Full year 2017

Vestas Wind Systems A/S

Copenhagen, 7 February 2018
Disclaimer and cautionary statement

This document contains forward-looking statements concerning Vestas’ financial condition, results of operations and business. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management’s current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance, or events to differ materially from those expressed or implied in these statements.

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. A number of factors that affect Vestas’ future operations and could cause Vestas’ results to differ materially from those expressed in the forward-looking statements included in this document, include (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, including adverse weather conditions; (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; and (m) customer created delays affecting product installation, grid connections and other revenue-recognition factors.

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Key highlights
Solid results in FY 2017

Financial and operational results

• FY 2017 guidance met on all parameters; revenue of EUR 10.0bn, EBIT of 12.4 percent, FCF of EUR 1.2bn*, and net investments of EUR 407m*

• Continued strong performance in Service; 16 percent growth compared to 2016, EBIT margin of 20.1 percent

• Highest ever order intake of 11.2 GW across 33 markets; up 6 percent compared to 2016

• All-time high combined order backlog close to EUR 21bn

• Improved safety performance of 23 percent; total recordable injuries of 5.3 in 2017

• Recommended dividend payment of DKK 9.23 per share, equal to a payout ratio of 29.9 percent

• Strong balance sheet, and a net cash position of EUR 3.4bn allows yet another share buy-back programme of EUR 200m

Strategy remains in place

• Profitable growth strategy firmly on track; Vestas strengthened its leadership position in a transitioning market

* Before investments in marketable securities and short-term financial investments, and incl. proceeds of EUR 99m from sale of office buildings.
Agenda

1. Orders and markets
2. Financials
3. Strategy
4. Outlook and questions & answers
Increased Q4 order intake

Order intake at 3,844 MW, with an average selling price of EUR 0.74m per MW in the quarter

<table>
<thead>
<tr>
<th>Order intake</th>
<th>MW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2017</td>
<td>2,049</td>
</tr>
<tr>
<td>Q2 2017</td>
<td>2,667</td>
</tr>
<tr>
<td>Q3 2017</td>
<td>2,615</td>
</tr>
<tr>
<td>Q4 2017</td>
<td>3,844</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Average selling price of order intake</th>
<th>mEUR per MW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2017</td>
<td>0.95</td>
</tr>
<tr>
<td>Q2 2017</td>
<td>0.88</td>
</tr>
<tr>
<td>Q3 2017</td>
<td>0.81</td>
</tr>
<tr>
<td>Q4 2017</td>
<td>0.80</td>
</tr>
<tr>
<td>Q4 2017</td>
<td>0.74</td>
</tr>
</tbody>
</table>

- Q4 2017 order intake was 688 MW lower than in Q4 2016, driven by the US
- US, Sweden, India, and Canada were the main contributors to order intake in Q4 2017, accounting for more than 60 percent

Key highlights

- Price per MW in Q4 impacted by highly competitive markets leading to pricing pressure
- Increased turbine rating as well as more sales of the 4 MW platform has had an impact on price per MW in 2017
- Geography, scope, and uniqueness of the offering still a factor
Strong order intake

Diversity secures highest-ever order intake of 11.2 GW; up 6 percent compared to 2016

- **Americas**
  - FY 2017 increase driven by Mexico and Argentina, solid US order intake albeit slight decrease
  - Q4 2017 negatively impacted by the US, but partly offset by Canada

- **EMEA**
  - Strong FY 2017 order intake in Sweden not compensating for 1 GW Statkraft order in 2016
  - Declined Q4 2017 order intake primarily driven by Germany and France

- **Asia Pacific**
  - Increase in FY 2017 driven by China, India, and Thailand
  - Q4 2017 decline driven by Australia, partly offset by strong order intake in India

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<table>
<thead>
<tr>
<th>Region</th>
<th>FY 2016</th>
<th>Q4 2016</th>
<th>FY 2017</th>
<th>Q4 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>4,318</td>
<td>1,996</td>
<td>5,006</td>
<td>1,572</td>
</tr>
<tr>
<td>EMEA</td>
<td>5,141</td>
<td>1,841</td>
<td>4,476</td>
<td>1,676</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>1,035</td>
<td>695</td>
<td>1,694</td>
<td>596</td>
</tr>
</tbody>
</table>

- FY 2017 increase: +16%
- Q4 2017 decrease: -21%
- FY 2016 increase compared to FY 2015: +64%
- Q4 2016 increase compared to Q4 2015: +16%
Regional delivery split

