

# Executing on our targets

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Anders Runevad  
Group President & CEO



## High activity levels across the board in 2016

The market environment continues to be very supportive for the wind power industry with regulatory policies generally providing a favourable backdrop for industry stability. Combined with the continuously improving economics of wind energy, the future looks bright for increasing wind energy's share of the energy mix.

Vestas is a financially strong and operationally effective organisation, delivering solid 2016 performance with strong revenue and earnings growth. Once again, we realised strong cash flows, which are increasingly created by the earnings we generate.

With total net investments of EUR 617m, we are also preparing for the future. We need to continuously introduce new and effectively integrate proven technologies into our products and services. In 2016, we invested more in R&D than any of our peers and continued launching product upgrades and other innovations that can lower the cost of energy.

We also achieved important safety milestones in 2016, with three factories reporting no lost time injuries and an overall reduction in total recordable injuries across Vestas' factories of 30 percent. Any injury is unacceptable as it not only affects our daily business but more importantly our families. Safety must always come first and it is an essential prerequisite for world-class operations.

Vestas achieved record-breaking order intake for the year, and amongst others, announced 31 orders in 31 days, across 12 countries, and five continents in the month of December, demonstrating once again the power of Vestas' global reach.

When listing some of the highlights, one always risks omitting others. The 1 GW Foser/Hitra order in Norway and the Wind XI project in the US, which has a potential of up to 2 GW, stand out as high points on the order front in 2016. In the coming years, our ambition is to further develop and expand our market position.

During the year, we grew our multi-brand service capabilities by acquiring the Germany-based independent service provider Availon Holding GmbH. Multi-brand built strong momentum in 2016, reaching approx 8 GW of non-Vestas turbines in the service backlog.

The joint venture MHI Vestas Offshore Wind showed major progress during 2016 by announcing four firm and unconditional orders. Based on these levels of order activity, the joint venture finds itself well positioned as one of the strongest players in the offshore market.

In 2016, Vestas continued to optimise its overall manufacturing and supply chain competitiveness in response to evolving market conditions. Unfortunately, we had to reduce the staffing levels at the blade factory in Lem, Denmark. However, the factory remains a very important part of Vestas' global manufacturing footprint.

## Raising the bar

Vestas is now stronger than ever across the business. Our current success, however, is no guarantee for future prosperity. To beat the competition on all parameters, we will build further on our capabilities to integrate new technologies and ensure the lowest possible cost of energy.

To continue leading the industry, Vestas needs to do more in all parts of the business. Towards 2020, three key themes shape Vestas' approach:

- **Raising the bar** – Vestas will set even higher, more ambitious targets to push ourselves to stay ahead of competition.
- **Refining initiatives** – Re-scoping or expanding Vestas strategic initiatives to reflect new market realities.
- **Accelerating execution** – Accelerating execution of new and existing initiatives to deliver on higher targets.

Global reach, technology and service leadership, and scale remain the foundation for Vestas' unique position in the market place and will be our key differentiators to secure a leadership position.

On that note, let me conclude by thanking all employees in Vestas for their hard work and dedicated efforts throughout the year. We reached many milestones and set new records, and I thank all of you for your tremendous dedication and efforts during 2016.

Anders Runevad  
Group President & CEO