Second quarter 2014

Vestas Wind Systems A/S

Aarhus, 20 August 2014

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Agenda

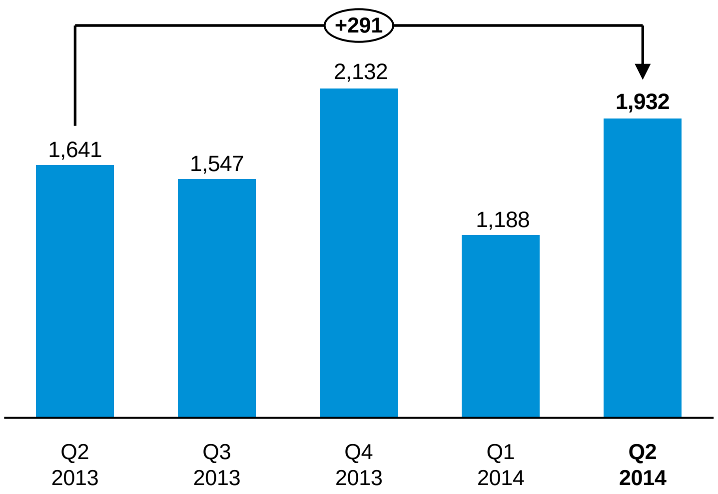
Q2 Interim financial report, second quarter 2014.

1. **Orders and markets**
2. Financials
3. Summary, outlook and questions & answers

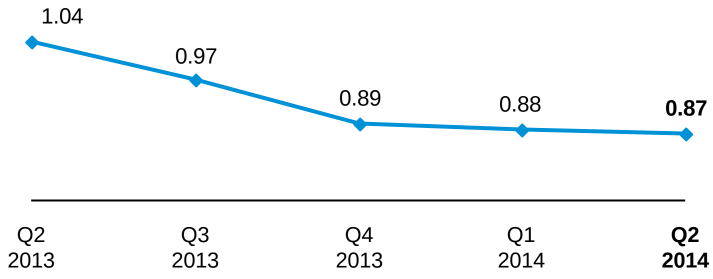
Wind turbine order intake

Order intake of almost 2 GW in Q2 2014. Average price per MW impacted by large proportion of supply-only contracts.

Order intake
MW



Average selling price of order intake
mEUR per MW



Key takes:

- Q2 2014 order intake was almost 300 MW higher than in Q2 2013 – an increase of almost 20 per cent.
- US announced orders of 800 MW in Q2 2014 corresponding to more than 40 per cent of total order intake.

Key takes:

- As in recent quarters, price per MW was impacted by a larger amount of supply-only contracts.
- Price per MW depends on a variety of factors, i.e. wind turbine type, geography, scope and uniqueness of offering.

Backlog: Wind turbines and service

Combined backlog increased by EUR 900m* to EUR 13.9bn excluding the offshore service business

Wind turbines:

EUR 7.4bn

EUR +0.5bn*

Service:

EUR 6.5bn

EUR +0.4bn*

- Offshore service business of EUR 0.8bn* transferred to JV.

* Compared to Q1 2014 excluding offshore service business.

Regional market development

Overall market growth primarily driven by the Americas and Asia Pacific, while Europe and Africa was stable. Vestas total H1 2014 deliveries increased by 26 per cent.

Americas

Growing market…

in the USA due to the PTC. Deliveries in H1 14 already doubling full-year 2013 figures.

Vestas delivered almost 500 MW more in the USA…

contributing to more than a doubling of total deliveries in Americas.

Europe and Africa

Market stability…

in Europe in general, but large differences between countries.

Vestas more than tripled deliveries in Germany…

driving total delivery growth of 26 per cent in Europe and Africa.

Asia Pacific

Improved market activity…

in China and India driven by economic growth.

Vestas' deliveries more than halved in Asia Pacific…

primarily due to Australia, which fell by 168 MW.

Note: All comparisons are based on H1 2014 vs. H1 2013 measured in MW.

