equipment in progress	416	283	354
Total property, plant and equipment	1,550	1,155	1,461
Investments in associates	1	1	1
Other receivables	17	23	16
Deferred tax	104	84	110
Total other non-current assets	122	108	127
Total non-current assets	2,536	1,939	2,400
Inventories	1,720	2,087	1,663
Trade receivables	575	567	525
Construction contracts in progress	878	450	1,032
Other receivables	262	187	234
Corporation tax	109	44	93
Cash at bank and in hand	460	161	488
Total current assets	4,004	3,496	4,035
TOTAL ASSETS	6,540	5,435	6,435

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Consolidated balance sheet – Equity and liabilities

mEUR	31 March 2010	31 March 2009	31 December 2009
Share capital	27	25	27
Other reserves	(28)	(63)	(41)
Retained earnings	3,297	2,063	3,378
Total equity	3,296	2,025	3,364
Deferred tax	57	11	121
Provisions	69	83	82
Pension obligations	2	2	2
Financial liabilities	859	314	339
Total non-current liabilities	987	410	544
Prepayments from customers	142	135	123
Construction contracts in progress	734	1,205	598
Trade payables	700	1,017	1,062
Provisions	123	153	151
Financial liabilities	5	56	12
Other liabilities	391	381	436
Corporation tax	162	53	145
Total current liabilities	2,257	3,000	2,527
Total liabilities	3,244	3,410	3,071
TOTAL EQUITY AND LIABILITIES	6,540	5,435	6,435

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Consolidated statement of changes in equity – three months 2010

mEUR	Share capital	Translation reserve	Cash flow hedging reserve	Retained earnings	Total
Equity at 1 January 2010	27	(35)	(6)	3,378	3,364
Acquisition of treasury shares	0	-	-	0	0
Share based payments	0	-	-	1	1
Total comprehensive income for the period	0	21	(8)	(82)	(69)
Equity at 31 March 2010	27	(14)	(14)	3,297	3,296

Consolidated statement of changes in equity – three months 2009

mEUR	Share capital	Translation reserve	Cash flow hedging reserve	Retained earnings	Total
Equity at 1 January 2009	25	(50)	(28)	2,008	1,955
Acquisition of treasury shares	0	-	-	(1)	(1)
Share based payments	0	-	-	0	0
Total comprehensive income for the period	0	15	0	56	71
Equity at 31 March 2009	25	(35)	(28)	2,063	2,025

Summarised consolidated cash flow statement

mEUR	Q1 2010	Q1 2009
Profit for the period	(82)	56
Adjustments for non-cash transactions	6	23
Corporation tax paid	(89)	(26)
Net interest	0	6
Cash flow from operating activities before change in working capital	(165)	59
Change in working capital	(233)	(254)
Cash flow from operating activities	(398)	(195)
Net investment in intangible and other non-current assets	(66)	(42)
Net investment in property, plant and equipment	(82)	(145)
Other	(1)	2
Cash flow from investing activities	(149)	(185)
Acquisition of treasury shares	0	(1)
Raising of non-current liabilities	520	309
Cash flow from financing activities	520	308
Change in cash at bank and in hand less current portion of bank debt	(27)	(72)
Cash at bank and in hand less current portion of bank debt at 1 January	479	219
Exchange rate adjustments of cash at bank and in hand	7	12
Cash at bank and in hand less current portion of bank debt at 31 March	459	159
The amount can be specified as follows:		
Cash at bank and in hand	447	145
Cash at bank and in hand with disposal restrictions	13	16
	460	161
Current portion of bank debt	(1)	(2)
	459	159

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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 financial report has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional Danish disclosure requirements for interim financial reports of listed companies.

Apart from the effect of new IFRS/IAS implemented in the period, the accounting policies are unchanged from those applied to the Annual Report for 2009 prepared under the International Financial Reporting Standards (IFRS) approved by the EU. Reference is made to pages 71-77 of the annual report for 2009 for a complete description of the Group's accounting policies.

There has been a slight change in classification between selling and distribution expenses and administrative expenses.

New IASs/IFRSs implemented in the period

With effect from 1 January 2010, Vestas implemented amendments to IAS 27 consolidated and separate financial statements, amendments to IAS 39 financial instruments, recognition and measurement, IFRS 2 share-based payment, IFRS 3 business combinations, IFRIC 12 service concession arrangements, IFRIC 15 arrangements for the construction of real estate and similar constructions contracts, IFRIC 17 distributions of non-cash assets to owners and IFRIC 18 transfer of assets from customers as part of the sales transaction.

Vestas evaluates the changes and interpretations not to be relevant to Vestas at present.

New accounting regulations

The International Accounting Standards Board (IASB) has adopted the following standards and new interpretations, not yet approved by the EU, which will take effect at 1 January 2010 or later: Amendment to IFRS 1 first-time adoption of international financial reporting standards.

The changes are not relevant to Vestas at present.

Reference is made to page 112 of the annual report for 2009 for more details of the aforementioned standards and interpretations.

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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 2010.

The interim financial report has been prepared in accordance with IAS 34 "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 2010 and of the results of the Group's operations and cash flow for the period 1 January to 31 March 2010.

