Full year 2015

Vestas Wind Systems A/S

Copenhagen, 9 February 2016
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Key highlights
Strategy execution produces strong financial/operational results on high activity level globally

Financial and operational results
• FY 2015 guidance met or exceeded on revenue (EUR 8.4bn), EBIT margin (10.2 percent), and free cash flow (EUR 1,047m).
• Highest ever net profit (EUR 685m).
• Highest ever order intake (8,943 MW) across 34 countries on five continents.
• Combined turbine and service order backlog at second highest level ever (EUR 16.8bn).
• Return on Invested Capital (ROIC) at very high level (117 percent).
• Recommended dividend payment of DKK 6.82 per share, equal to a pay-out ratio of 29.9 percent.

Profitable Growth for Vestas
• Profitable growth strategy firmly on track; key objectives remain in place but updated to reflect strong execution and changed market conditions.
Agenda

1. Orders and markets

2. Financials

3. Profitable Growth for Vestas – status and update

4. Summary, outlook, and questions & answers
Strong order intake in Q4 2015

Order intake at 2,668 MW – an increase of 18 percent compared to Q4 2014. Average selling price remains stable.

Key takes:

- Q4 2015 order intake was 414 MW higher than in Q4 2014, corresponding to an increase of 18 percent.

- USA, China, and Germany were the main contributors to order intake in Q4 2015, accounting for approximately 60 percent.

Price per MW

<table>
<thead>
<tr>
<th>Q4 2014</th>
<th>Q1 2015</th>
<th>Q2 2015</th>
<th>Q3 2015</th>
<th>Q4 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.91</td>
<td>0.92</td>
<td>0.90</td>
<td>0.96</td>
<td>0.90</td>
</tr>
</tbody>
</table>

Key takes:

- Price per MW decreased but remains at overall stable levels observed in recent quarters.

- Price per MW depends on a variety of factors, i.e. wind turbine type, geography, scope, and uniqueness of offering.
Solid improvement in order intake levels across all regions

FY order intake of 8.9 GW, up by 37 percent year-on-year. All regions delivering growth, leveraging on our global reach. Strategic markets on track.

- **FY 2015** primarily driven by the US and an almost 14-fold increase in Brazil. Other strong markets include Mexico, Chile, and Uruguay.
- **Q4 2015** driven by the US and Brazil.

- **FY 2015** showed overall good activity levels and an increase in a number of markets. Germany, the Nordics, Poland, France, and offshore* were strong.
- **Q4 2015** on tough comps due to 310 MW Lake Turkana project.
- **FY 2015** driven by improvements in almost all markets. China, Thailand, South Korea, and India stand out.
- **Q4 2015** driven by China and South Korea.

* 400 MW Rampion and 165 MW Nobelwind projects based on V112 turbines. Projects ordered by the JV from Vestas.
2015 total MW deliveries up by 20 percent – totalling 7,486 MW

Strong performance in the Americas and EMEA region; Asia Pacific lower due to lower order intake in 2014

- FY 2015 primarily driven by almost a doubling in the US. Good activity in Uruguay, Chile, and Guatemala.
- Q4 2015 characterised by strong USA performance.

- FY 2015 overall growth mainly due to Poland, Turkey, Finland, and Italy. Continued good activity levels across the region.
- Q4 2015 strong development in Poland and good activity in Germany, Sweden, and France.

- FY 2015 characterised by lower activity levels, driven in particular by a decrease in the Philippines.
- Q4 2015 good development in China and Thailand.
Unique global reach once again manifested in 2015

Balanced order intake from 34 countries across five continents in 2015. Installations in Guatemala and Serbia expand global reach to 75 countries.

Order intake by country, FY 2015

- 8,943 MW
- 34 countries
- 5 continents

* New markets for Vestas with firm order intake for the first time in 2015.
Second highest combined backlog at EUR 16.8bn

Combined backlog increased by EUR 0.4bn in the quarter. Service backlog increased by EUR 0.7bn, while the backlog of wind turbines decreased by EUR 0.3bn.