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Income statement

Significant improvement in Q2 2014 earnings

mEUR	Q2 2014	Q2 2013	% change
Revenue	1,341	1,185	13%
Cost of sales	(1,081)	(1,016)	6%
Gross profit	260	169	54%
Fixed costs*	(156)	(157)	(1)%
EBIT before special items	104	12	-
Special items	50	(21)	-
EBIT after special items	154	(9)	-
Income from investments in joint venture	(19)	-	-
Net profit/(loss)	94	(62)	-

*R&D, administration and distribution

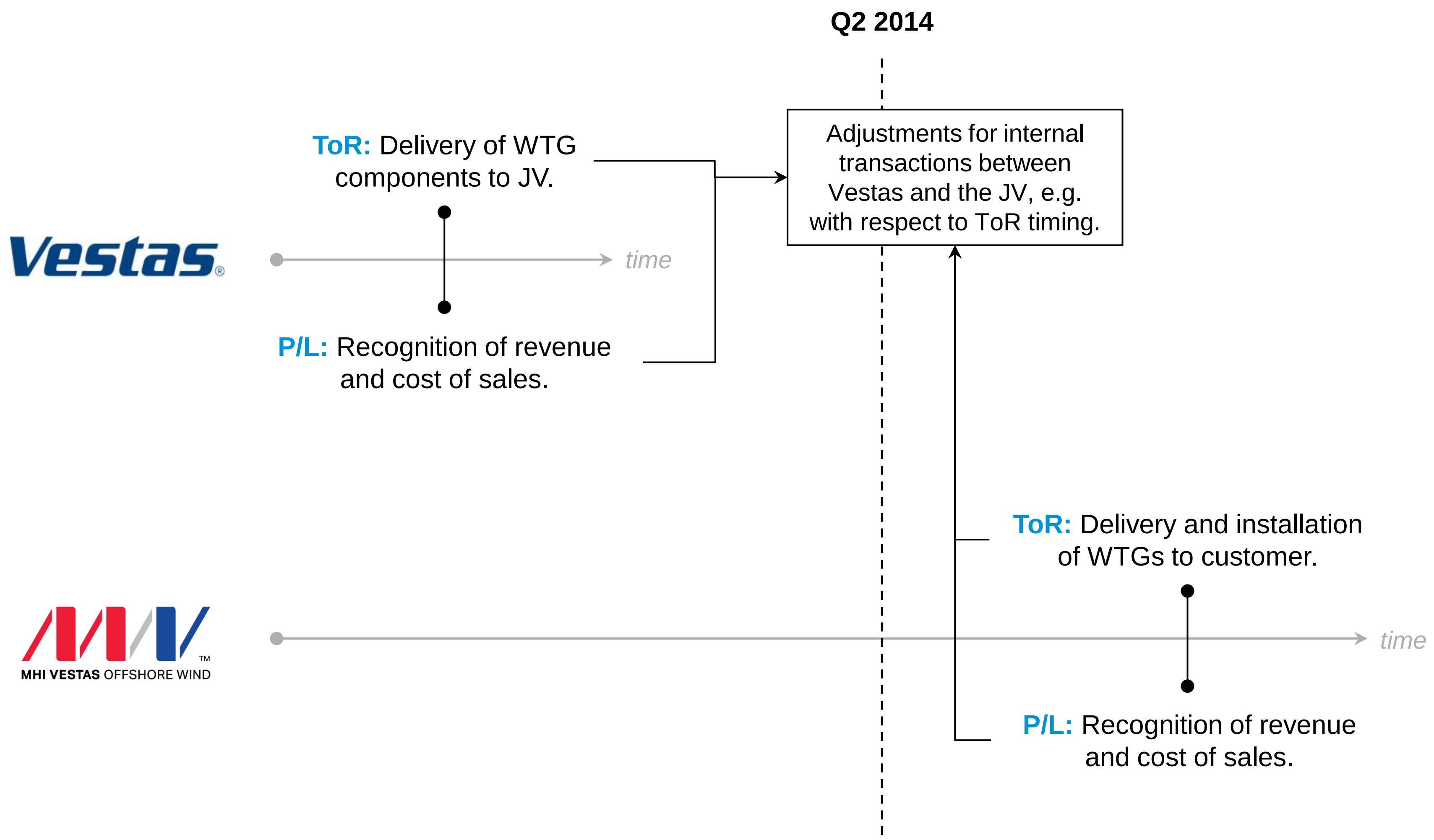
Gross margin	19.4%	14.3%	5.1%-pts
EBITDA margin before special items	15.1%	9.6%	5.5%-pts
EBIT margin before special items	7.8%	1.0%	6.8%-pts