Increased deliveries in EMEA and Asia Pacific offset by decline in the US

• FY 2017 primarily driven by decline in the US. Positive development in Brazil and Canada
• Q4 2017 decline driven by the US and Mexico

• Strong development in Germany and UK, driving increase in FY 2017
• Q4 2017 mainly driven by increase in Denmark and Germany

• FY 2017 impacted by positive development in China and Mongolia
• Strong deliveries in China, Australia, and India in Q4 2017
Global reach

Order intake from 33 countries manifests unique global reach – first orders ever in Bahrain and Belarus

- USA
- Canada
- Scandinavia: Finland, Sweden, Denmark, Norway
- Northern Europe: United Kingdom, Netherlands, Belgium, Ireland
- Southern Europe: France, Turkey, Italy, Greece, Spain
- Central Europe: Germany, Austria, Ukraine, Belarus*, Czech Rep.
- Russia: Russian Fed., Mongolia, South Korea
- Latin America: Mexico, Dominican Rep., Brazil, Chile, Argentina
- Asia: China, India, Australia, Thailand, Russia

* New markets for Vestas with firm order intake for the first time in 2017.
All-time high order backlog of close to EUR 21bn

Combined backlog increased by EUR 1.7bn YoY, despite negative FX impact of approx. EUR 700m

Wind turbines:
EUR 8.8bn

Service:
EUR 12.1bn

EUR +0.1bn*

EUR +1bn*

* Compared to Q3 2017.
JV continues positive development
CfD auction in the UK results in two large preferred supplier agreements

Since JV formation…

~2.7 GW
Announced FOI

~2.5 GW
Announced conditional & preferred supplier agreements

Near-term project execution

Walney Extension (UK)
330 MW
V164-8.0 MW

Borkum Riffgrund II (DE)
450 MW
V164-8.0 MW

Aberdeen Bay (UK)
92.4 MW
V164-8.0 MW

Key highlights

- Preferred supplier announcement of the 860 MW Triton Knoll (UK) and 950 MW Moray East (UK) projects (V164-9.5 MW™ turbine)
- The V164-9.5 MW™ announced Turbine of the Year 2017 by Windpower Monthly
- New management team appointed*

* Announced 16 January 2018. The change will take effect from 1 April 2018.
Agenda

1. Orders and markets

2. Financials

3. Strategy

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## Income statement – full year

Lower activity in 2017 results in weaker margins

<table>
<thead>
<tr>
<th></th>
<th>FY 2017</th>
<th>FY 2016</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>9,953</td>
<td>10,237</td>
<td>(3)%</td>
</tr>
<tr>
<td><strong>Production costs</strong></td>
<td>(7,990)</td>
<td>(8,111)</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>1,963</td>
<td>2,126</td>
<td>(8)%</td>
</tr>
<tr>
<td><strong>SG&amp;A costs</strong>*</td>
<td>(733)</td>
<td>(705)</td>
<td>(4)%</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>1,230</td>
<td>1,421</td>
<td>(13)%</td>
</tr>
<tr>
<td><strong>Income from investments in associates and joint ventures</strong></td>
<td>(40)</td>
<td>(101)</td>
<td>60%</td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td>894</td>
<td>965</td>
<td>(7)%</td>
</tr>
<tr>
<td><strong>Gross margins</strong></td>
<td>19.7%</td>
<td>20.8%</td>
<td>(1.1)%-pts</td>
</tr>
<tr>
<td><strong>EBITDA margin</strong></td>
<td>16.6%</td>
<td>17.8%</td>
<td>(1.2)%-pts</td>
</tr>
<tr>
<td><strong>EBIT margin</strong></td>
<td>12.4%</td>
<td>13.9%</td>
<td>(1.5)%-pts</td>
</tr>
</tbody>
</table>

### Key highlights

- **Revenue decreased 3 percent**, primarily driven by Power solutions; partly offset by higher revenue in Service
- **Gross profit down by 1.1 percentage points**, mainly driven by decreased volumes and lower average margins in Power solutions
- **EBIT down by 13 percent**, mainly driven by lower gross profit
- Result from JV at EUR (40)m, 60 percent improvement from 2016

