Second quarter 2016

Vestas Wind Systems A/S

Copenhagen, 18 August 2016
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Forward-looking statements include, among other things, statements concerning Vestas' potential exposure to market risks and statements expressing management’s expectations, beliefs, estimates, forecasts, projections and assumptions. There are a number of factors that could affect Vestas' future operations and could cause Vestas' results to differ materially from those expressed in the forward-looking statements included in this presentation, including (without limitation): (a) changes in demand for Vestas' products; (b) currency and interest rate fluctuations; (c) loss of market share and industry competition; (d) environmental and physical risks; (e) legislative, fiscal and regulatory developments, including changes in tax or accounting policies; (f) economic and financial market conditions in various countries and regions; (g) political risks, including the risks of expropriation and renegotiation of the terms of contracts with governmental entities, and delays or advancements in the approval of projects; (h) ability to enforce patents; (i) product development risks; (j) cost of commodities; (k) customer credit risks; (l) supply of components from suppliers and vendors; and (m) customer readiness and ability to accept delivery and installation of products and transfer of risk.

All forward-looking statements contained in this presentation are expressly qualified by the cautionary statements contained or referenced to in this statement. Undue reliance should not be placed on forward-looking statements. Additional factors that may affect future results are contained in Vestas' annual report for the year ended 31 December 2015 (available at vestas.com/investor) and these factors also should be considered. Each forward-looking statement speaks only as of the date of this presentation. Vestas does not undertake any obligation to publicly update or revise any forward-looking statement as a result of new information or future events others than required by Danish law. In light of these risks, results could differ materially from those stated, implied or inferred from the forward-looking statements contained in this presentation.
Key highlights

An extremely solid performance in the second quarter of 2016

High activity levels across the board
Deliveries up by 56 percent in Q2 2016 – driven by all regions.

Strong earnings
EBIT margin before special items of 15.6 percent – up by 7.3 percentage points compared to Q2 2015.

Order backlog continues at record-high level
Combined order backlog at EUR 18.1bn.

Guidance increased
Guidance for 2016 increased on revenue, EBIT margin, and free cash flow based on better than expected H1 2016 performance and visibility for the remainder of the year.

Share buy-back programme for 2016
EUR 400m share buy-back programme launched to adjust the capital structure.
Agenda

1. Orders and markets

2. Financials

3. Outlook and questions & answers
Overall supportive environment for renewable energy remains

Various regulatory developments in all regions, generally supportive

**Americas**

PTC timing in USA...
- IRS guidance on PTC extension released in May; four-year placed in service deadline to support more stable market.

Latin America tenders...
- Auctions coming up in 2H 2016 in Chile, Argentina, Mexico, and Brazil.

**EMEA**

EU moving towards 2020 and 2030 targets...
- Trend to move from FiT to tenders/auctions.
- Germany announced auctioning framework details.
- Expected auctions for wind in 2H 2016 in Spain, Italy, and Turkey.
- Regulatory situation in Poland impacting market.

Positive signals in MEA...
- Renewable energy targets developed in several countries in Middle East / Africa.

**Asia Pacific**

China remains committed...
- Wind energy now prioritised over coal in the grid.
- FiT reductions to support healthy and stable wind power industry.

Broader Asia Pacific region on the move...
- Renewable energy targets in most markets.

**Note:** PTC = Production Tax Credit. IRS = Internal Revenue Service. FiT = Feed-in-Tariff.
Satisfactory quarterly order intake given tough 2015 comps

Order intake at 1.8 GW – a decrease of 41 percent compared to a very strong Q2 2015. Average selling price fairly stable.

**Order intake**
MW

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q1 2016</th>
<th>Q2 2015</th>
<th>Q3 2015</th>
<th>Q4 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>MW</td>
<td>1,790</td>
<td>2,403</td>
<td>2,667</td>
<td>3,018</td>
</tr>
</tbody>
</table>

- Q2 2016 order intake was 1,228 MW lower than in Q2 2015, corresponding to a decrease of 41 percent.
- USA, Germany, Canada, and Brazil were the main contributors to order intake in Q2 2016, accounting for approx 70 percent.