Key takes:

- Gross profit up by more than 50 per cent due to improved average project margins and higher volume.
- EBIT before special items at EUR 104m – almost a ninefold increase compared to Q2 2013.
- Special items of EUR 50m related to gain from the JV.
- Loss from JV primarily due to ToR timing based on revenue in Q2.
- Net profit increased by EUR 156m.

Illustrative example of P/L effects: MHI Vestas Offshore Wind

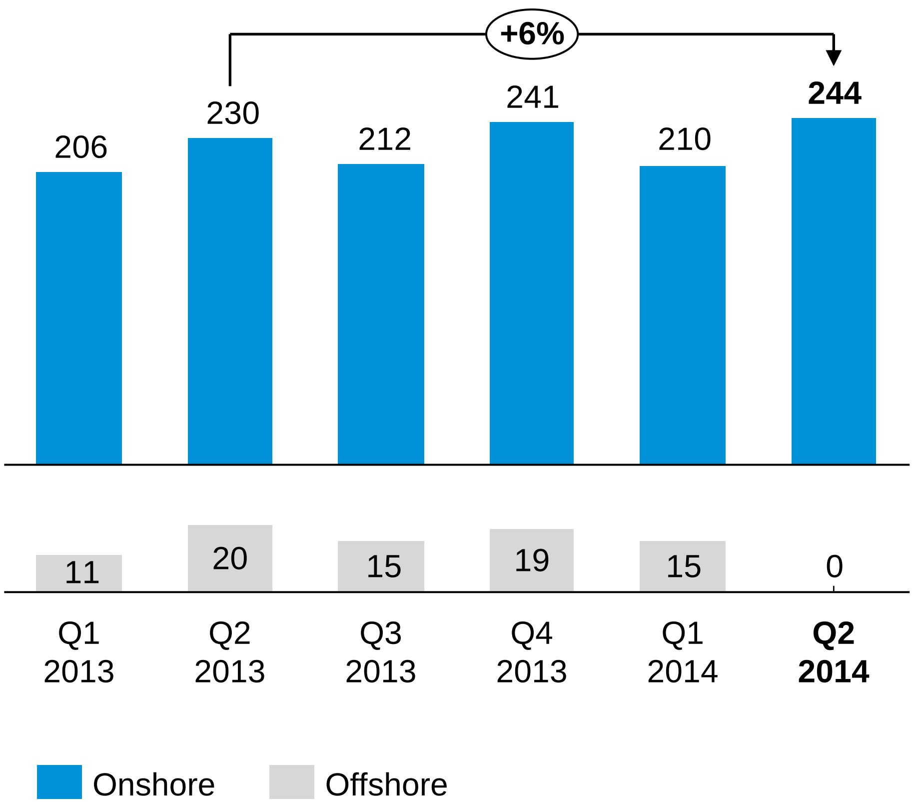
ToR timing may impact recognition of P/L items



Service

Onshore service revenue increased by 6 per cent

Service revenue (onshore and offshore)
mEUR



Key takes:

- Onshore service revenue increased by 6 per cent* in Q2 2013.
- First quarter without offshore service business.
- Q2 2014 EBIT before allocation of Group costs: EUR 62m. Margin: 25 per cent.
- Renewal rate of expiring service contracts: 77 per cent in Q2 2014.

* Including offshore in Q2 2013, service revenue decreased by 2 per cent.