- Wind turbines: EUR 7.9bn
- Service: EUR 8.9bn

* Compared to Q3 2015.
Multi-year PTC extension secures long-term visibility in the US

Following a +3 GW order intake-year for Vestas, the December 2015 multi-year PTC extension bodes well for continued high activity levels and a solid future for wind energy in the US market.

Activity levels expected to continue at a high level

- ~3.1 GW Firm order intake in 2015.
- Lots of activity in the market as customers are preparing for the new PTC situation.

Multi-year PTC extension approved in December 2015

<table>
<thead>
<tr>
<th>Qualification period</th>
<th>Installation period*</th>
<th>PTC amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>2016-17e</td>
<td>100%</td>
</tr>
<tr>
<td>2016</td>
<td>2017-18e</td>
<td>100%</td>
</tr>
<tr>
<td>2017</td>
<td>2018-19e</td>
<td>80%</td>
</tr>
<tr>
<td>2018</td>
<td>2019-20e</td>
<td>60%</td>
</tr>
<tr>
<td>2019</td>
<td>2020-21e</td>
<td>40%</td>
</tr>
</tbody>
</table>

- IRS PTC guidance still pending on qualifying criteria, timing, “continuous construction” language, etc.

* Indicates expected installation period IF the IRS simply makes a roll-over of the existing 2014 PTC guidelines.
An eventful year for MHI Vestas Offshore Wind

JV on track. First commercial installation of the V164 expected during 2016.

Sales and operational activity

- **Announcements since formation of JV:**
  - Announced firm orders: ~1.2 GW
  - Announced conditional orders: 450 MW
  - Preferred supplier for 450 MW.

- **All milestones payments received*.**
- **V164-8.0 MW:**
  - DNV GL type certification.
  - Good test centre performance.
  - Installation and service techniques fine-tuned at onshore site.

Manufacturing ramp-up

First commercial installation of the V164-8.0 MW

- Serial production started on nacelle and blades to meet the first commercial installation of the V164-8.0 MW for the Burbo Bank Extension project (258 MW).

* MHI had to transfer up to EUR 200m to the JV as milestone payments dependent on certain milestones to be achieved after the closing of the transaction.
Agenda

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Earnings improved – EBIT margin before special items of 10.2 percent. Highest net profit ever.

### Key takes:

- **Revenue increased by 22 percent** primarily due to higher volume and impact from currency.

- **Gross profit up by 28 percent** mainly driven by the higher revenue, better average project margins, and growth in the service business.

- **EBIT before special items up by 54 percent** mainly driven by higher gross profit and lower D&A.

- **Income from JV increased by EUR 65m** due to increase in ToR deliveries by the JV to customers.

- **Net profit almost doubled:** up by EUR 293m compared to 2014.

### Income statement – full year

<table>
<thead>
<tr>
<th>mEUR</th>
<th>FY 2015</th>
<th>FY 2014</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>8,423</td>
<td>6,910</td>
<td>22%</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(6,918)</td>
<td>(5,732)</td>
<td>21%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>1,505</td>
<td>1,178</td>
<td>28%</td>
</tr>
<tr>
<td>Fixed costs*</td>
<td>(645)</td>
<td>(619)</td>
<td>4%</td>
</tr>
<tr>
<td>EBIT before special items</td>
<td>860</td>
<td>559</td>
<td>54%</td>
</tr>
<tr>
<td>Special items</td>
<td>46</td>
<td>48</td>
<td>(4)%</td>
</tr>
<tr>
<td>EBIT after special items</td>
<td>906</td>
<td>607</td>
<td>49%</td>
</tr>
<tr>
<td>Income from investments account for using the equity method</td>
<td>34</td>
<td>(31)</td>
<td>-</td>
</tr>
<tr>
<td>Net profit/(loss)</td>
<td>685</td>
<td>392</td>
<td>75%</td>
</tr>
</tbody>
</table>

Key takes:

- Revenue increased by 22 percent primarily due to higher volume and impact from currency.

- Gross profit up by 28 percent mainly driven by the higher revenue, better average project margins, and growth in the service business.