**Average selling price of order intake**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q1 2016</th>
<th>Q2 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>mEUR per MW</td>
<td>0.90</td>
<td>0.96</td>
</tr>
</tbody>
</table>

**Key takes:**

- Price per MW in Q2 2016 fairly stable.
- Price per MW depends on a variety of factors, i.e. wind turbine type, geography, scope, and uniqueness of offering.
Order intake: Unique global reach proven in H1 2016

Balanced order intake from 24 countries across four continents during the first six months of 2016

- H1 2016 impacted by a general lower activity level, primarily in the US, slightly offset by improvements in Canada and Uruguay.
- H1 2016 underlying stable development positively impacted by Norway and negatively by offshore*. Good activity levels in Germany and France.
- H1 2016 mainly due to lower activity in China.

* Vestas received a 1 GW order in Norway 23.02.2016. Vestas received, via MHI Vestas Offshore Wind, a 400 MW offshore order in the UK 18.05.2015.
Turbine platforms continue to excel in global marketplace
Both platforms delivering strong market performance in H1 2016 driving our global reach

### 2 MW platform

**Order intake by region, H1 2016**

- **Total 2 MW**: 1,425 MW
- **Americas**: 63%
- **EMEA**: 28%
- **Asia Pacific**: 9%

**Contrasting Order intake by region, H1 2016**

- **Total 3 MW**: 2,768 MW
- **Americas**: 83%
- **EMEA**: 16%
- **Asia Pacific**: 1%

**Further supported by attractive service offerings and strong execution, siting and development capabilities.**

#### Demand for proven performance remains strong:

- One of the most trusted platforms in the industry providing customers great certainty on their business case.
- Continued demand highlights US flagship status of the V110-2.0 MW.

#### Market leading technology with global reach:

- Fulfilling specific needs, e.g. de-icing, LDST, offshore.
- V126 large rotor perfect match for medium to low wind.
- Versatile 3 MW platform now also taking off in the US.

- **2 MW platform**
  - V90-1.8/2.0 MW
  - V110-2.0 MW
  - V100-1.8/2.0 MW
  - V100-2.0 MW

- **3 MW platform**
  - V105-3.3/3.45 MW
  - V112-3.3/3.45 MW
  - V100-1.8/2.0 MW
  - V100-2.0 MW
  - V117-3.3/3.45 MW
  - V126-3.3/3.45 MW
  - V90-3.0 MW
  - V136-3.45 MW
  - V90-1.8/2.0 MW
  - V110-2.0 MW
  - V100-1.8/2.0 MW
  - V100-2.0 MW
Deliveries: Strong development across all regions

H1 2016 total MW deliveries up by 29 percent – totalling 3,705 MW. All regions positively contributing to the higher activity levels.

- **Americas**
  - H1 2016: 1,387 MW, up by 13%
  - Q2 2016: 1,574 MW, up by 63%

- **EMEA**
  - H1 2016: 1,244 MW, up by 42%
  - Q2 2016: 1,767 MW, up by 43%

- **Asia Pacific**
  - H1 2016: 241 MW, up by 51%
  - Q2 2016: 364 MW, up by 90%

• H1 and Q2 2016 mainly driven by the US as well as an overall improvement across the various Latin American markets, most notably in Chile and Mexico.

• H1 and Q2 2016 characterised by overall solid activity levels and with good performance in Germany, Sweden, and France. Offshore deliveries were lower in H1 2016 than H1 2015.

• H1 and Q2 2016 with higher activity levels in almost all markets. Better performance especially in Thailand, China, and India more than offsetting decline in Australia.
Record-high combined order backlog at EUR 18.1bn

Combined backlog increased by EUR 0.1bn in the quarter. Backlog of wind turbines decreased by EUR 0.4bn, while the service backlog increased by EUR 0.5bn.

Wind turbines:
- EUR 8.2bn
- EUR -0.4bn*

Service:
- EUR 9.9bn
- EUR +0.5bn*

* Compared to Q1 2016.
JV continues to be on track
Sales activity remains high and delivery of projects progresses according to plan

Sales strength continues

- Order backlog grows to...

  ~1.6 GW

  ... with the signing of the Horns Reef III project in Denmark for a total capacity of 406 MW consisting of 49 V164-8.0 MW turbines.
- Conditional orders of 450 MW.