Balance sheet

Net cash position of EUR 442m

Assets (mEUR)	Q2 2014	Q2 2013	Abs. change	% change
Non-current assets	2,222	2,482	(260)	(10)%
Current assets	4,087	3,537	550	16%
Current and non-current assets held for sale	48	21	27	129%
Total assets	6,357	6,040	317	5%

Liabilities (mEUR)	Q2 2014	Q2 2013	Abs. change	% change
Equity	2,010	1,375	635	46%
Non-current liabilities	227	1,168	(941)	(81)%
Current liabilities	4,120	3,497	623	18%
Total equity and liabilities	6,357	6,040	317	5%

Key figures (mEUR)	Q2 2014	Q2 2013	Abs. change	% change
Net debt	(442)	779	(1,221)	-
Net working capital	(336)	(56)	(280)	-
Solvency ratio (%)	31.6	22.8	-	8.8%-pts

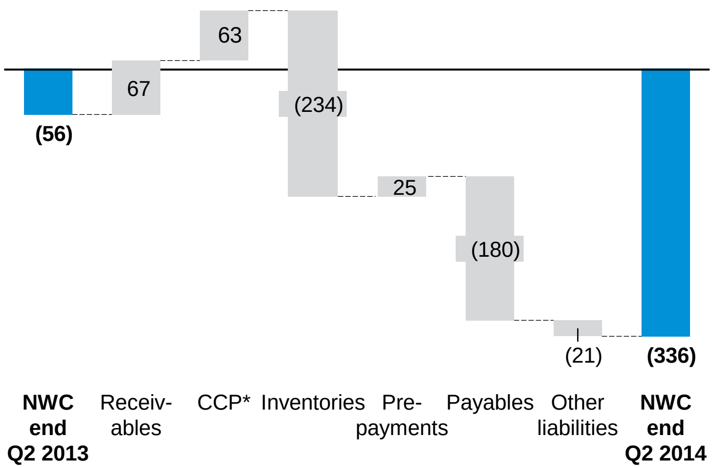
Key takes:

- Net debt translated into net cash: From EUR (779)m to EUR 442m – an improvement of EUR 1,221m.
- Net working capital improvement of EUR 280m due to improved cash conversion and cash collection.
- Solvency ratio improved by almost 9 percentage points to 31.6 per cent mainly due to the capital increase conducted in early February 2014.

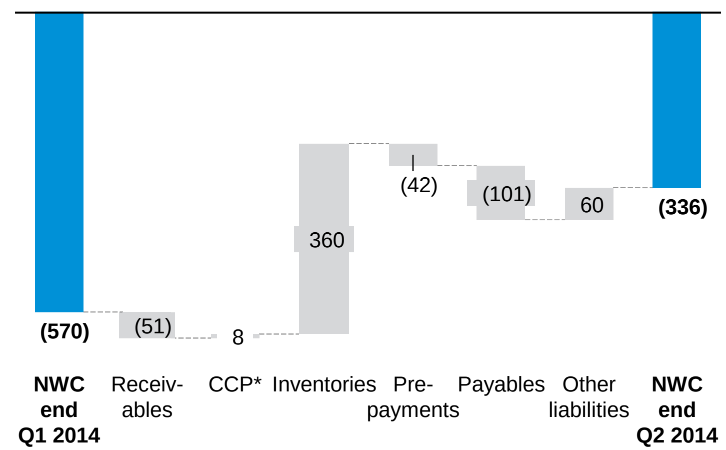
Change in net working capital

Working capital under control. Approx 60 per cent of Q2 2014 headwinds is due to JV effect.

NWC change over the last 12 months
mEUR



NWC change over the last 3 months
mEUR



Key takes:

- Improved cash conversion primarily driven by reduced inventories due to lower MW under completion and higher payables.
- Release of almost EUR 300m.

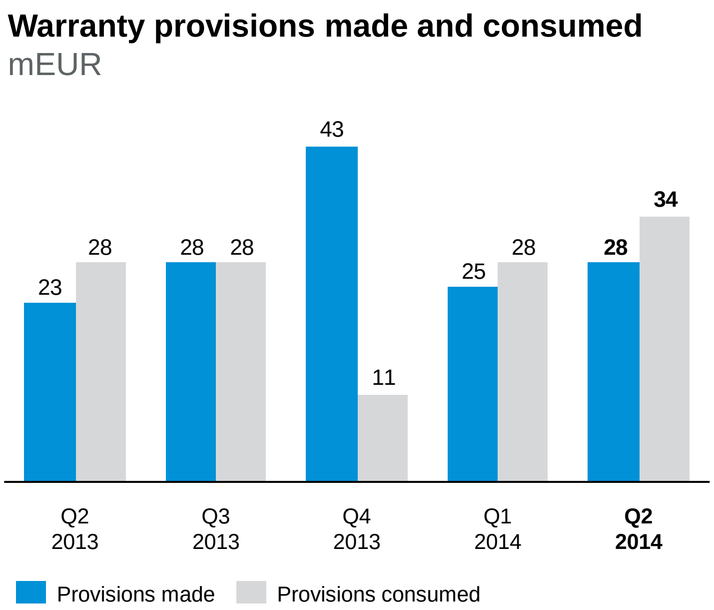
Key takes:

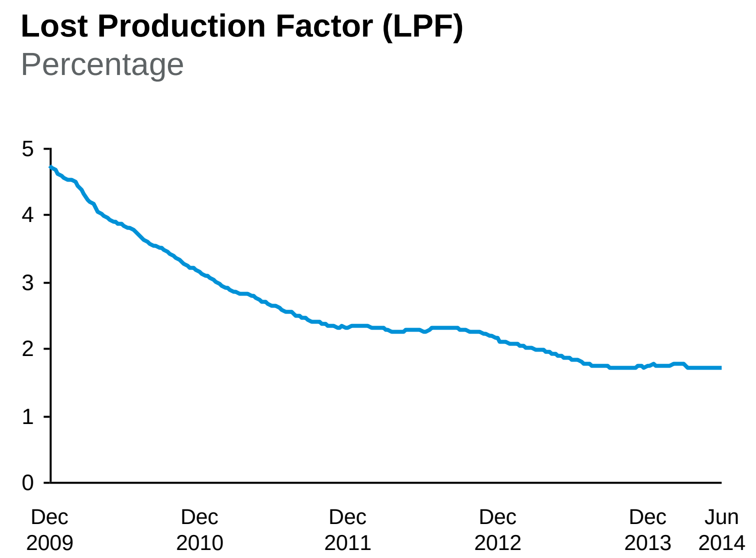
- Out of the EUR 234m increase in NWC, EUR 134m relates to the JV and EUR 100m is due to increased activity levels.
- Increase in MW under completion during the quarter increases NWC.

* Construction contracts in progress.

Warranty provisions and Lost Production Factor

Warranty consumption and LPF continue at a low level





Key takes:

- Warranty consumption constitutes approx 1.5 per cent of revenue over the last 12 months.
- Warranty provisions made correlates with revenue in the quarter.

Key takes:

- LPF continues at a low level below 2.0.
- LPF measures potential energy production not captured by the wind turbines.

Wind. It means the world to us.™

Cash flow statement

Improved earnings more than offset by change in net working capital

mEUR	Q2 2014	Q2 2013	Abs. change
Cash flow from operating activities before change in working capital	134	7	127
Change in working capital	(100)	254	(354)
Cash flow from operating activities	34	261	(227)
Cash flow from investing activities	(55)	(64)	9
Free cash flow	(21)	197	(218)
Cash flow from financing activities	(25)	(274)	249
Change in cash at bank and in hand less current portion of bank debt	(46)	(77)	31

Key takes:

- Free cash outflow of EUR 21m primarily driven by change in net working capital partly offset by higher earnings.