- EBIT before special items up by 54 percent mainly driven by higher gross profit and lower D&A.

- Income from JV increased by EUR 65m due to increase in ToR deliveries by the JV to customers.

- Net profit almost doubled: up by EUR 293m compared to 2014.
Income statement – Q4

EBIT margin before special items increased by 3.1 percentage points to 13.3 percent

<table>
<thead>
<tr>
<th>mEUR</th>
<th>Q4 2015</th>
<th>Q4 2014</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>3,035</td>
<td>2,473</td>
<td>23%</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(2,460)</td>
<td>(2,057)</td>
<td>20%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>575</td>
<td>416</td>
<td>38%</td>
</tr>
<tr>
<td>Fixed costs*</td>
<td>(171)</td>
<td>(164)</td>
<td>4%</td>
</tr>
<tr>
<td>EBIT before special items</td>
<td>404</td>
<td>252</td>
<td>60%</td>
</tr>
<tr>
<td>Special items</td>
<td>46</td>
<td>19</td>
<td>142%</td>
</tr>
<tr>
<td>EBIT after special items</td>
<td>450</td>
<td>271</td>
<td>66%</td>
</tr>
<tr>
<td>Income from investments</td>
<td>(10)</td>
<td>(5)</td>
<td>100%</td>
</tr>
<tr>
<td>Net profit/(loss)</td>
<td>298</td>
<td>194</td>
<td>54%</td>
</tr>
</tbody>
</table>

*R&D, distribution, and administration.

Key takes:

- Revenue increased by 23 percent due to higher volume further supplemented by high activity levels in the service business.

- Gross profit up by 38 percent mainly driven by better average project margins and higher revenue.

Note: EUR 50m writedown of inventory related to development and construction activities in prior years.

- EBIT before special items up by 60 percent mainly driven by higher gross profit.

- Net profit up by EUR 104m.
Leveraging on fixed costs

Continued downward sloping trend in fixed costs relative to activity levels manifesting strong operational excellence and control

**Fixed costs (TTM)**

mEUR and percent of revenue

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Fixed costs (mEUR)</th>
<th>Percent of Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 2014</td>
<td>671</td>
<td>9.9%</td>
</tr>
<tr>
<td>Q3 2014</td>
<td>619</td>
<td>9.0%</td>
</tr>
<tr>
<td>Q2 2015</td>
<td>622</td>
<td>8.7%</td>
</tr>
<tr>
<td>Q1 2015</td>
<td>636</td>
<td>8.4%</td>
</tr>
<tr>
<td>Q4 2015</td>
<td>638</td>
<td>8.1%</td>
</tr>
<tr>
<td>Full year 2015</td>
<td>645</td>
<td>7.7%</td>
</tr>
</tbody>
</table>

**Key takes:**

- Fixed costs* relative to activity levels continue downward trend.

- Relative to activity levels, fixed costs* amounted to 7.7 percent in Q4 2015 – an improvement of 1.3 percentage points compared to Q4 2014.

*R&D, administration and distribution on trailing 12 months basis.
Service

Strong service business performance primarily driven by organic growth with stable margins

Key takes:

- Onshore service revenue increased by 20 percent* in 2015 mainly due to organic growth and impact from currency.

- EBIT before special items: EUR 201m.
  Margin: 17.7 per cent.

  Note: EBIT negatively impacted by impairment and write-offs on service inventories of EUR 25m in 2015.

- Service order backlog growth of EUR 700m compared to Q3 2015.

* Including offshore in 2014 (prior to closing of the offshore JV), service revenue increased by 18 per cent.

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Service revenue (onshore and offshore)
mEUR

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Onshore</td>
<td>659</td>
<td>825</td>
<td>889</td>
<td>949</td>
<td>1,138</td>
</tr>
<tr>
<td>Offshore</td>
<td>46</td>
<td>61</td>
<td>65</td>
<td>15</td>
<td>0</td>
</tr>
</tbody>
</table>

Classification: Public

Wind. It means the world to us."
Balance sheet
Improved earnings and well managed operations strengthen balance sheet

Key takes:

- Improvement in net debt due to improved earnings and net working capital.

