Second quarter 2012
- Intensifying preparation for 2013

Aarhus, 22 August 2012

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Agenda

1. Preparing for 2013	Ditlev Engel
2. Q2 financials	Dag Andresen
3. Order intake Q2	Ditlev Engel
4. Outlook	Ditlev Engel
5. Questions & answers	Ditlev Engel and Dag Andresen

1 Preparing for 2013

Preparing for 2013

How we handle a tough 2012 and an even tougher 2013.

- Plan in place – implementation in process – intensification of plan.
- Product cost-out on schedule – EUR 30m (EBIT impact) to be realised in 2012.
- Reduction of fixed costs in the organisation ahead of schedule – savings of more than EUR 250m instead of more than EUR 150m.
- Operational excellence in lost production factor (LPF), safety performance, customer loyalty and turbine installation.
- However; burden from the disappointing results in the second half of 2011 and the first quarter of 2012.

Preparing for a tough 2012 and a tougher 2013

Secure profitability. Secure positive free cash flow. Improve customer relations.

Adjusting in a busy 2012 and preparing for an even tougher 2013.

2005-2011
Investing in regionalisation and technology.

Nov 2011
Organisational change process initiated. Focus on flexibility.

Jan 2012
2,335 lay-offs during 2012 announced.

Aug 2012
Intensification of cost savings. Further ~1,400 lay-offs announced.

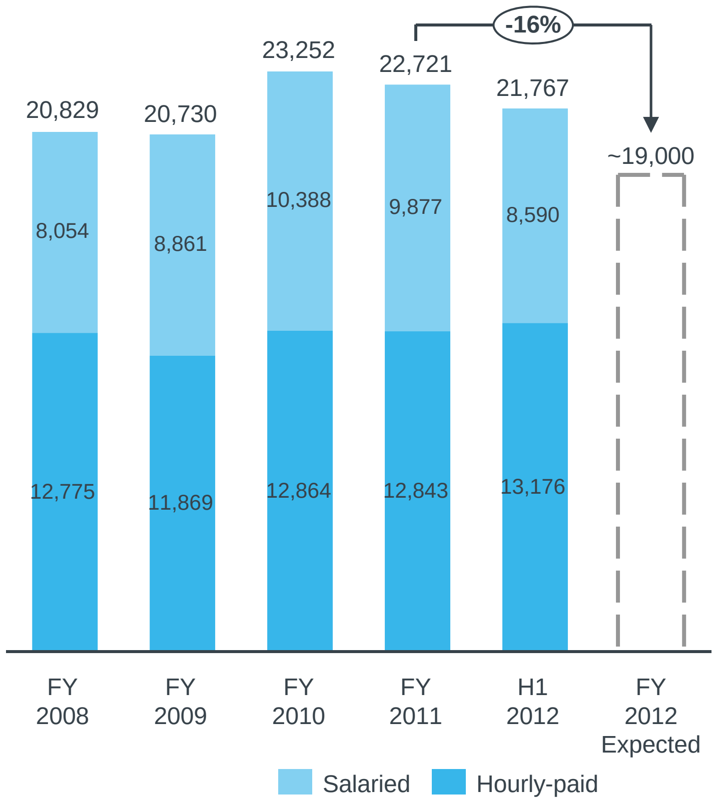
H2 2012
Implementation and execution.

2013
Prepared for ~5 GW. More scalable and flexible.

Transition to a leaner and more agile Vestas by changing the organisational structure.

Preparing for 2013 in a busy 2012

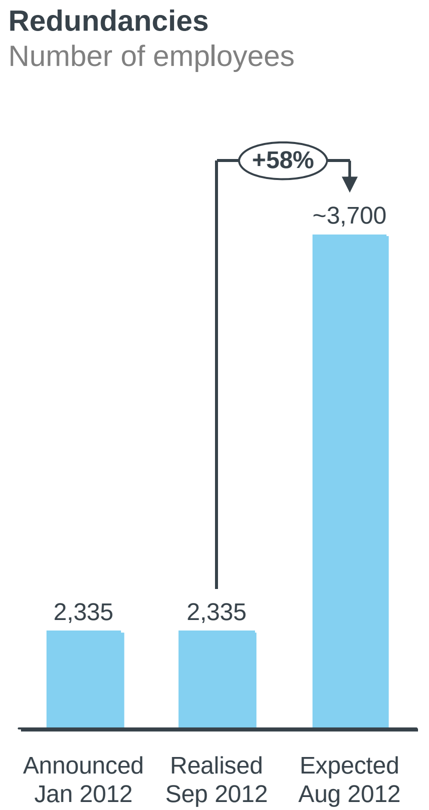
Employees
Number of employees, end of period



- Headcount reductions of approx 1,000 employees in H1 2012 despite ramp-up in manufacturing and service.
- 2,700 employees will have to leave Vestas before year-end. 55 per cent in Europe and Africa, 25 per cent in Asia Pacific and 20 per cent in Americas.
- End 2012 target decreased to approx 19,000 employees.

Additional redundancies in 2012

58 per cent additional redundancies in 2012



- 1,400 additional redundancies in 2012.
- Full-year reduction target of ~3,700 employees will contribute to reduce fixed costs by more than EUR 250m, with full effect as from the end of 2012.

New organisation

Implemented and ongoing initiatives

President and CEO
Ditlev Engel

CEO staff functions

- Merger of staff functions.

Manufacturing
Jean-Marc Lechêne

- Sale of tower factory in Varde, Denmark and closure of factory in Hohhot, China.
- Merger of all manufacturing units.

Turbines R&D
Anders Vedel

- Phasing out the kW platform.
- More focused R&D approach.

Global Solutions & Services
Anders Vedel (interim)

Finance
Dag Andresen

- Centralisation of Global Finance.

Sales
Juan Araluce

- Merger of Vestas China and Vestas Asia Pacific.

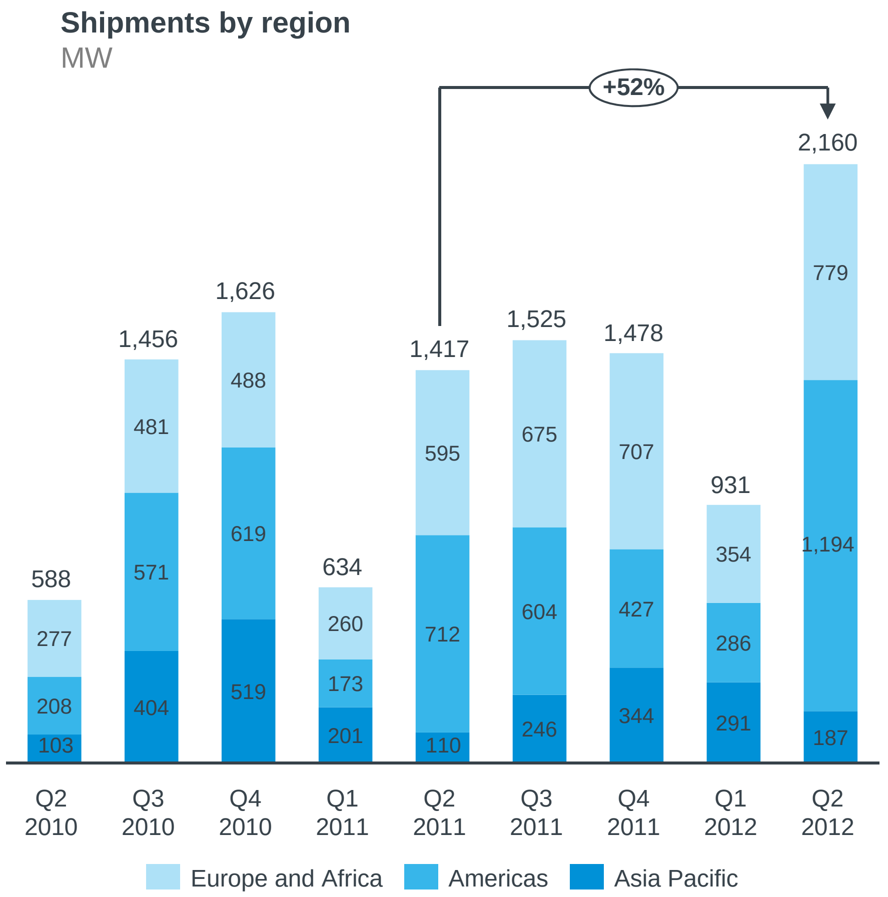
Main events

- Intensifying the organisational adjustment – preparing for 2013.
- Highest combined order backlog for turbines and services ever of EUR 14.4bn.
- Outlook for EBIT, free cash flow and revenue retained.
- High activity level for the rest of the year.
- Covenants testing deferred.
- Q2 EBIT before special items, EUR 244m better than Q1.