Further, in our opinion the Management's review 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.

Randers, 28 April 2010

Executive Management

Ditlev Engel
President and CEO

Henrik Nørremark
Executive Vice President and CFO

Board of Directors

Bent Erik Carlsen
Chairman

Torsten Erik Rasmussen
Deputy Chairman

Elly Smedegaard Rex

Freddy Frandsen

Håkan Eriksson

Jørgen Huno Rasmussen

Jørn Ankær Thomsen

Kim Hvid Thomsen

Kurt Anker Nielsen

Michael Abildgaard Lisbjerg

Ola Rollén

Sussie Dvinge Agerbo

**Company announcements published by Vestas Wind Systems A/S
from 1 January 2010 to 27 April 2010**

First quarter 2010

06.01.2010	01	Vestas receives 80 MW ordre for Germany
14.01.2010	02	Vestas Wind Systems A/S' Extraordinary General Meeting
10.02.2010	03	Annual report 2009: Strong foundation for Triple15
10.02.2010	04	Vestas receives 99 MW order for the USA
17.02.2010	05	Major shareholder announcement – BlackRock, Inc.
15.03.2010	06	Vestas Wind Systems A/S to issue Eurobonds
15.03.2010	07	Vestas successfully places a EUR 600m Eurobond
17.03.2010	08	Vestas Wind Systems A/S' annual general meeting
23.03.2010	09	Major shareholder announcement – BlackRock, Inc.
24.03.2010	10	Major shareholder announcement – BlackRock, Inc.
25.03.2010	11	Vestas receives 145 MW order for the USA
26.03.2010	12	Major shareholder announcement – BlackRock, Inc.
31.03.2010	13	Vestas receives its largest single order in Australia

Company announcements published after the interim reporting period

01.04.2010	14	Major shareholder announcement – BlackRock, Inc.
07.04.2010	15	Vestas signs 93 MW contract in Turkey
09.04.2010	16	Major shareholder announcement – BlackRock, Inc.
12.04.2010	17	Major shareholder announcement – BlackRock, Inc.
15.04.2010	18	Major shareholder announcement – BlackRock, Inc.
26.04.2010	19	Vestas signs order for 1,500 MW with an option for an additional 600 MW
27.04.2010	20	Vestas received four orders totalling 198 MW in China

Sales (deliveries)

Sales in MW	Q1 2010	Q1 2009	Full year 2009
Belgium	0	31	49
Bulgaria	177	8	64
Denmark	0	1	57
France	42	34	157
Greece	20	32	177
The Netherlands	0	4	26
Ireland	0	0	45
Italy	46	69	419
Poland	2	2	145
Portugal	0	3	84
Romania	0	0	43
Spain	82	30	762
Great Britain	14	65	122
Sweden	76	41	144
Czech Republic	2	0	22
Turkey	27	0	111
Germany	74	139	320
Hungary	0	1	25
Total Europe	562	460	2,772
Aruba	0	0	30
Brazil	74	38	51
Canada	0	0	380
Chile	0	0	94
USA	57	187	749
Total Americas	131	225	1,304
India	65	41	97
Azerbaijan	0	2	2
China	0	62	584
Total Asia/Pacific	65	105	683
Kenya	0	0	5
Total Africa	0	0	5
Total world	758	790	4,764

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MW overview per quarter 2010

(MW)	Europe	Americas	Asia/ Pacific	Total
Q1				
MW under completion, 1 January 2010	2,883	315	571	3,769
Delivered to customers during the period	(562)	(131)	(65)	(758)
Produced and shipped during the period	228	60	99	387
MW under completion, 31 March 2010	2,549	244	605	3,398

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Warranty Provisions

mEUR	31 March 2010	31 March 2009	31 Dec. 2009
Warranty provisions, 1 January	161	183	183
Exchange rate adjustments	0	0	0
Provisions for the period	23	39	233
Warranty provisions used during the period	(63)	(64)	(257)
Adjustments relating to the change in discounting of warranty provisions	0	0	2
Warranty provisions, 31 March/31 December	121	158	161
The provisions are expected to be payable as follows:			
< 1 year	84	111	111
> 1 year	37	47	50

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Segment information

mEUR	Europe sales units	Americas sales units	Asia/Pacific sales units	Production units	Total reportable segments
Q1 2010					
External revenue	455	138	162	0	755
Internal revenue	153	29	12	320	514
Total segment revenue	608	167	174	320	1,269
Reportable segments' operating results (EBIT)	8	(3)	(6)	(97)	(98)
Total assets	1,862	461	625	2,154	5,102
Q1 2009					
External revenue	471	554	76	4	1,105
Internal revenue	122	46	9	691	868
Total segment revenue	593	600	85	695	1,973
Reportable segments' operating results (EBIT)	34	26	(14)	7	53
Total assets	1,312	576	478	2,281	4,647
Reconciliation				Q1 2010	Q1 2009
Reportable segments' EBIT				(98)	53
All other operating segments' EBIT ^{*)}				2	23
Consolidated operating profit (EBIT)				(96)	76

*) Includes parent company income (management fee, service, royalty and other rental income from group companies) reduced by costs related to Vestas Technology R&D and Group staff functions.