- Positive net working capital development of EUR 426m.

- Solvency ratio at 33.8 percent.

<table>
<thead>
<tr>
<th>Assets (mEUR)</th>
<th>FY 2015</th>
<th>FY 2014</th>
<th>Abs. change</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current assets</td>
<td>2,508</td>
<td>2,198</td>
<td>310</td>
<td>14%</td>
</tr>
<tr>
<td>Current assets</td>
<td>5,976</td>
<td>4,696</td>
<td>1,280</td>
<td>27%</td>
</tr>
<tr>
<td>Total assets</td>
<td>8,587</td>
<td>6,997</td>
<td>1,590</td>
<td>23%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities (mEUR)</th>
<th>FY 2015</th>
<th>FY 2014</th>
<th>Abs. change</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>2,899</td>
<td>2,379</td>
<td>520</td>
<td>22%</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>883</td>
<td>261</td>
<td>622</td>
<td>-</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>4,805</td>
<td>4,357</td>
<td>448</td>
<td>10%</td>
</tr>
<tr>
<td>Total equity and liabilities</td>
<td>8,587</td>
<td>6,997</td>
<td>1,590</td>
<td>23%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Key figures (mEUR)</th>
<th>FY 2015</th>
<th>FY 2014</th>
<th>Abs. change</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net debt</td>
<td>(2,270)</td>
<td>(1,411)</td>
<td>(859)</td>
<td>61%</td>
</tr>
<tr>
<td>Net working capital</td>
<td>(1,383)</td>
<td>(957)</td>
<td>(426)</td>
<td>45%</td>
</tr>
<tr>
<td>Solvency ratio (%)</td>
<td>33.8</td>
<td>34.0</td>
<td>- (0.2)%-pts</td>
<td></td>
</tr>
</tbody>
</table>
Change in net working capital

Net working capital well managed despite higher activity levels

**Key takes:**

- Positive development primarily driven by higher payables and prepayments slightly offset by higher inventories and receivables due to increased activity levels.

- Quarterly improvement of EUR 600m primarily driven by lower inventories and higher payables partly offset by lower prepayments.

* Construction contracts in progress.
Warranty provisions and Lost Production Factor

Warranty consumption and LPF continue at very satisfactory low levels

**Warranty provisions made and consumed**

<table>
<thead>
<tr>
<th>FY</th>
<th>Provisions made</th>
<th>Provisions consumed</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>148 mEUR</td>
<td>179 mEUR</td>
</tr>
<tr>
<td>2012</td>
<td>148 mEUR</td>
<td>148 mEUR</td>
</tr>
<tr>
<td>2013</td>
<td>119 mEUR</td>
<td>117 mEUR</td>
</tr>
<tr>
<td>2014</td>
<td>84 mEUR</td>
<td>122 mEUR</td>
</tr>
<tr>
<td>2015</td>
<td>108 mEUR</td>
<td>160 mEUR</td>
</tr>
</tbody>
</table>

**Lost Production Factor (LPF)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>6.0</td>
</tr>
<tr>
<td>2010</td>
<td>4.5</td>
</tr>
<tr>
<td>2011</td>
<td>3.0</td>
</tr>
<tr>
<td>2012</td>
<td>2.5</td>
</tr>
<tr>
<td>2013</td>
<td>2.0</td>
</tr>
<tr>
<td>2014</td>
<td>1.5</td>
</tr>
<tr>
<td>2015</td>
<td>1.0</td>
</tr>
</tbody>
</table>

**Key takes:**

- Warranty consumption constitutes approx 1.1 percent of revenue over the last 12 months.
- Warranty provisions made correlates with revenue in the year, corresponding to approx 1.9 percent in 2015.
- LPF continues at a low level below 2.0.
- LPF measures potential energy production not captured by the wind turbines.