Delivery schedule according to plan

- 258 MW Burbo Bank Extension project consisting of 32 V164-8.0 MW turbines progressing according to plan with first blades and tower components arriving at Belfast Harbour, Northern Ireland for pre-assembly.
- Work commencing on 165 MW Nobelwind project consisting of 50 V112-3.3 MW turbines in Belgium. Vestas has expected delivery in 2016.
Agenda

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Income statement

EBIT margin before special items increased by 7.3 percentage points mainly driven by higher volume and improved average project margins

<table>
<thead>
<tr>
<th>mEUR</th>
<th>Q2 2016</th>
<th>Q2 2015</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>2,557</td>
<td>1,749</td>
<td>46%</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(1,936)</td>
<td>(1,434)</td>
<td>35%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>621</td>
<td>315</td>
<td>97%</td>
</tr>
<tr>
<td>Fixed costs*</td>
<td>(222)</td>
<td>(170)</td>
<td>31%</td>
</tr>
<tr>
<td>EBIT before special items</td>
<td>399</td>
<td>145</td>
<td>175%</td>
</tr>
<tr>
<td>Special items</td>
<td>-</td>
<td>-</td>
<td>-%</td>
</tr>
<tr>
<td>EBIT after special items</td>
<td>399</td>
<td>145</td>
<td>175%</td>
</tr>
<tr>
<td>Income from investments</td>
<td>(17)</td>
<td>27</td>
<td>-%</td>
</tr>
<tr>
<td>Net profit/(loss)</td>
<td>278</td>
<td>125</td>
<td>122%</td>
</tr>
</tbody>
</table>

* R&D, administration and distribution

Key takes:

- Revenue increased by 46 percent primarily due to higher MW deliveries across all regions.

- Gross profit up by 97 percent mainly driven by the increased revenue and improved average project margins.

Note: One-off EUR 26m positive effect from insurance case.

- EBIT before special items increased by 2.75x mainly driven by the higher gross profit slightly offset by higher fixed costs. Margin: 15.6 percent.

- Income from investments accounted for using the equity method (Offshore JV) negatively impacted by initiation of amortisation of the V164 platform.
Leveraging on fixed costs
Fixed costs continue to be under control

Key takes:

• Fixed costs* relative to activity levels continue downward in stable trend.

• Relative to activity levels, fixed costs* amounted to 7.8 percent in Q2 2016 – a decrease of 0.1 percentage points compared to Q1 2016.

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

Satisfactory service performance driven by organic growth and impact from service acquisitions

Key takes:

- Service revenue increased by 12 percent compared to Q2 2015.
- Organic growth and impact as expected from service acquisitions.
- EBIT before special items: EUR 58m. Margin: 17.8 percent.
- Service order backlog growth of EUR 0.5bn compared to Q1 2016.
Balance sheet remains strong

Key takes:

- Stronger net cash position.
- Stable net working capital despite higher activity levels.
- Solvency ratio at 30.5 percent.

<table>
<thead>
<tr>
<th>Assets (mEUR)</th>
<th>Q2 2016</th>
<th>Q2 2015</th>
<th>Abs. change</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current assets</td>
<td>2,556</td>
<td>2,223</td>
<td>333</td>
<td>15%</td>
</tr>
<tr>
<td>Current assets</td>
<td>7,023</td>
<td>5,675</td>
<td>1,348</td>
<td>24%</td>
</tr>
<tr>
<td>Assets held for sale</td>
<td>0</td>
<td>103</td>
<td>103</td>
<td>-%</td>
</tr>
<tr>
<td>Total assets</td>
<td>9,579</td>
<td>8,001</td>
<td>1,578</td>
<td>20%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities (mEUR)</th>
<th>Q2 2016</th>
<th>Q2 2015</th>
<th>Abs. change</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>2,925</td>
<td>2,577</td>
<td>348</td>
<td>14%</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>959</td>
<td>770</td>
<td>189</td>
<td>25%</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>5,695</td>
<td>4,654</td>
<td>1,041</td>
<td>22%</td>
</tr>
<tr>
<td>Total equity and liabilities</td>
<td>9,579</td>
<td>8,001</td>
<td>1,578</td>
<td>20%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Key figures (mEUR)</th>
<th>Q2 2016</th>
<th>Q2 2015</th>
<th>Abs. change</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net debt</td>
<td>(2,083)</td>
<td>(1,709)</td>
<td>374</td>
<td>22%</td>
</tr>
<tr>
<td>Net working capital</td>
<td>(1,016)</td>
<td>(1,025)</td>
<td>9</td>
<td>(1)%</td>
</tr>
<tr>
<td>Solvency ratio (%)</td>
<td>30.5%</td>
<td>32.2%</td>
<td>- (1.7)%-pts</td>
<td></td>
</tr>
</tbody>
</table>
Change in net working capital