2 Q2 financials

Activity level at factories

Shipments are the primary cash generator

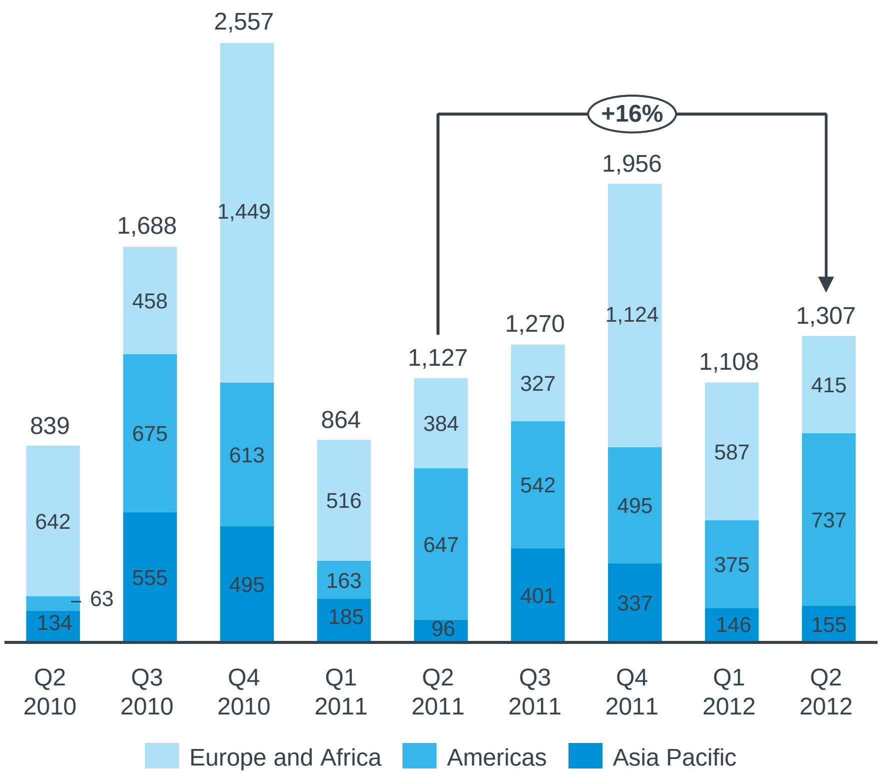


- Record-high Q2 shipments – up by more than 50 per cent.
- Very high activity level in Americas before PTC expiration in the USA.
- Full-year shipments are expected to increase by almost 25 per cent to around 6.3 GW.

Deliveries

Deliveries are the primary revenue driver

Deliveries by region
MW



- Deliveries in Americas driven by PTC expiration in the USA.
- Deliveries expected to be higher in Q3 than in Q2, and very high in Q4.

Income statement

mEUR	Q2 2012	Q2 2011	Change	FY 2011
Revenue	1,611	1,401	15%	5,836
Cost of sales	(1,363)	(1,153)	18%	(5,111)
Gross profit	248	248	0%	725
Fixed costs*	(208)	(171)	21%	(763)
Operating profit (EBIT) before special items	40	77	(48)%	(38)
Special items	(22)	0	-	(22)
Operating profit after special items	18	77	(77)%	(60)
Profit/(loss) after tax	(8)	55	-	(166)

*R&D, administration and distribution

Gross margin	15.4%	17.7%	(2.3)%-pts	12.4%
EBITDA margin before special items	10.0%	10.7%	(0.7)%-pts	5.2%
EBIT margin before special items	2.5%	5.5%	(3.0)%-pts	(0.7)%

Gross margin and fixed costs

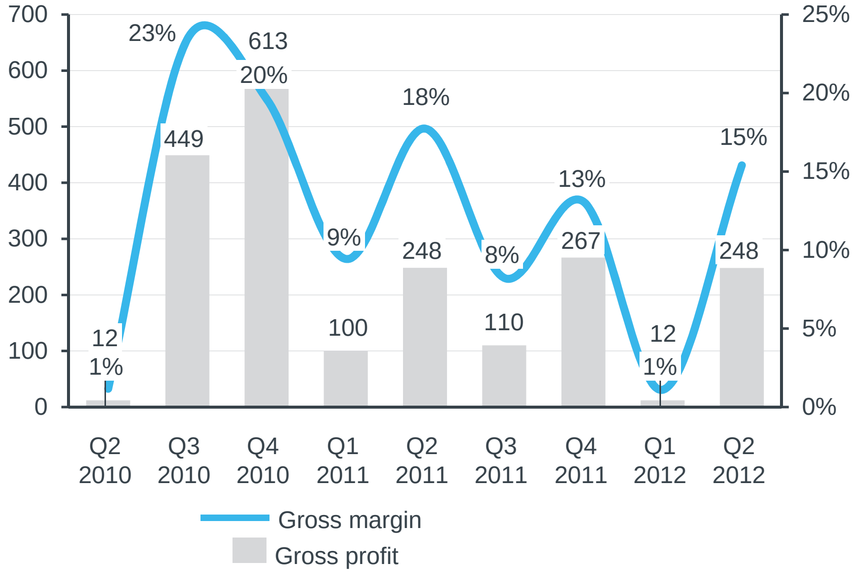
Q2 gross margin at 15 per cent

- Gross margins may fluctuate quarter-on-quarter due to the composition of projects.
- Gross margin improvement versus Q1 2012 due to higher volume, higher margins on delivered projects and lower warranty provisions.

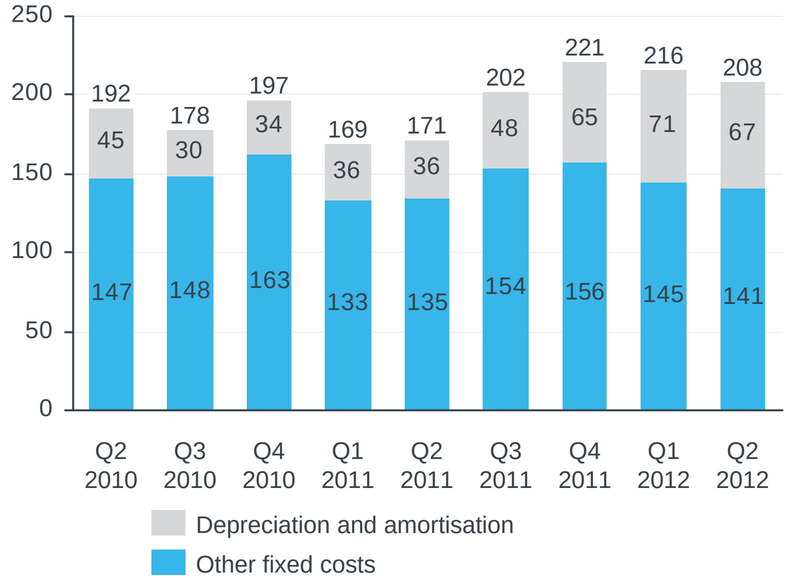
Fixed costs*

- Fixed costs continue to trend down despite increase in depreciation and amortisation.
- Fixed costs to be further lowered.
- Fixed costs above and below gross margin to be lowered by more than EUR 250m with full effect as from year-end 2012.

