

Financial performance

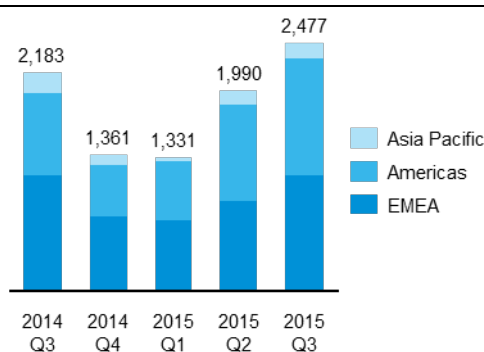
Order backlog and activities – wind turbines

The quarterly order intake was 1,508 MW, of which 75 percent was announced. This is an improvement of 338 MW or 29 percent compared to the third quarter of 2014. The order intake came from a total of 18 countries.

The order backlog amounted to 8,953 MW at the end of September 2015. This is an improvement of 1,498 MW compared to the end of September 2014. Europe, Middle East, and Africa (EMEA) accounted for 51 percent of the backlog, and Americas and Asia Pacific accounted for 41 and 8 percent, respectively. The value of the order backlog was EUR 8.2bn at the end of September 2015 compared to EUR 6.7bn at the end of September 2014; an increase of 22 percent.

Produced and shipped

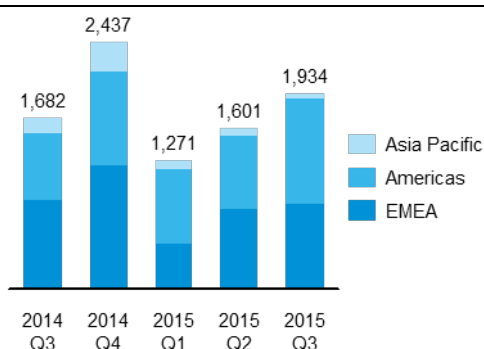
MW



In the third quarter of 2015, Vestas produced and shipped wind turbines with an aggregate output of 2,477 MW (1,048 wind turbines) against 2,183 MW (931 wind turbines) in the third quarter of 2014.

Deliveries (TOR*)

MW



* Transfer of Risk.

Final capacity delivered (transfer of risk) to the customers amounted to 1,934 MW; an increase of 15 percent compared to the third quarter of 2014. The improvement was mainly driven by increased deliveries in the USA. Deliveries within the EMEA region were

overall stable, with the usual fluctuating delivery mix in individual countries.

Overview per region as per Q3 2015

MW

	EMEA	Americas	Asia Pacific	Total
Under completion, 1 July 2015	1,301	619	6	1,926
Delivered (TOR) to customers during the period	(838)	(1,044)	(52)	(1,934)
Produced and shipped during the period	1,166	1,155	156	2,477
Under completion, 30 Sep 2015	1,629	730	110	2,469

At the end of September 2015, wind turbine projects with a total output of 2,469 MW were under completion as compared to 2,553 MW at the end of September 2014. The amount of MW under completion is reflected in the level of prepayments and inventories as a large share of these MW has not yet been recognised as revenue. The revenue recognition of these MW will take place when the projects are finally delivered to the customers.

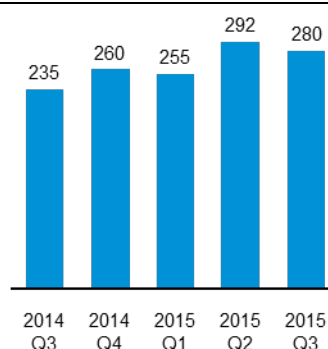
Order backlog and activities – service

At the end of September 2015, Vestas had service agreements with contractual future revenue of EUR 8.2bn compared to EUR 6.7bn at the end of September 2014; an increase of 22 percent.