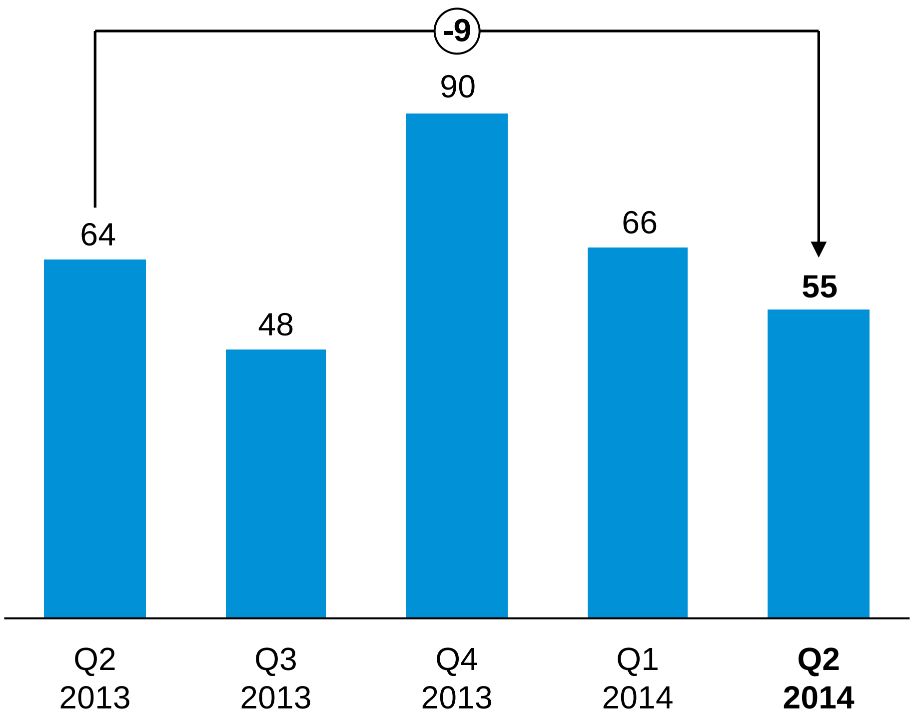
  Note: EUR 134m effect from change in NWC related to the JV has non-cash impact.

- Remember: Q2 2013 free cash flow was positively impacted by divestment of Romanian wind power plant.

Total investments

Q2 investments primarily for V110 and V126 blades

Net investments
mEUR



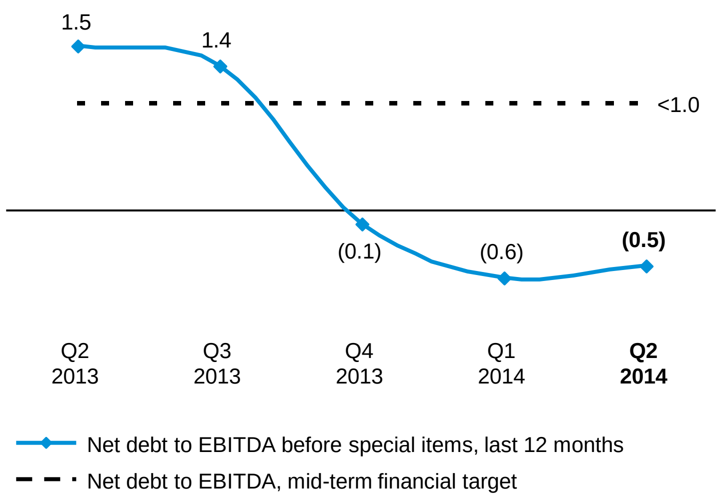
Key takes:

- Investments decreased by EUR 10m compared to Q2 2013.
- Investments in Q2 2014 relates primarily to tangible investments for V110 and V126 blades.
- Trailing twelve months net investments of EUR 259m.

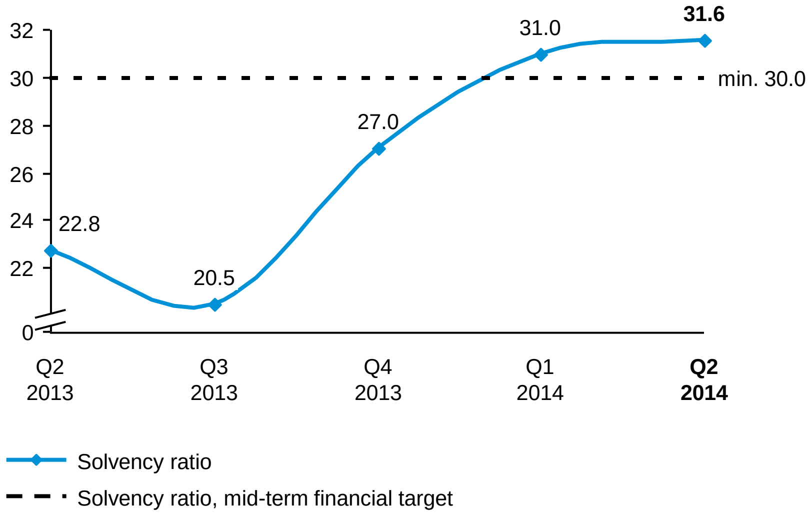
Capital structure

Net debt to EBITDA and solvency ratio within targets

Net debt to EBITDA
×EBITDA



Solvency ratio
Percentage



Key takes:

- Net debt to EBITDA at (0.5)x in Q2 2014.
- Development driven by improved EBITDA.