Gross profit and margin
mEUR and percentage



Fixed costs*
mEUR

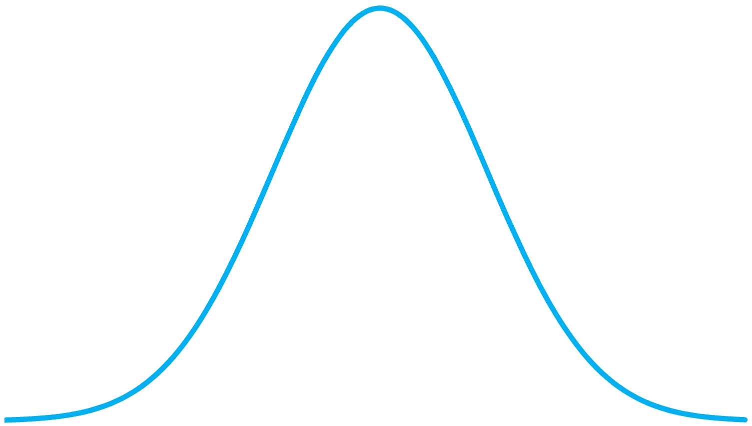


*R&D, administration and distribution

Quarterly P&L fluctuations driven by contract mix

Distribution of margins

+200 projects a year



Pricing and risk variables

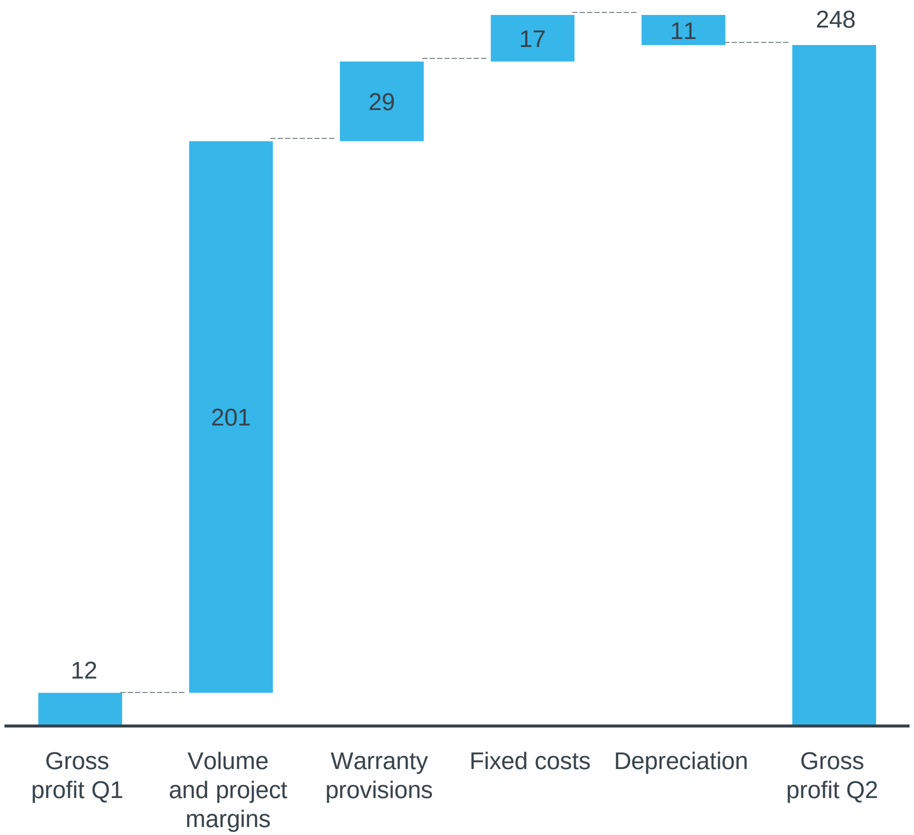
Not exhaustive

1. Scope – type of contract
2. Uniqueness of offering
3. Value of revenue
4. Scale
5. OPEX/CAPEX allocation
6. Design lifetime
7. Cost differentiation
8. Risk allocation
9. Early generation sharing
10. Relationship efficiency

2012: Q2 vs Q1

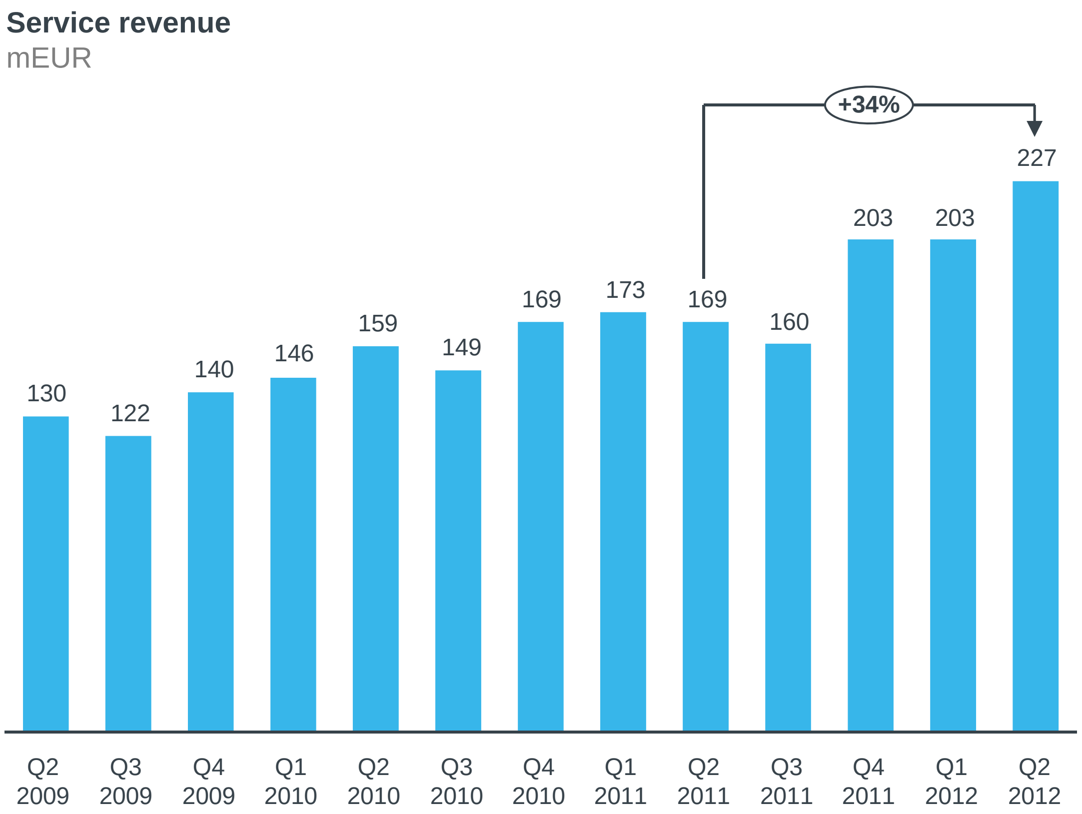
Gross profit may fluctuate quarter-on-quarter

Gross profit
mEUR



- Higher margins on projects delivered in Q2.
- Higher volume in Q2.
- Extraordinary high warranty provisions in Q1 2012.
- Lower fixed costs, but higher depreciation.