Net working capital stable despite higher activity levels

**NWC change over the last 12 months**

mEUR

<table>
<thead>
<tr>
<th>NWC end Q2 2015</th>
<th>Receivables</th>
<th>CCP*</th>
<th>Inventories</th>
<th>Pre-payments</th>
<th>Payables</th>
<th>Other liabilities</th>
<th>NWC end Q2 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1,025)</td>
<td>616</td>
<td>(8)</td>
<td>414</td>
<td>(29)</td>
<td>(536)</td>
<td></td>
<td>(1,016)</td>
</tr>
</tbody>
</table>

**NWC change over the last 3 months**

mEUR

<table>
<thead>
<tr>
<th>NWC end Q1 2016</th>
<th>Receivables</th>
<th>CCP*</th>
<th>Inventories</th>
<th>Pre-payments</th>
<th>Payables</th>
<th>Other liabilities</th>
<th>NWC end Q2 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1,068)</td>
<td>496</td>
<td>(8)</td>
<td>186</td>
<td>(18)</td>
<td>(133)</td>
<td></td>
<td>(1,016)</td>
</tr>
</tbody>
</table>

**Key takes:**

- Development primarily driven by higher receivables and inventories almost offset mainly by higher payables and other liabilities largely due to increased activity levels.

* Construction contracts in progress.

**Note:** 3-months Other liabilities has been adjusted by EUR 201m due to the dividend for FY 2015 approved at the annual general meeting 30 March 2016.

**Key takes:**

- Stable quarterly development of EUR 52m primarily driven by receivables and inventory build-up partly offset mainly by higher other liabilities and payables – all largely driven by higher activity levels.
Warranty provisions and Lost Production Factor

Warranty consumption and LPF continue at a low level

**Key takes:**

- Warranty consumption constitutes approx 1.0 percent of revenue over the last 12 months.

- Warranty provisions made correlates with revenue in the quarter, corresponding to approx 1.9 percent in Q2 2016.

- LPF continues at a low level below 2.0.

- LPF measures potential energy production not captured by the wind turbines.
Cash flow statement

Strong operating activities driving free cash flow improvement of approx EUR 150m

<table>
<thead>
<tr>
<th>mEUR</th>
<th>Q2 2016</th>
<th>Q2 2015</th>
<th>Abs. change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from operating activities before change in net working capital</td>
<td>557</td>
<td>207</td>
<td>350</td>
</tr>
<tr>
<td>Change in net working capital</td>
<td>(131)</td>
<td>55</td>
<td>186</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>426</td>
<td>262</td>
<td>164</td>
</tr>
<tr>
<td>Cash flow from investing activities</td>
<td>(96)</td>
<td>(79)</td>
<td>17</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>330</td>
<td>183</td>
<td>147</td>
</tr>
<tr>
<td>Cash flow from financing activities</td>
<td>(222)</td>
<td>(111)</td>
<td>111</td>
</tr>
<tr>
<td>Change in cash at bank and in hand less current portion of bank debt</td>
<td>108</td>
<td>72</td>
<td>36</td>
</tr>
</tbody>
</table>

Key takes:

- Free cash flow of EUR 330m driven primarily by strong operating activities partly offset by change in net working capital and investing activities.
- Break-even free cash flow year-to-date of EUR 34m.
- Cash flow from financing activities mainly impacted by EUR 201m dividend for FY2015 compared to EUR 116m FY2014.

Note: Change in net working capital in Q2 2016 impacted by non-cash adjustments and exchange rate adjustments with a total amount of EUR (79)m.
Total investments
Higher capitalised R&D and IT activity driving increase in investments

Net investments
mEUR

<table>
<thead>
<tr>
<th></th>
<th>Q2 2015</th>
<th>Q3 2015</th>
<th>Q4 2015</th>
<th>Q1 2016</th>
<th>Q2 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service acquisitions</td>
<td>79</td>
<td>79</td>
<td>149</td>
<td>83</td>
<td>96</td>
</tr>
</tbody>
</table>

Key takes:

- Investments increased by EUR 17m compared to Q2 2015 primarily driven by higher R&D activity and IT.
- Trailing twelve months net investments of EUR 557m – adjusting for the acquisitions underlying net investments amount to EUR 419m.
Capital structure
Capital structure targets within set boundaries

**Net debt to EBITDA**

\[ \times \text{EBITDA} \]

<table>
<thead>
<tr>
<th></th>
<th>Q2 2015</th>
<th>Q3 2015</th>
<th>Q4 2015</th>
<th>Q1 2016</th>
<th>Q2 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net debt to EBITDA before special items, last 12 months</td>
<td>(1.7)</td>
<td>(1.7)</td>
<td>(1.9)</td>
<td>(1.6)</td>
<td>(1.4)</td>
</tr>
<tr>
<td>Net debt to EBITDA, financial target</td>
<td>· Net debt to EBITDA, financial target range</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Solvency ratio**