Classification: Public
Cash flow statement – full year

Free cash flow of EUR 1bn driven by strong underlying operating profit

<table>
<thead>
<tr>
<th>mEUR</th>
<th>FY 2015</th>
<th>FY 2014</th>
<th>Abs. change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from operating activities before change in net working capital</td>
<td>1,075</td>
<td>866</td>
<td>209</td>
</tr>
<tr>
<td>Change in net working capital</td>
<td>397</td>
<td>260</td>
<td>137</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>1,472</td>
<td>1,126</td>
<td>346</td>
</tr>
<tr>
<td>Cash flow from investing activities</td>
<td>(425)</td>
<td>(285)</td>
<td>140</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>1,047</td>
<td>841</td>
<td>206</td>
</tr>
<tr>
<td>Cash flow from financing activities</td>
<td>(360)</td>
<td>389</td>
<td>749</td>
</tr>
<tr>
<td>Change in cash at bank and in hand less current portion of bank debt</td>
<td>687</td>
<td>1,230</td>
<td>543</td>
</tr>
</tbody>
</table>

Key takes:

- Free cash flow improvement of EUR 206m driven primarily by higher earnings and change in net working capital partly offset by higher investing activities (incl. acquisition of UpWind Solutions).

- Higher cash outflow from financing activities mainly due to share buy-back programme and dividend payment based on 2014 results.

Note: 2014 cash flow from financing activities was positively impacted by capital increase of EUR 432m in February 2014.

Note: Change in net working capital in 2015 impacted by non-cash adjustments and exchange rate adjustments with a total amount of EUR 29m.
## Cash flow statement – Q4

Q4 free cash flow driven by strong underlying net profit. 2014-comps impacted by lower non-cash adjustments and higher investment level.

<table>
<thead>
<tr>
<th>mEUR</th>
<th>Q4 2015</th>
<th>Q4 2014</th>
<th>Abs. change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from operating activities before change in net working capital</td>
<td>310</td>
<td>501</td>
<td>191</td>
</tr>
<tr>
<td>Change in net working capital</td>
<td>454</td>
<td>378</td>
<td>76</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>764</td>
<td>879</td>
<td>115</td>
</tr>
<tr>
<td>Cash flow from investing activities</td>
<td>(204)</td>
<td>(98)</td>
<td>106</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>560</td>
<td>781</td>
<td>221</td>
</tr>
<tr>
<td>Cash flow from financing activities</td>
<td>(133)</td>
<td>(7)</td>
<td>126</td>
</tr>
<tr>
<td>Change in cash at bank and in hand less current portion of bank debt</td>
<td>427</td>
<td>774</td>
<td>347</td>
</tr>
</tbody>
</table>

### Key takes:

- **Free cash flow decreased by EUR 221m** mainly due to lower non-cash adjustments and higher investment level partly offset by higher underlying net profit and change in net working capital.

- **Cash flow from investing activities** impacted by approx EUR 55m acquisition of US independent service provider UpWind Solutions.

- **Cash flow from financing activities** impacted by the share buy-back programme launched in November 2015.

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**Note:** Change in net working capital in Q4 2015 impacted by non-cash adjustments and exchange rate adjustments with a total amount of EUR 146m.
Total investments
Investments in line with revised expectations following the acquisition of UpWind Solutions. Moulds and capitalised R&D main drivers of investments.

Key takes:

- Investments increased by EUR 140m compared to 2014.
- 2015 investments mainly driven by tangible investments for V110 and V126 blades as well as capitalised R&D.
- In late 2015, Vestas acquired US ISP UpWind Solutions for approx EUR 55m.
  
  In Q1 2016, Vestas also agreed to acquire German ISP Availon for approx EUR 88m (subject to final closing).

**Net investments**
mEUR and percent of revenue

<table>
<thead>
<tr>
<th></th>
<th>mEUR</th>
<th>Percent of revenue (excl. UpWind Solutions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-turnaround period</td>
<td>761</td>
<td>13%</td>
</tr>
<tr>
<td>FY 2011</td>
<td>286</td>
<td>5%</td>
</tr>
<tr>
<td>FY 2012</td>
<td>239</td>
<td>4%</td>
</tr>
<tr>
<td>FY 2013</td>
<td>285</td>
<td>4%</td>
</tr>
<tr>
<td>FY 2014</td>
<td>370</td>
<td>4%</td>
</tr>
<tr>
<td>FY 2015</td>
<td>425</td>
<td>4%</td>
</tr>
</tbody>
</table>

Acquisition of UpWind Solutions, EUR 55m.