Service revenue



- Service revenue increased by 34 per cent compared to Q2 2011.
- Service revenue and earnings may fluctuate over the quarters.
- H1 EBIT before allocation of Group costs: EUR 89m. Margin: 20.7 per cent.
- H1 EBIT after allocation of Group costs: EUR 44m. Margin: 10.2 per cent.

Balance sheet

Assets (mEUR)	Q2 2012	Q2 2011	Change	FY 2011	Change
Intangible assets	1,233	1,145	8%	1,243	(1)%
Property, plant and equipment	1,869	1,755	6%	1,898	(2)%
Other non-current assets	445	290	53%	381	17%
Non-current assets	3,547	3,190	11%	3,522	1%
Current assets	5,229	3,954	32%	4,167	25%
Total assets	**8,776**	**7,144**	**23%**	**7,689**	**14%**

Liabilities (mEUR)					
Equity	2,438	2,707	(10)%	2,576	(5)%
Non-current liabilities	1,790	1,396	28%	1,073	67%
Current liabilities	4,548	3,041	50%	4,040	13%
Total equity and liabilities	**8,776**	**7,144**	**23%**	**7,689**	**14%**

Net debt	1,147	1,071	7%	545	110%
Net working capital	330	872	(62)%	(71)	

Change in net working capital

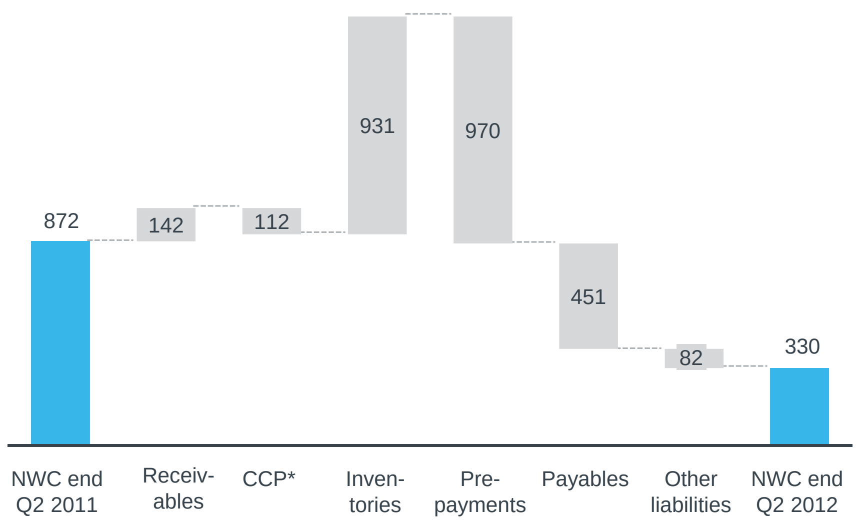
NWC decreased over the last 12 months

- Decrease driven by higher prepayments (including "milestone" payments) and higher trade payables.

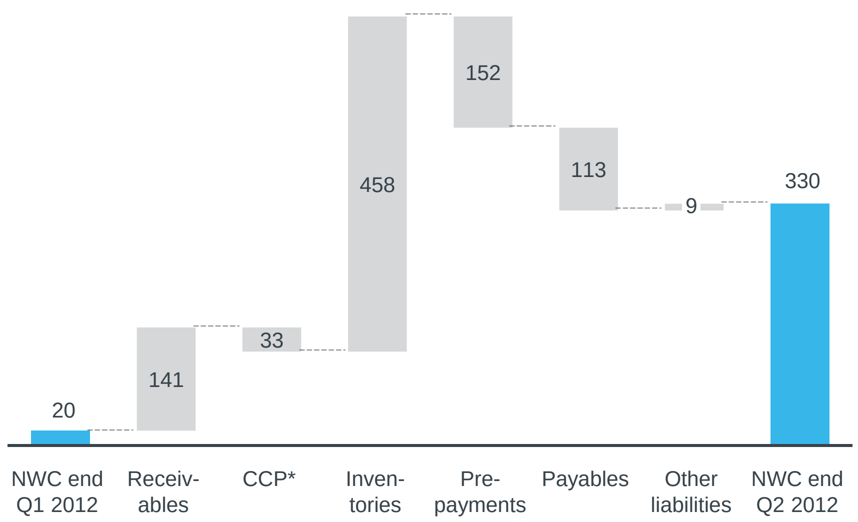
NWC increased during Q2

- Increase in inventories driven by an increase in "MW under completion" and sourcing of components for a busy H2 2012.

Net working capital change over the last 12 months
mEUR



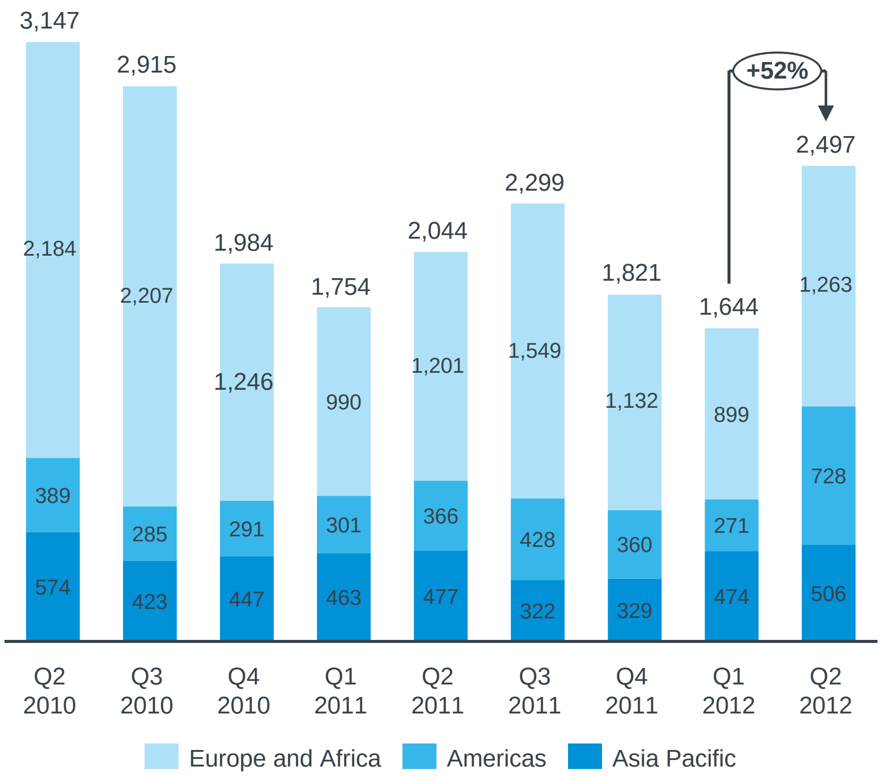
Net working capital change over the last three months
mEUR



*Construction contracts in progress.

MW under completion

Under completion by region
MW



- MW under completion increased during Q2 due to high shipment activity.
- Planned sale of 90 MW project in Chile will lower MW under completion.
- MW under completion to decrease in Q4.

