

Preparing for the future



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Bert Nordberg
Chairman of the Board of Directors

The future belongs to clean energy

We are convinced that the long-term future of energy belongs to wind and other clean energy sources. Renewables are becoming increasingly competitive on purely economic grounds, with wind energy for utility scale applications leading the way – now and in the future.

In addition to being confident that wind will come out on top in the clean energy future, we are also convinced that Vestas will come out on top in the competition against other original equipment manufacturers (OEM). Our global reach, technology and service leadership, and scale give us a unique position to compete and win in the marketplace.

At the same time, there is a relentless demand for lowering the cost of energy. With market-based policies like auctions being “the new norm”, it is more important than ever that we sharpen our focus and continually evolve to meet the competitive environment – both from other OEMs that are increasingly consolidating as well as from other power generation sources. We see this as a healthy development as our industry matures, though strategically and organisationally, we need to act on multiple fronts to maintain our market-leading position.

Our corporate strategy is working – but more is needed to stay ahead

Vestas delivered extremely solid performance across all parameters in 2016. Industry-wide, Vestas is at the top of the market share tables; we are active in substantially more countries than any of our competitors; and has more GW under service than anyone else. Vestas is the market leader by revenue and volume, and 2016 was our best year ever.

Nevertheless, the Board of Directors and Executive Management know that our current success is no guarantee for future prosperity. Vestas needs to continually improve if it is to stay on top against other OEMs and other power generation sources.

When the company launched the “Profitable Growth for Vestas” strategy in 2014, we gave ourselves three to five years to accomplish the objectives we spelled out, while simultaneously committing to annual strategy reviews to update where needed. Our “Profitable Growth” strategic ambitions remain just as valid today as when we launched them. However, if we are to remain the global wind leader, we need to continue

stepping up our game. In our 2017-2020 strategy update, three key themes will shape our approach: raising the bar, refining initiatives, and accelerating execution.

While the strategic direction for Vestas remains the same, we are updating our vision and mission statements as well as refining our core strategic objectives and accelerating various initiatives to effectively respond to evolving market conditions that include the onshore sector shifting from high growth rates to high but steady volumes and an intensifying competition for market share.

Increasing cash distribution to shareholders

The Board and I are pleased to see that the operational results Vestas has achieved during the year have also manifested themselves into strong financial performance. The Board recommends that a dividend will be paid again in 2017 on the back of the results for 2016. Strong growth in earnings allows us to increase our dividend payments compared to last year. On top of that, we also initiated and completed the company's second share buy-back programme and hence, cash returns continue to increase, displaying our strong intent to continue to provide shareholder value.

The Board wishes to thank all Vestas employees for contributing to our performance in 2016. We have many more projects lined up for 2017, and I am sure that we will succeed if we continue working together for the good of Vestas, our customers, shareholders, and employees.

Bert Nordberg
Chairman of the Board of Directors