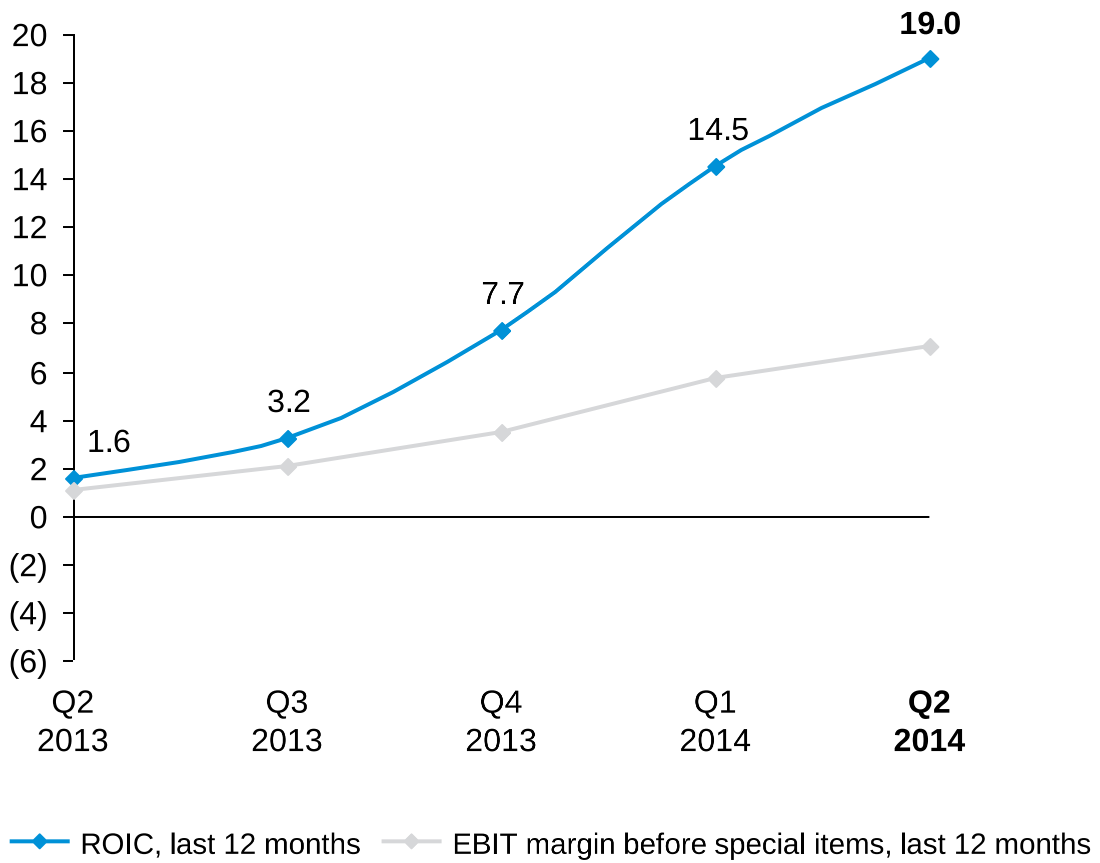
Key takes:

- Solvency ratio increased to 31.6 per cent in Q2 2014.
- Q2 development mainly driven by improved net profit.

Return on invested capital

ROIC continues the positive trend with 19 per cent in Q2 2014

Return on invested capital (ROIC)
Percentage



Key takes:

- ROIC increased to 19 per cent in Q2 2014 – an improvement of 17.4 percentage points compared to Q2 2013.
- Development primarily driven by improved earnings.