Better performance of the turbine fleet

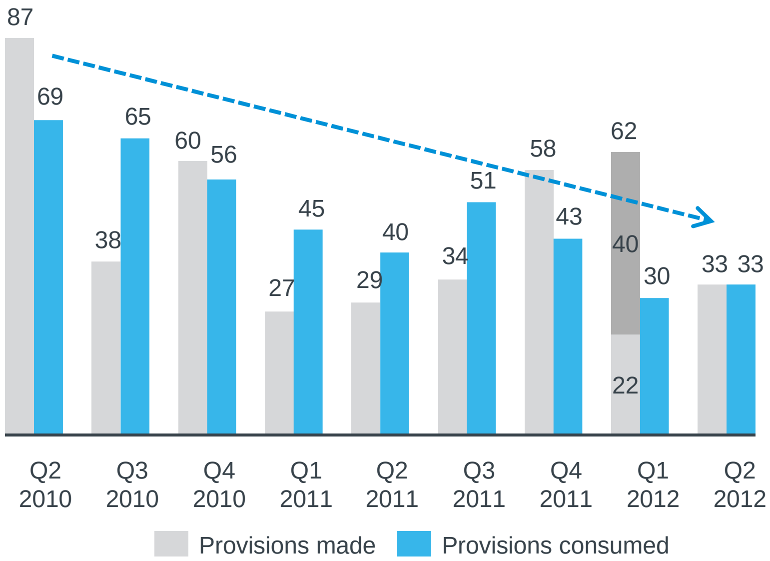
Warranty provisions and consumption

- Low warranty consumptions.
- Still very limited consumption of the additional warranty provision of EUR 40m for the V90-3.0 MW gearboxes.
- Root cause analysis from ZF supports Vestas' assumptions as disclosed in Q1.

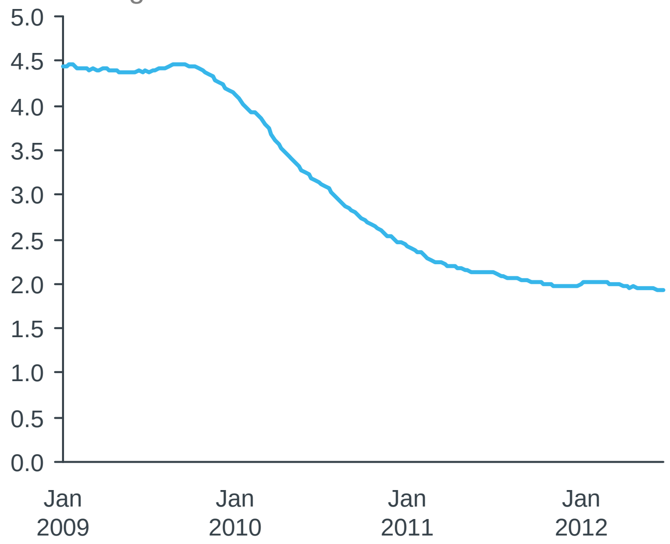
Lost production factor (LPF)

- End Q2: LPF below 2 per cent – in line with our target for the full-year.
- LPF measures potential energy production not captured by the wind turbines.
- V112-3.0 MW turbines show satisfying LPF levels during run-in phase.

Warranty provisions made and consumed
mEUR



Lost production factor
Percentage



Cash flow statement

mEUR	Q2 2012	Q2 2011	FY 2011
Cash flow from operating activities before change in working capital	48	88	93
Change in working capital	(310)	38	747
Cash flow from operating activities	(262)	126	840
Cash flow from investing activities	(76)	(189)	(761)
Free cash flow	(338)	(63)	79
Cash flow from financing activities	521	63	(13)
Change in cash at bank and in hand less current portion of bank debt	183	0	66

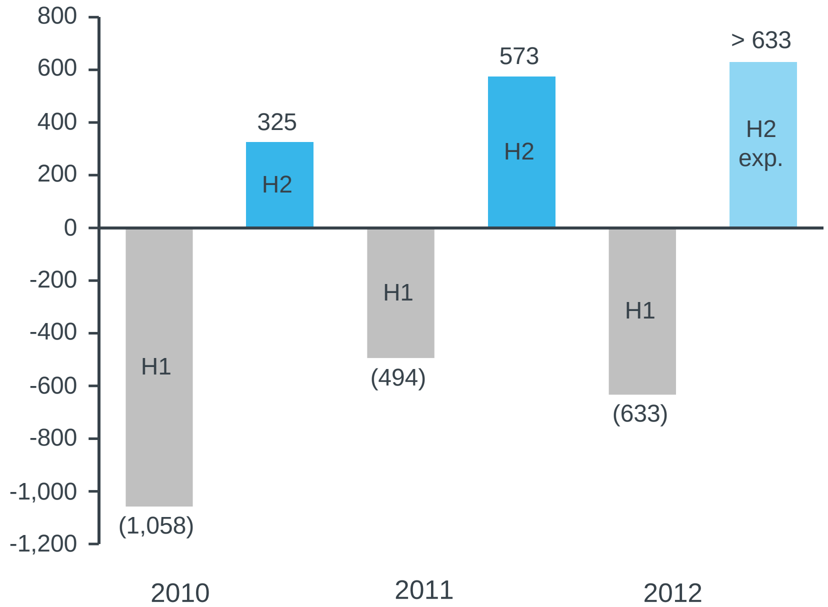
Cash flow from operations and investments
mEUR

Cash flow

Free cash flow (FCF) to improve in Q4

- Cash flow generation in Vestas is seasonal: H1 free cash flow typically negative - H2 typically positive.
- Positive free cash flow expected for 2012: H2 2012 FCF expected to be on a par with H2 2011 FCF.
- Q4 FCF expected to be close to EUR 1bn.

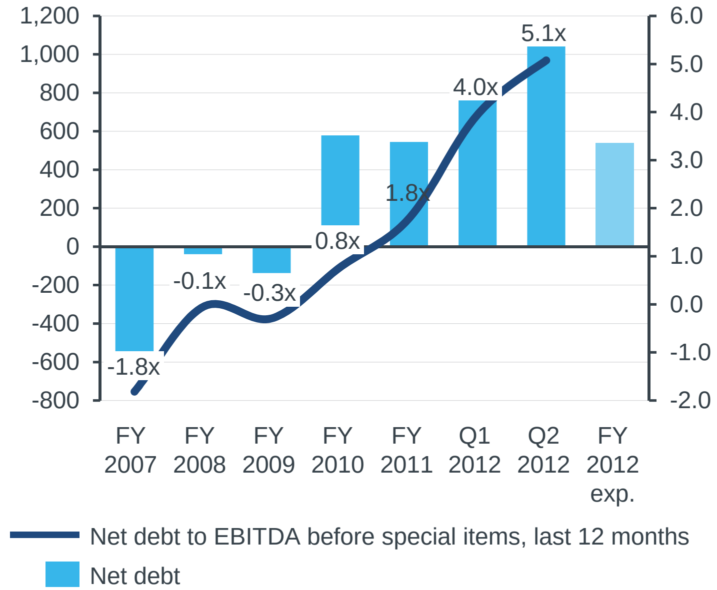
Free cash flow
mEUR



Net debt to be reduced by year-end

- Net debt to be reduced by year-end.
- Net debt to EBITDA primarily negatively affected by poor H2 2011 and Q1 2012.