Note: ISP = Independent Service Provider.
Capital structure

Both Net debt to EBITDA and solvency ratio stable. Solvency target revised to range of 30 to 35 percent.

Key takes:

- Net debt to EBITDA decreased to (1.9) in Q4 2015.
- Development driven primarily by the net cash position and to a lesser extent improved EBITDA.

Key takes:

- Solvency ratio stable at 33.8 percent in Q4 2015.
- Q4 development mainly driven by improved net cash position and working capital elements due to higher activity levels.
Capital structure development in details

Cash position continues to improve whereas solvency ratio is adversely impacted by movements in working capital

**Key takes:**

- Net cash position increased to EUR 2,270m end 2015.
- Development driven primarily by cash flow from operations.

**Key takes:**

- Solvency ratio decreased to 33.8 percent in Q4 2015.
- Development mainly driven by net profit offset by working capital effect on balance sheet total and distribution to shareholders.
Capital allocation
Increased dividend proposed and share buy-back conducted

<table>
<thead>
<tr>
<th>mEUR</th>
<th>FY 2015</th>
<th>FY 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend per share (DKK)</td>
<td>6.82</td>
<td>3.90</td>
</tr>
<tr>
<td>Dividend per share (EUR)</td>
<td>0.91</td>
<td>0.52</td>
</tr>
<tr>
<td>Dividend payout ratio (%)</td>
<td>29.9</td>
<td>29.9</td>
</tr>
<tr>
<td>Dividend paid (mEUR)</td>
<td>205*</td>
<td>116</td>
</tr>
<tr>
<td>Share buy-back (mEUR)</td>
<td>150</td>
<td>-</td>
</tr>
<tr>
<td>Total distribution (mEUR)</td>
<td>355</td>
<td>116</td>
</tr>
<tr>
<td>Share price 31 December (DKK)</td>
<td>483.8</td>
<td>226.5</td>
</tr>
<tr>
<td>Share price 31 December (EUR)</td>
<td>64.8</td>
<td>30.4</td>
</tr>
</tbody>
</table>

Key takes:

- For 2015, the Board recommends to the AGM to pay out a dividend of DKK 6.82 per share – corresponding to 29.9 percent of the net result for the year.

- Combined with the EUR 150m share buy-back conducted 5 November – 18 December 2015 total distribution to shareholders will amount to EUR 355m compared to EUR 116m based on financial year 2014.

* Based on proposed dividend for 2015 and total number of shares issued (224,074,513 shares).
Return on invested capital

Strong financial and operational performance resulting in impressive ROIC improvement

Key takes:

- ROIC increased to 117.2 percent in Q4 2015 – an improvement of 81.9 percentage points compared to Q4 2014.
- Development primarily driven by net working capital elements and earnings.

Note: ROIC is excluding Asset and liabilities held for sale. Reported ROIC in Q1-Q3 2014 has been adjusted accordingly.
Agenda

1. Orders and markets
2. Financials
3. Profitable Growth for Vestas – status and update
4. Summary, outlook, and questions & answers
Positive market and policy environment for wind

Clean energy investments reach all-time high in 2015 primarily driven by policy developments, wind energy’s continuously improving competitiveness, and direct investments

Positive policy development and move towards market-based systems

Agreements on policies supporting long-term stability:
- U.S. PTC extension and Clean Power Plan.
- COP21 Paris Accord.
- China targets almost doubling its wind capacity to 200 GW by 2020, while India aims to install 60 GW by 2022.

Policies to drive market-based systems developed further:
- Germany's emerging auction system.
- General trend toward more auction- and tender-based systems.