Service revenue amounted to EUR 280m in the third quarter of 2015 – an increase of 19 percent compared to the third quarter of 2014. The increase was mainly driven by organic growth and impact from currency effects. Even though revenue and earnings from the service business are more stable than from the wind turbine business, the activities that generate revenue and earnings in the various types of service contracts may vary from quarter to quarter.

Service revenue

mEUR

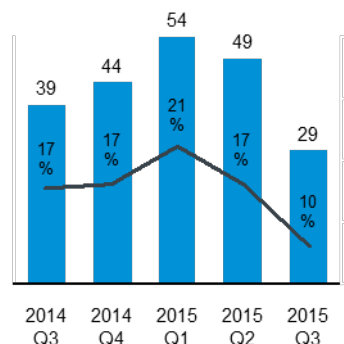


In the third quarter of 2015, the EBIT margin before special items amounted to 10.4 percent which is a

decrease of 6.2 percentage points compared to the third quarter of 2014. Compared to the levels typically observed for the service business, the decrease in EBIT margin before special items could be attributed to impairment and write-offs on service inventories of EUR 19m.

Service EBIT before special items

mEUR and percentage



By the end of September 2015, Vestas has delivered more than 71 GW in 74 countries. A high level of installed capacity and carefully planned service visits are key prerequisites for generating profit from the service business. Consequently, close monitoring of more than 29,000 wind turbines equivalent to more than 56 GW is one of the foundations of Vestas' service business' growth strategy.

At the end of September 2015, the average duration in the service order backlog was approx six years.

Income statement

In the third quarter of 2015, revenue amounted to EUR 2,120m – an increase of 17 percent compared to the third quarter of 2014. A large part of the increase was driven by higher MW delivery volumes. However, the effect from MW delivery volumes on revenue was partly offset by mix and scope effects in the quarter. Approx EUR 150m of the increase was due to currency effects.

The gross profit amounted to EUR 389m – an increase of 22 percent compared to the third quarter of 2014. The increase in gross profit was mainly driven by the higher revenue and various mix effects, which positively impacted the underlying project margins in the quarter. Gross margin increased by 0.8 percentage points to 18.3 percent compared to 17.5 percent in the previous year.

It should be emphasised that quarter-on-quarter developments in gross margins may show substantial fluctuations due to volume and composition relating to countries, project complexities, orders, and wind turbine types as well as customers' demands for delivery flexibility.

The EBITDA margin before special items amounted to 15.1 percent – an increase of 1.0 percentage points compared to the third quarter of 2014.

EBIT before special items amounted to EUR 232m – an increase of 42 percent compared to the third quarter of 2014. EBIT margin before special items increased by 1.9 percentage points to 10.9 percent compared to the third quarter of 2014. The EBIT increase was mainly driven by the higher gross profit combined with lower depreciation and amortisation.

No special items were booked for the third quarter of 2015 (2014: EUR (8)m). EBIT after special items thus amounted to EUR 232m, an increase of EUR 77m compared to the third quarter of 2014.

In the third quarter of 2015, net financial items amounted to a net gain of EUR 34m against a net loss of EUR 12m in the third quarter of 2014. The development in net financials was positively impacted by currency effects and lower interest expenses, compared to the third quarter of 2014.

The income tax expense amounted to EUR 73m in the third quarter of 2015 (2014: EUR 34m), and the net result was EUR 206m – an improvement of EUR 104m compared to the third quarter of 2014.

Income from investments accounted for using the equity method amounted to a profit of EUR 13m for the third quarter of 2015 against a loss of EUR 7m in the third quarter of 2014. The profit was positively impacted by profit of EUR 12m from sale of wind turbines by MHI Vestas Offshore Wind to their end customer. Vestas' share of profit from MHI Vestas Offshore Wind on a standalone basis amounts to EUR 1m in the quarter.

Balance sheet

Vestas had total assets of EUR 8,322m at 30 September 2015, against EUR 7,038m the year before. The increased balance sheet sum was mainly driven by the improved cash position as well as working capital movements attributable to the increased activity level.