Net debt and debt coverage
mEUR and ×EBITDA



Return on invested capital

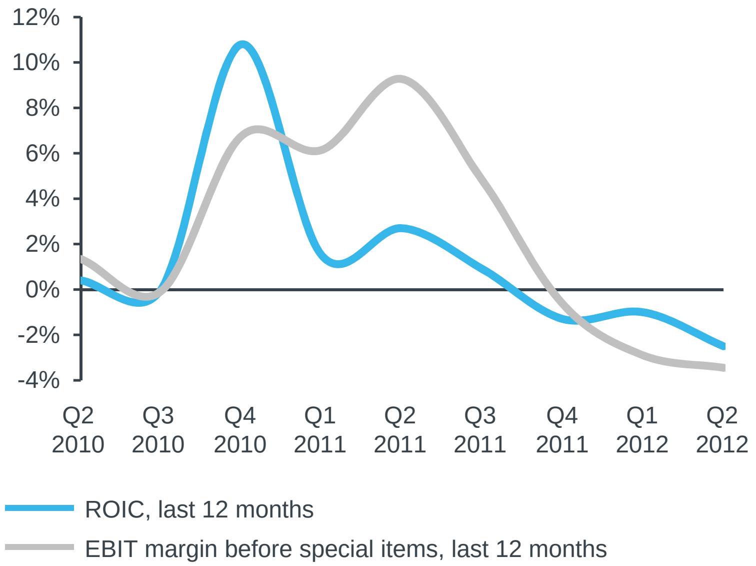
Disappointing ROIC

- ROIC still at a disappointing level.
- Evaluation of manufacturing footprint during H2.

Declining capex – higher D&A

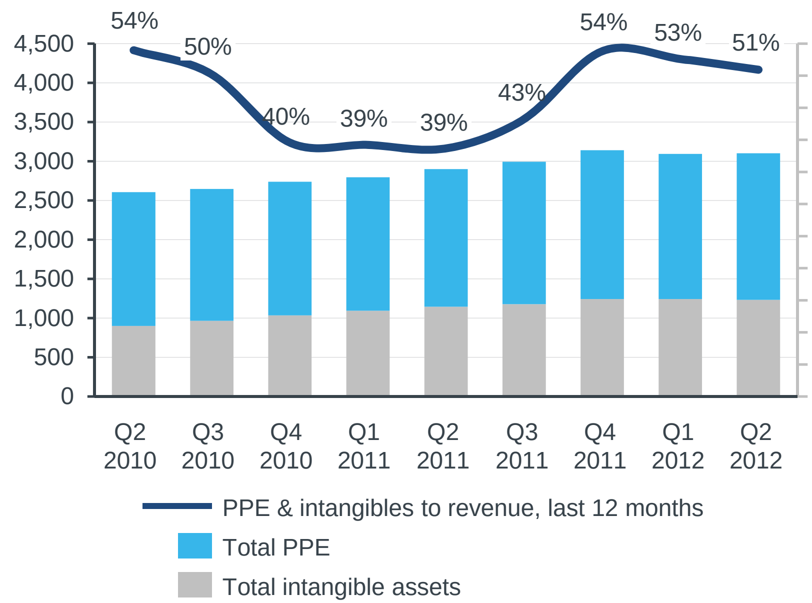
- Capex spend in H1 2012, EUR 68m lower than depreciation and amortisation (D&A).
- Vestas has initiated a process to identify outsourcing opportunities.

Return on invested capital* (ROIC)
Percentage



* Invested capital includes net working capital, PPE and intangibles.

Property plant & equipment (PPE) and intangible assets
mEUR and percentage



3 Order intake Q2

Order intake

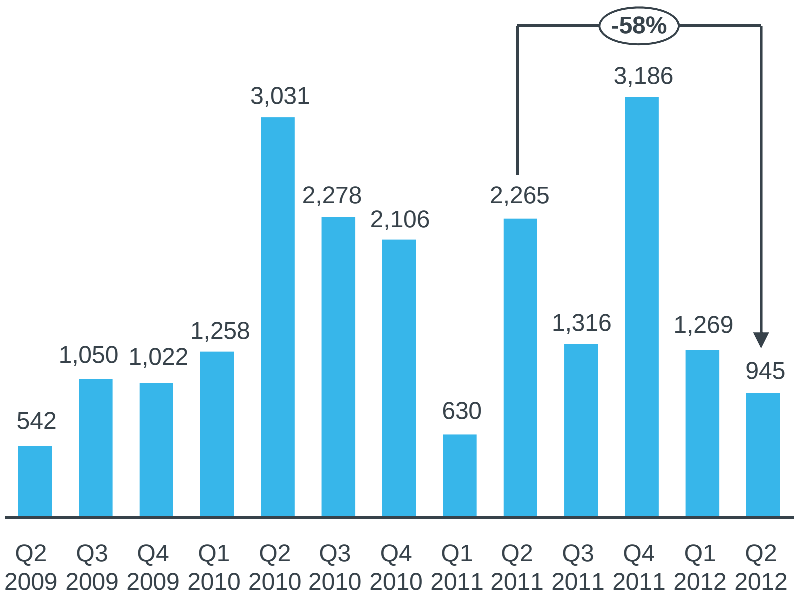
Lower order intake

- Global wind market slow down.
- US market uncertainty.
- Grid constraints in China.

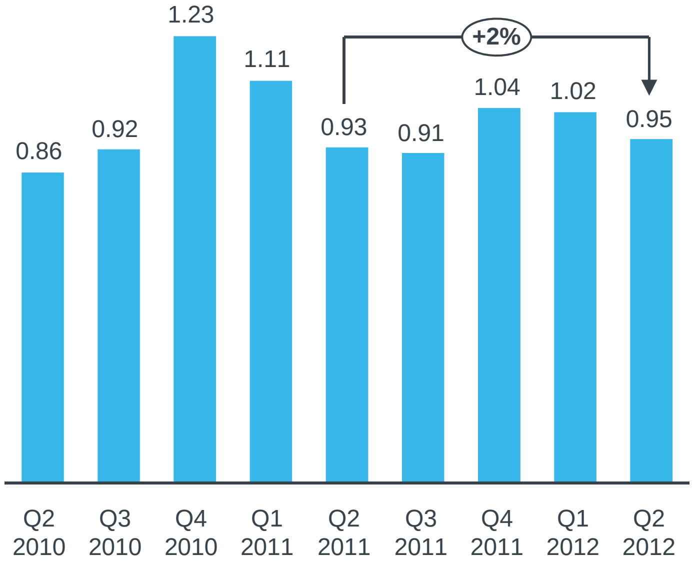
Price per MW

- Price per MW depends on a variety of factors i.e. turbine type, geography, scope, uniqueness of offering, etc.
- New products are higher priced per MW, but carry higher costs than more mature products.