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Improved profitability

Profitable Growth for Vestas on track

- Solid order intake and increased order backlog.
- Increased revenue and improved quality of earnings.
- Service business on track.
- NWC under control.
- Mid-term financial targets continue the positive trend. ROIC at 19 per cent.

Outlook

2014 EBIT margin target raised to minimum 6 per cent based on the improved cost base and the expected delivery plan for the second half of the year

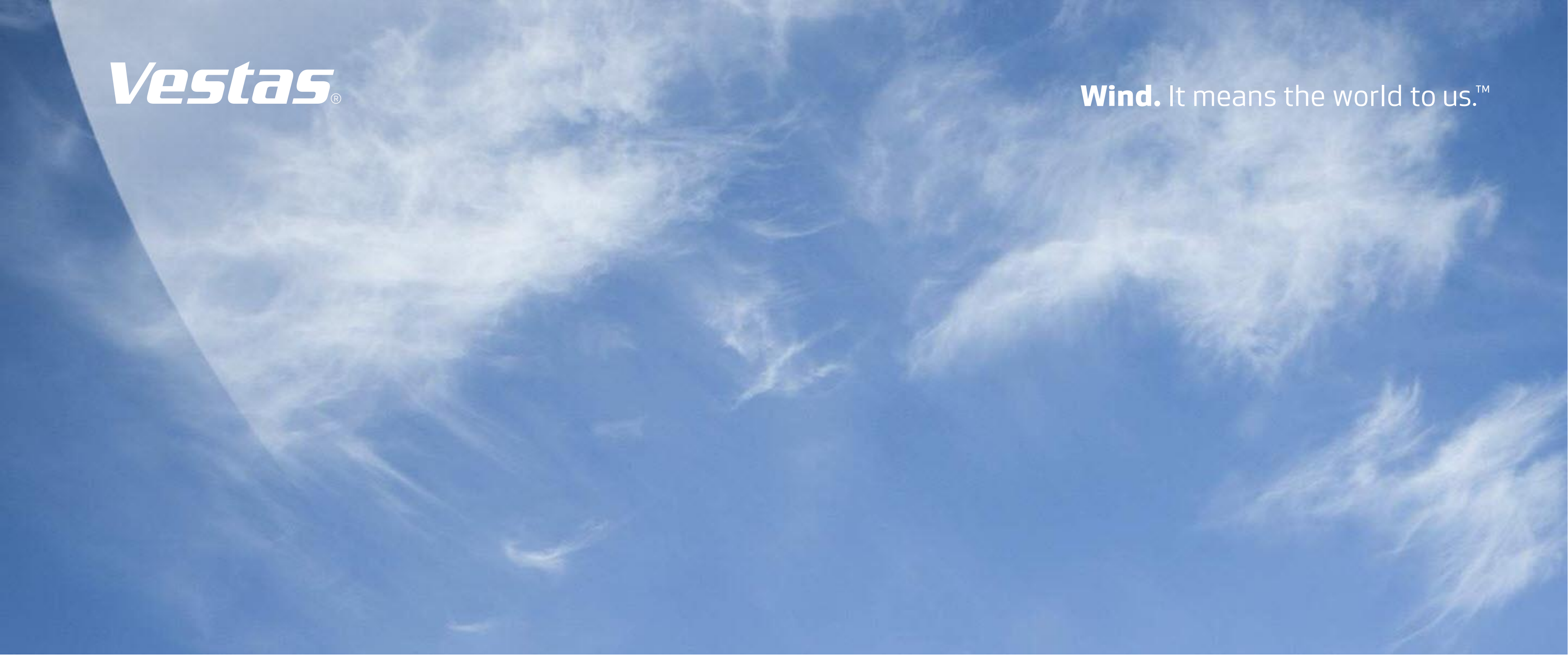
Revenue (bnEUR)	**min. 6**
EBIT margin before special items (%)	**min. 6**
Total investments (mEUR)	**approx 250**
Free cash flow (mEUR)	**min. 300**

- **Service business** is expected to continue to grow with stable margins.

Q&A

Financial calendar 2014:

- Disclosure of Q3 2014 (7 November 2014).



Thank you for your attention