At the end of September 2015, Vestas had a net cash position of EUR 1,809m, representing an improvement of EUR 1,199m compared to the end of September 2014. This was driven by improved earnings in the period and focus on net working capital optimisation.

Net working capital

At the end of September 2015, Vestas' net working capital amounted to EUR (783)m, which is an improvement of EUR 439m compared to the end of September 2014. The improvement in net working capital is primarily driven by increased prepayments and payables – both attributed to higher activity levels, which also led to partial offsetting increases in inventories and receivables. The development in the net working capital was driven by the operational parameters described above but a part can also be attributed to exchange rate developments.

Warranty provisions

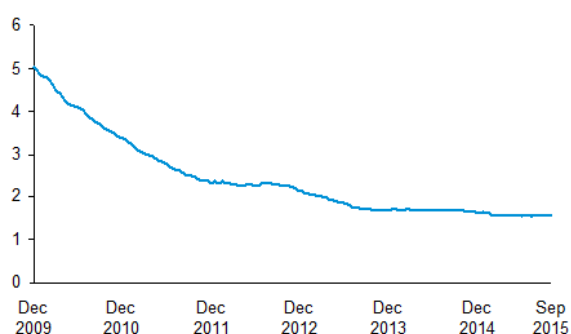
In the third quarter of 2015, warranty provisions charged to the income statement amounted to EUR 44m, equivalent to 2.1 percent of revenue. Warranty

consumption amounted to EUR 26m – compared to EUR 28m in the third quarter of 2014. Over the last 12 months, warranty consumption as a percentage of revenue amounted to 1.1 percent.

In general, provisions are made for all expected costs associated with wind turbine repairs or replacements, and any reimbursement from other involved parties is not offset unless a written agreement has been made to that effect. Provisions are made to cover possible costs of remedy and other costs in accordance with specific agreements. Provisions are based on estimates, and actual costs may deviate substantially from such estimates.

Lost Production Factor*

Percentage



* Data calculated across 19,039 Vestas wind turbines under full-scope service.

The ongoing improvement of the Lost Production Factor (LPF) on Vestas wind turbines implies that the customers achieve a consistently better return on their investment. At the end of September 2015, all the wind power plants where Vestas guaranteed the performance had an average LPF lower than 2 percent.

Total equity

Vestas' equity amounted to EUR 2,813m at 30 September 2015 – an increase of EUR 648m compared to 30 September 2014, primarily driven by improved earnings. The solvency ratio increased by 3.0 percentage points to 33.8 percent.

Cash flow and investments

In the third quarter of 2015, cash flow from operating activities increased by EUR 66m to EUR 237m compared to the third quarter of 2014. The increase was mainly driven by improved earnings, which was partly offset by change in net working capital.

Cash flow used for investments amounted to EUR (79)m in the third quarter of 2015, which is an increase of EUR 13m compared to the same period last year.

In the third quarter of 2015, the free cash flow increased by EUR 53m to EUR 158m compared to the third quarter of 2014.

As part of the execution of the Group's strategic plan, Vestas is planning to build a new blade manufacturing facility in India. Once completed, the factory will support

Vestas' operations in the Indian market as well as potentially servicing activities in other markets.

Share buy-back programme

The Board of Directors of Vestas Wind Systems A/S has decided to initiate a share buy-back programme of up to DKK 1,120m (approx EUR 150m) to be executed during the period 5 November 2015 to 31 December 2015. The share buy-back programme will be structured according to the safe harbour regulation.

The main purpose of the share buy-back programme is to adjust the capital structure of Vestas.

Going forward, share buy-back is intended to be used from time to time to adjust the capital structure and/or if excess cash arises. Any such decision will be taken in appropriate consideration of capital structure targets, while still maintaining adequate flexibility to invest in Vestas' strategy, Profitable Growth for Vestas.

The stated dividend policy of Vestas will be unaffected by the share buy-back programme, and hence remains at 25-30 percent of the net result of the year.