Order intake
MW

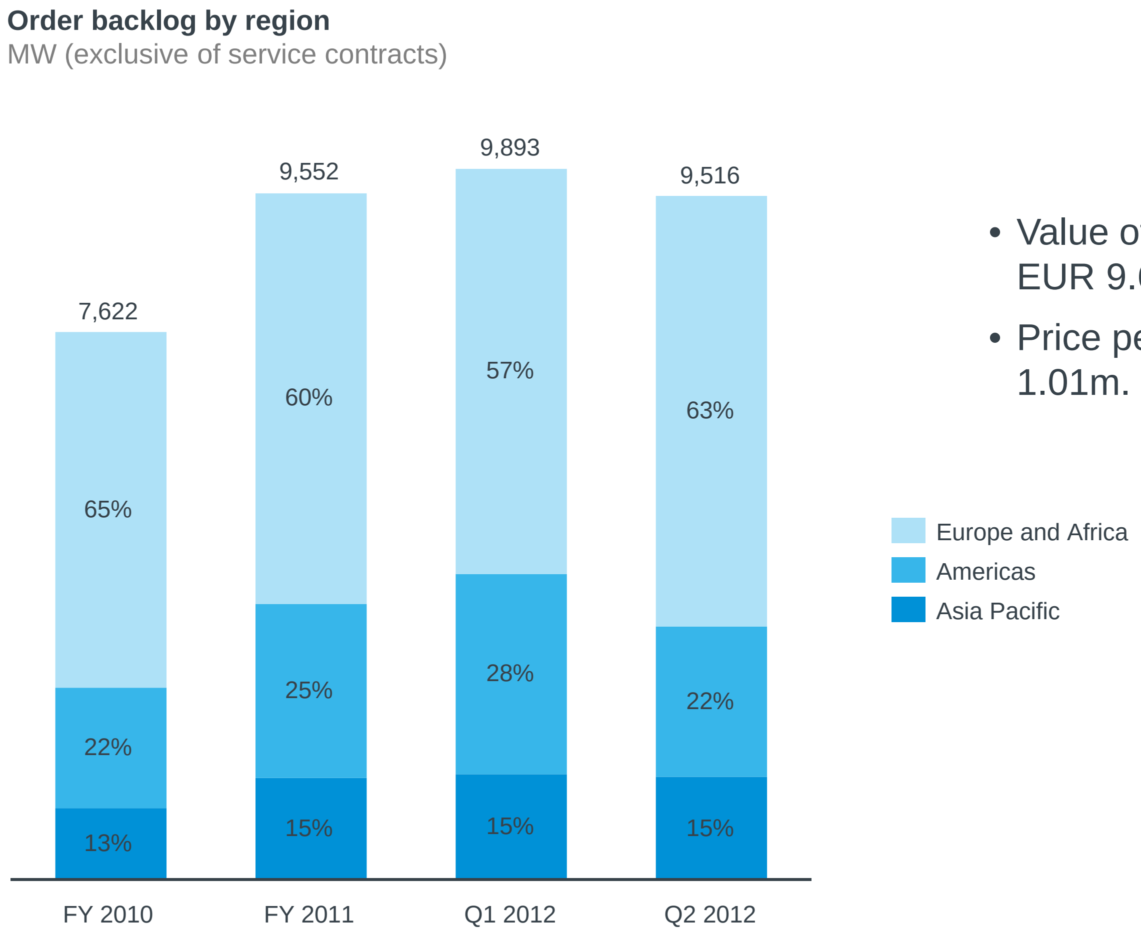


Average selling price of order intake
mEUR per MW



WTG order backlog

WTG order backlog at a high level



- Value of WTG order backlog equals EUR 9.6bn.
- Price per MW in backlog is EUR 1.01m.

Service backlog

Service backlog
bnEUR

Vestas secures its largest service contract renewal for 1,897 MW

CA **10:00 CET - 25 Jun. 2012**

Article keywords: Wind markets Orders

Vestas secures its largest service contract renewal for 1,897 MW

Interactive services

- Send articles
- Print articles

Vestas has signed its largest ever service and maintenance renewal agreement with EDP Renováveis (EDPR) to service more than 1,100 turbines across 30 wind power plants in the United States and Europe for up to seven years.

The global service agreement represents a total capacity of 1,897 MW. More than 70 per cent of the turbines covered by this agreement are in the United States, while the remaining wind power plants are in Spain, France, Romania, Portugal and Italy.

Turbines and services: Largest order backlog ever

End H1 2012: Combined backlog of EUR 14.4bn

Turbines:

EUR 9.6bn

Services:

EUR 4.8bn

4 Outlook

Outlook for EBIT, cash flow and revenue retained

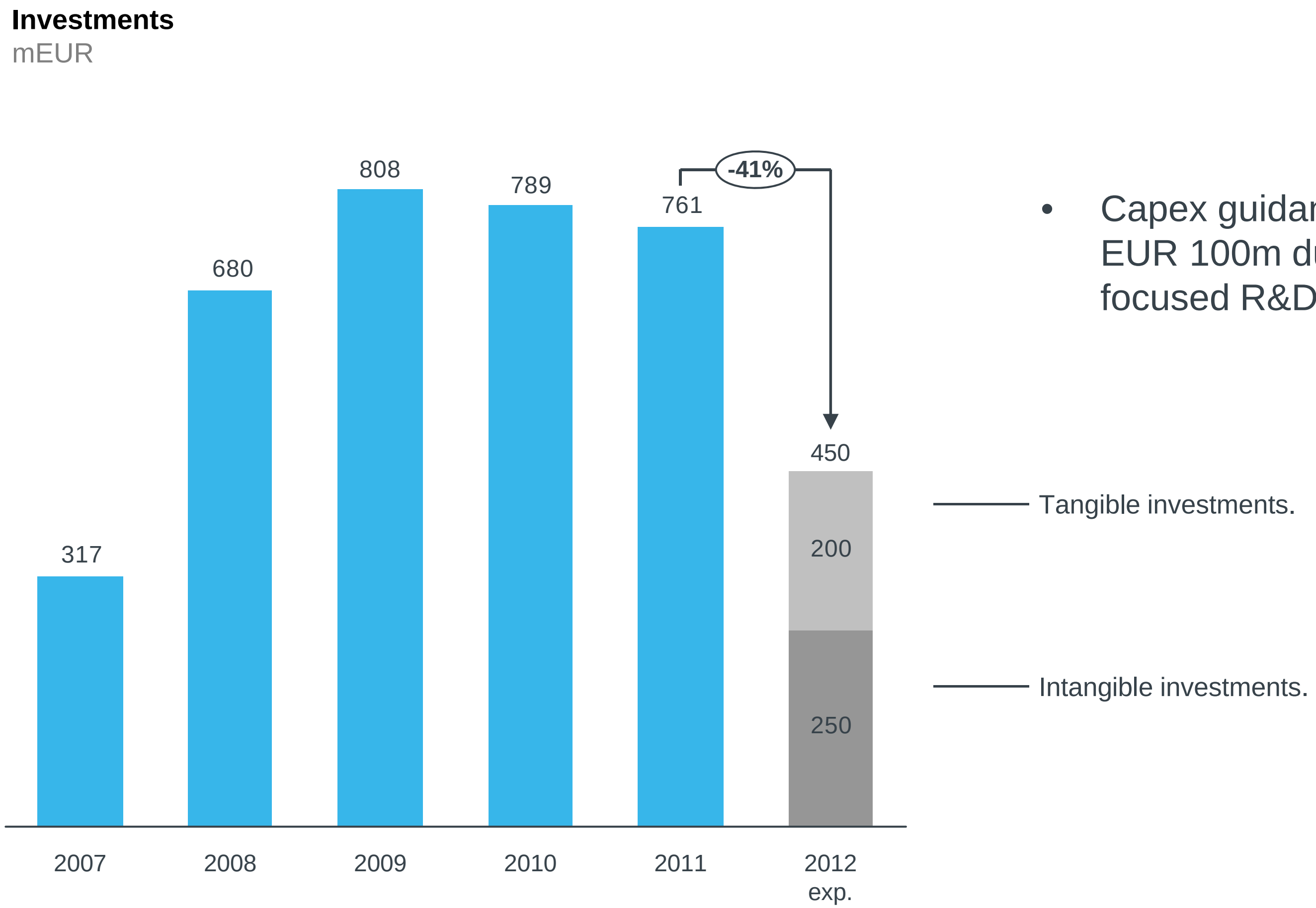
	August 2012	May 2012
Shipments (GW)	**~6.3**	~7
Revenue (mEUR)	**6,500-8,000**	6,500-8,000
- of which service revenue (mEUR)	**850**	850
EBIT margin before special items (%)	**0-4**	0-4
EBIT margin, service* (%)	**~17**	~ 14
Investments (mEUR)	**450**	550
- Intangible (mEUR)	**250**	350
- Tangible (mEUR)	**200**	200
Special items (mEUR)	**75-125**	50-100
Free cash flow (mEUR)	**> 0**	> 0
Warranty provisions (%)	**~ 3**	~ 3

- Shipments lowered due to a weak order intake in H1 2012 and grid constraints in China.
- Service margin increased due to a lower cost base.
- Investments lowered due to more focused R&D investments.
- Special items increased due to higher number of redundancies.