Cost of wind energy continues to decline

Technological improvements and increased scale continue to bolster wind energy’s competitiveness:
- For new installed power wind is now on a par with fossil fuels in many markets.
- In 2015, wind is estimated to have accounted for ~20 percent of all new installed electricity generation.*

Increasing direct investments by corporations and financial institutions

Major corporations like Google, IKEA, and Apple, and investment houses like Goldman Sachs and Blackrock are increasingly investing directly in wind:
- To power their own operations.
- To obtain a “safe heaven” vis-à-vis the highly volatile and risky fossil fuel sector.
- To promote the deployment of renewable energy.

Renewable energy to lead the way in global electricity generation

Growth in energy demand expected to be met primarily by renewable energy sources with wind forecasted to lead

Renewables expected to account for half of additional global electricity generation, overtaking coal around 2030 to become the largest power source.

Wind increasingly often cheapest new power source

On a global level, new wind is cost-competitive with coal and gas already today

Focus on Profitable Growth for Vestas continues

Market environment continues to support Vestas’ profitable growth strategy

To be the undisputed global wind leader

- Market leader in revenue
- Best-in-class margins
- Strongest brand in industry
- Bringing wind on a par with coal and gas

Deliver best-in-class wind energy solutions and set the pace in the industry to the benefit of Vestas’ customers and the planet

Grow profitably in mature and emerging markets

Capture the full potential of the service business

Reduce levelised cost of energy (LCOE)

Improve operational excellence

Accountability, Collaboration, and Simplicity

Our vision

Our mission

Our strategic objectives

Our values
Grow profitably in mature and emerging markets
With the strong global performance in 2015, our ambition to grow faster than the market remains unchanged

Key achievements 2015:

Manifestation of unique global reach:
  • Order intake and deliveries in 34 countries.
  • Global reach expanded to 75 countries.

High activity levels:
  • Order intake up by 37 percent.
  • Deliveries up by 20 percent.

Strong market positioning across the world:
  • Improved market share in the US.
  • Market leader in Europe.
  • Order growth year-on-year in China, India, and Brazil.
  • Overall customer satisfaction index of 78, up from 2014.

“Grow faster than the market”

2016 and beyond…

Key focus areas:
  • Leverage global reach to pursue opportunities in mature and emerging markets.
  • Early engagement and closer customer relationships.
  • Execute on local market strategies in key growth markets.
Capture the full potential of the service business

Higher than anticipated growth in the service business leading to an increase of the mid-term growth ambition from 30 to 40 percent.

**Key achievements 2015:**

Growing service business:
- Onshore service revenue up by 20 percent.
- Service backlog up by EUR 1.9bn.

Strategic acquisitions:
- UpWind Solutions and Availon* provide scale, improved service offerings, and non-Vestas turbines know-how.

Service capabilities enhanced:
- Larger fleet covering more platforms and markets during 2015.
- Upgrades of PowerPlus™.

“Grow service business by 40% mid-term”

**Key focus areas:**
- Revenue growth.
- Continue to leverage scale and operational performance.
- Enhance service offerings.
- Integration of UpWind Solutions and Availon*.

2016 and beyond...

* Q1 2016 and subject to final closing.
Reduce levelised cost of energy

2015 once again proves our ability to develop very competitive offerings based on our existing product portfolio, while maintaining a strong focus on time-to-market.

Key achievements 2015:

Introduction of the V136-3.45 MW:
- Improved AEP for low wind sites.

2 MW proven performance:
- Almost 4,000 MW sold in 2015; evidence of flagship status on e.g. US market.

3 MW upgrade:
- Upgrade incl. wind class, power rating, and control system.
- 18-35 percent AEP improvement since introduction of 3 MW platform.

Other LCOE improvements:
- Cost-out continues on both platforms.
- Site-specific improvements, e.g. enhanced tower programme.

“Reduce LCOE faster than the market”

2016 and beyond...

Key focus areas:
- Continue focus on LCOE.
- Further improve wind turbine performance.
- Focus on cost reductions, scale, localisation, and standardisation.

*AEP = Annual Energy Production. More than 10 percent compared to V126-3.3 MW and depending on site specific conditions.*
Operational excellence

Operations improved during 2015. Operational excellence programmes will continue in 2016 to continue to strengthen cost leadership.