<table>
<thead>
<tr>
<th></th>
<th>Q2 2015</th>
<th>Q3 2015</th>
<th>Q4 2015</th>
<th>Q1 2016</th>
<th>Q2 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solvency ratio</td>
<td>32.2</td>
<td>33.8</td>
<td>33.8</td>
<td>30.7</td>
<td>30.5</td>
</tr>
<tr>
<td>Solvency ratio, financial target range</td>
<td>30.0</td>
<td>30.0</td>
<td>30.0</td>
<td>30.0</td>
<td>30.0</td>
</tr>
</tbody>
</table>

**Key takes:**

- Net debt to EBITDA increased to (1.4) in Q2 2016.
- Development driven primarily by improved EBITDA more than offsetting the improved net cash position.

**Key takes:**

- Solvency ratio of 30.5 percent in Q2 2016.
- Q2 development mainly driven by working capital elements slightly offset by improved earnings.
Priorities for capital allocation

In years without major extraordinary investments the total return to shareholders through dividends and share buy-backs may constitute the majority of the FCF.

**Mid-term ambitions:**
- Double-digit ROIC
- FCF ≥ 0

**Capital structure targets:**
- Net debt to EBITDA < 1.0x
- Solvency ratio = 30-35%

**Organic growth**
- Investments.
- R&D.
- Strong balance sheet to enable growth.

**Acquisitions**
- Bolt-on acquisitions (not building war chest for major acquisitions).

**Dividend**
- 25-30% of the net result of the year after tax.
- Pay-out during H1 given AGM approval.

**Share buy-back**
- From time to time to adjust capital structure.
- IF relevant launch during H2 based on realised FCF performance.

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**Dividends**

**Share buy-backs**

H1

H2

**time**
2016 share buy-back programme of up to EUR 400m launched
Adjusting the capital structure and addressing strong cash position

Size and timing
Share buy-back programme of up to DKK 2,984m (EUR 400m) in accordance with the safe harbour rules. Programme launched on 18 August 2016 and running until 30 December 2016.

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

Frequency
Share buy-backs are intended to be used from time to time to adjust the capital structure and/or if excess cash arises and in appropriate consideration of capital structure targets, while still maintaining adequate flexibility to invest in our strategy, Profitable Growth for Vestas.

Dividend policy
Dividend policy of 25-30 percent of net profit will remain and not be affected by this share buy-back programme.
Return on invested capital

ROIC at very high level of 148 percent

Key takes:

• ROIC increased to 148.2 percent in Q2 2016 – an improvement of 93.6 percentage points compared to Q2 2015.

• Development primarily driven by higher earnings and improved net cash position.
Agenda

1. Orders and markets

2. Financials

3. Outlook and questions & answers
Outlook 2016

2016 outlook raised on revenue, EBIT margin before special items, and free cash flow based on better than expected H1 2016 performance and visibility for the remainder of the year

<table>
<thead>
<tr>
<th></th>
<th>New outlook</th>
<th>Previous outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue (bnEUR)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- service business</td>
<td>min. 9.5</td>
<td>min. 9</td>
</tr>
<tr>
<td></td>
<td>is expected to continue to grow</td>
<td></td>
</tr>
<tr>
<td><strong>EBIT margin before special items (%)</strong></td>
<td>min. 12.5</td>
<td>min. 11</td>
</tr>
<tr>
<td>- service business</td>
<td>min. 12.5</td>
<td>min. 11</td>
</tr>
<tr>
<td></td>
<td>is expected to have stable margins</td>
<td></td>
</tr>
<tr>
<td><strong>Total investments (mEUR)</strong></td>
<td>approx 500</td>
<td>approx 500</td>
</tr>
<tr>
<td>(incl. the acquisition of Availon Holding GmbH)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Free cash flow (mEUR)</strong></td>
<td>min. 800</td>
<td>min. 600</td>
</tr>
<tr>
<td>(incl. the acquisition of Availon Holding GmbH)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Dividend policy:** The Board’s general intention is to recommend a dividend of 25-30 percent of the net result of the year.

**Note:** Outlook for 2016 is subject to exchange rate movements.
Financial calendar 2016:
• Disclosure of Q3 2016 (8 November 2016).
Thank you for your attention