*Before allocation of Group costs

Investments

Capex declining after years of high investments in regionalisation and technology

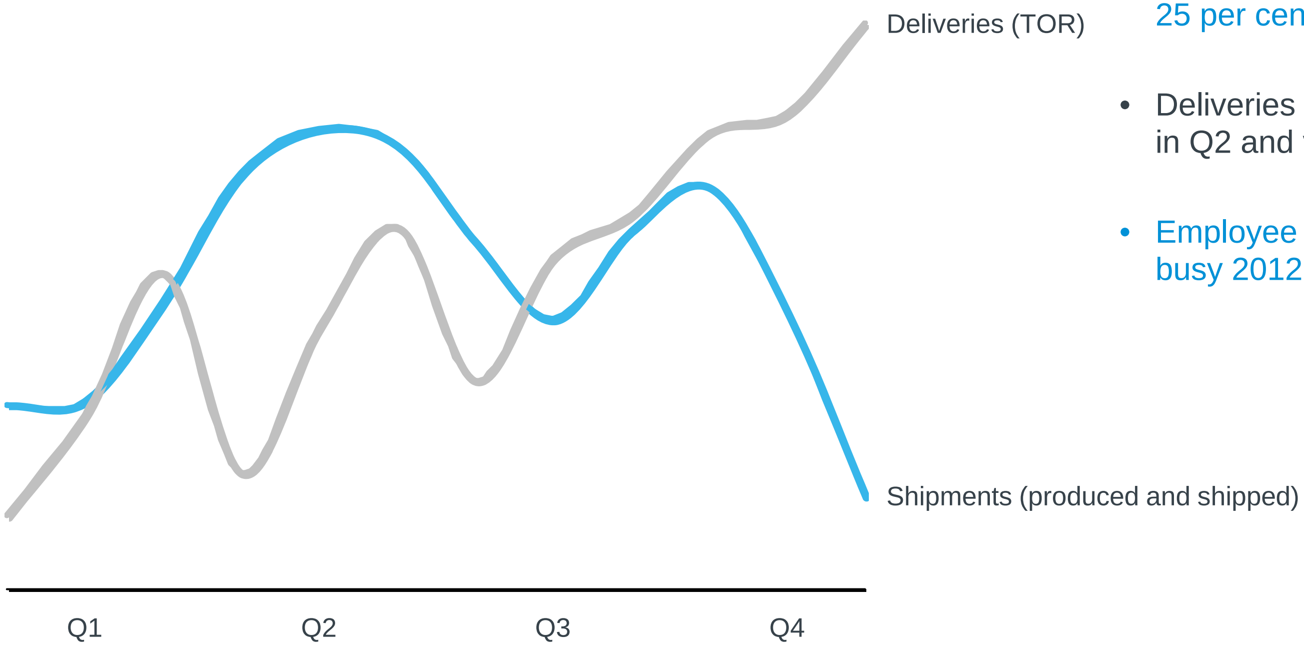


- Capex guidance lowered by EUR 100m due to more focused R&D investments.

Changing the Vestas organisation

In a busy 2012

Shipment and delivery activities in 2012
Expected distribution over the year**;** *illustrative example*



- Shipments expected to increase by almost 25 per cent in 2012 to around 6.3 GW.
- Deliveries expected to be higher in Q3 than in Q2 and very high in Q4.
- Employee reductions are taking place during busy 2012 execution.

Preparation for 2013 continues

- Preparing for around 5 GW in an uncertain environment while still making profit.
- Approx 19,000 employees by year-end 2012 – a total reduction of approx 3,700 employees in 2012.
- Evaluation of manufacturing footprint and identification of outsourcing opportunities.
- Fixed cost reductions of more than EUR 250m with full effect as from the end of 2012 – an increase of EUR 100m.
- Product cost-out to be intensified compared to the EUR 30m (EBIT impact) realised in 2012.
- Organisational scalability and flexibility to be further increased.

5 GW

3,700 employees

EUR >250m

EUR 30m

Financial calendar

Capital markets day

3 October 2012

Aarhus, Denmark

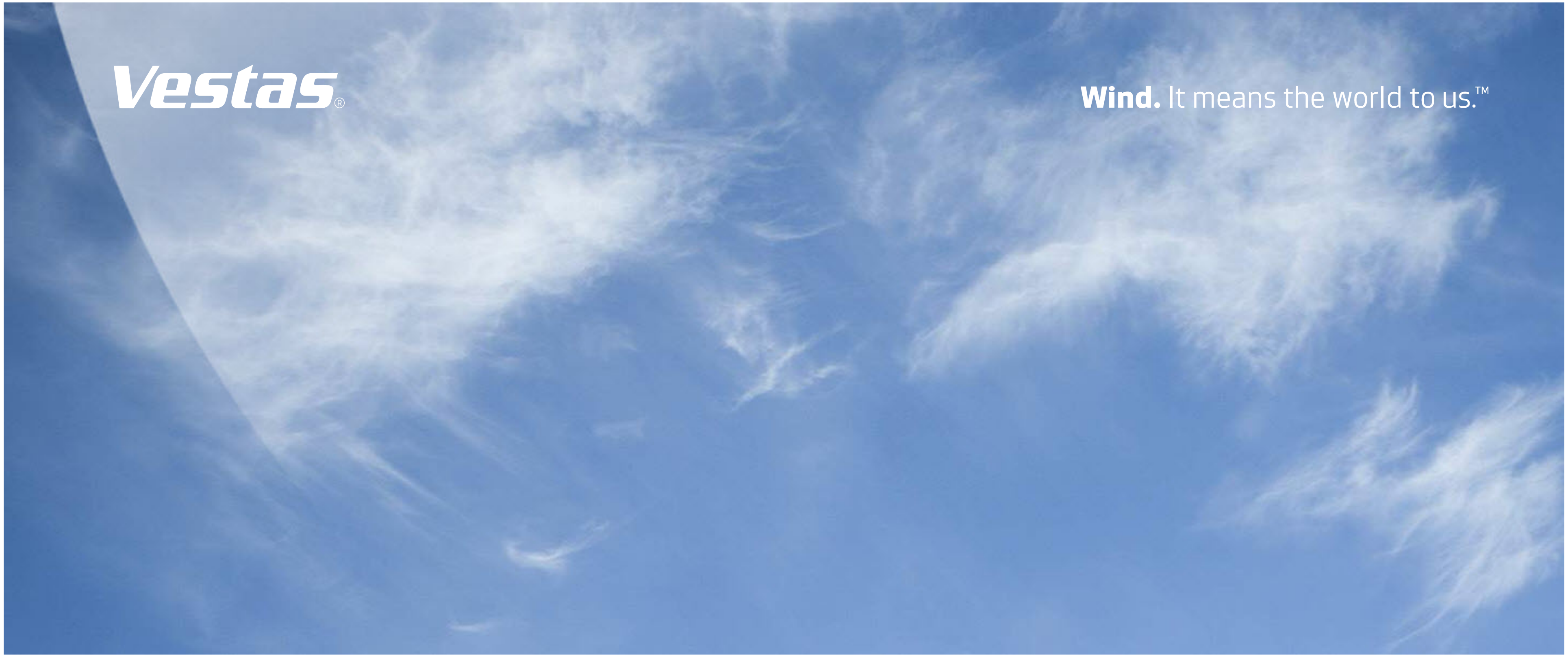
Please
sign up before
14 September 2012
at
CapDay@vestas.com

The programme includes

- Elaboration on the service business.
- Elaboration on the product cost-out programme.
- Presentation of the new management team.

3rd quarter 2012
7 November 2012 – Aarhus, Denmark

5 Questions & answers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