Key achievements 2015:

Improved operations:
• EBIT margin before special items improved by 2.1 percentage points.
• Productivity increased by 9 percent (output per employee).
• NWC well-managed.

Strong cash flow generation:
• Net cash position improved by EUR ~850m.
• Share buy-back and dividend payment of EUR ~355m combined.

Keeping fixed costs stable.

"Improve earnings capability"

Key focus areas:
• Accelerate Earnings Pro.
• Continue implementing shared service centres, outsourcing, and site simplification programme.
• Working capital management.
• Leverage on scale of operations.
Vestas key differentiators remain intact

Global reach, technology and service leadership, and scale give Vestas a unique position to compete in the marketplace

**Global reach**
- Pioneer and most experienced wind energy company in the world.
- Unique global reach in terms of sales, manufacturing, installation, and service.
- In 2015, Vestas had order intake from 34 countries and deliveries in 34 countries.

**Technology and service leadership**
- Wind turbines covering all wind classes across the world.
- A broad range of service offerings securing optimal performance.
  - Best-in-class quality.
  - World-class siting and forecasting.

**Scale**
- More people dedicated to wind than anyone else, largest volume.
- Largest global installed base of 74 GW across 75 countries.
- Largest service organisation with 57 GW under service.
- Data insights from monitoring of more than 30,000 wind turbines.
## Financial targets

<table>
<thead>
<tr>
<th>ROIC:</th>
<th>• Double-digit each year over the cycle.</th>
</tr>
</thead>
<tbody>
<tr>
<td>FCF:</td>
<td>• Positive each year.</td>
</tr>
<tr>
<td>Capital Structure targets:</td>
<td>• Net debt to EBITDA ratio below 1 at any point in the cycle.</td>
</tr>
<tr>
<td></td>
<td>• Solvency ratio in the range of 30-35 percent at the end of each financial year.</td>
</tr>
<tr>
<td>Distribution policy:</td>
<td>• Any decision to distribute cash to shareholders will be taken in appropriate consideration of capital structure targets and availability of excess cash, based on the company’s growth plans and liquidity requirements.</td>
</tr>
<tr>
<td></td>
<td>• General intention of the Board of Directors to recommend a dividend of 25-30 percent of the net result after tax.</td>
</tr>
<tr>
<td></td>
<td>• From time to time supplement with share buy-back programmes.</td>
</tr>
</tbody>
</table>

## Ambitions

- Be the market leader in revenue.
- Bring wind on a par with coal and gas.
- Deliver best-in-class margins.
- Have the strongest brand in the wind power industry.
Agenda

1. Orders and markets

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4. Summary, outlook, and questions & answers
Summary: Another strong year executing on our strategy

Strong financial and operational performance showcasing the merits of Vestas’ profitable growth strategy

Execution of Profitable Growth for Vestas well on track…

… with continued financial and operational performance:

- ~9 GW FOI
- +20% Deliveries
- +2.1pp EBIT
- EUR 2.3bn Net cash
- 117% ROIC
Outlook 2016

2016 expected to be another year with solid financial performance

<table>
<thead>
<tr>
<th>Revenue (bnEUR)</th>
<th>min. 9</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBIT margin before special items (%)</td>
<td>min. 11</td>
</tr>
<tr>
<td>Total investments (mEUR)</td>
<td>approx 500</td>
</tr>
<tr>
<td>(incl. the acquisition of Availon GmbH)</td>
<td></td>
</tr>
<tr>
<td>Free cash flow (mEUR)</td>
<td>min. 600</td>
</tr>
<tr>
<td>(incl. the acquisition of Availon GmbH)</td>
<td></td>
</tr>
</tbody>
</table>

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

**Note:** Outlook for 2016 is subject to exchange rate movements.
Financial calendar 2016:

- Annual General Meeting (30 March 2016).
- Disclosure of Q1 2016 (29 April 2016).
- Disclosure of Q2 2016 (18 August 2016).
- Disclosure of Q3 2016 (8 November 2016).
Thank you for your attention