* R&D, administration, and distribution.
## Income statement – Q4

Lower EBIT margin driven by the Power solutions segment

<table>
<thead>
<tr>
<th>mEUR</th>
<th>Q4 2017</th>
<th>Q4 2016</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>3,119</td>
<td>3,313</td>
<td>(6)%</td>
</tr>
<tr>
<td>Production costs</td>
<td>(2,543)</td>
<td>(2,646)</td>
<td>4%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>576</td>
<td>667</td>
<td>(14)%</td>
</tr>
<tr>
<td>SG&amp;A costs*</td>
<td>(191)</td>
<td>(163)</td>
<td>(17)%</td>
</tr>
<tr>
<td>EBIT</td>
<td>385</td>
<td>504</td>
<td>(24)%</td>
</tr>
<tr>
<td>Income from investments in</td>
<td>10</td>
<td>(45)</td>
<td>122%</td>
</tr>
<tr>
<td>associates and joint ventures</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net profit</td>
<td>295</td>
<td>343</td>
<td>(14)%</td>
</tr>
<tr>
<td>Gross margins</td>
<td>18.5%</td>
<td>20.1%</td>
<td>(1.6)%-pts</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>16.0%</td>
<td>18.1%</td>
<td>(2.1)%-pts</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>12.3%</td>
<td>15.2%</td>
<td>(2.9)%-pts</td>
</tr>
</tbody>
</table>

**Key highlights**

- **Revenue decreased 6 percent**, primarily driven by Power solutions and FX; partly offset by higher revenue in Service. Negative FX effect of EUR 145m.
- **Gross profit down by 1.6 percentage points**, mainly driven by decreased volumes and lower average margins in the Power solutions.
- **EBIT down by 24 percent**, mainly driven by lower gross profit.

* R&D, administration, and distribution.
SG&A costs

SG&A costs slightly increasing but under control

**Key highlights**

- SG&A costs slightly up YoY

- Relative to activity levels, SG&A costs amounted to 7.4 percent – an increase of 0.5 percentage points compared to Q4 2016, primarily driven by distribution costs and lower revenue

- Q4 2017 SG&A costs impacted by increased depreciation

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

Strong service performance

Service revenue, onshore
mEUR

<table>
<thead>
<tr>
<th>FY 2013</th>
<th>FY 2014</th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>FY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>889</td>
<td>949</td>
<td>1,138</td>
<td>1,309</td>
<td>1,522</td>
</tr>
</tbody>
</table>

+16%

Key highlights

- **Service revenue increased by 16 percent** compared to 2016, mainly driven by higher activity levels
- **2017 EBIT**: EUR 306m
  2017 EBIT margin: 20.1 percent
- **Q4 2017 revenue**: EUR 414m, up 11 percent
  Q4 2017 EBIT Margin: 23.4 percent
**Balance sheet**

Strong balance sheet and increased net cash position provides flexibility and room for investments

<table>
<thead>
<tr>
<th>Assets (mEUR)</th>
<th>FY 2017</th>
<th>FY 2016</th>
<th>Abs. change</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current assets</td>
<td>2,865</td>
<td>2,886</td>
<td>(21)</td>
<td>(1)%</td>
</tr>
<tr>
<td>Current assets</td>
<td>8,006</td>
<td>6,950</td>
<td>1,056</td>
<td>15%</td>
</tr>
<tr>
<td>Total assets</td>
<td>10,871</td>
<td>9,931</td>
<td>940</td>
<td>9%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities (mEUR)</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>3,112</td>
<td>3,190</td>
<td>(78)</td>
<td>(2)%</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>1,226</td>
<td>1,114</td>
<td>112</td>
<td>10%</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>6,533</td>
<td>5,627</td>
<td>906</td>
<td>16%</td>
</tr>
<tr>
<td>Total equity and liabilities</td>
<td>10,871</td>
<td>9,931</td>
<td>940</td>
<td>9%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Key figures (mEUR)</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest bearing position (net)</td>
<td>3,359</td>
<td>3,255</td>
<td>104</td>
<td>3%</td>
</tr>
<tr>
<td>Net working capital</td>
<td>(1,984)</td>
<td>(1,941)</td>
<td>(43)</td>
<td>2%</td>
</tr>
<tr>
<td>Solvency ratio (%)</td>
<td>28.6</td>
<td>32.1</td>
<td>-</td>
<td>3.5%-pts</td>
</tr>
<tr>
<td>ROIC (%)</td>
<td>(9,044)</td>
<td>265</td>
<td>-</td>
<td>(8,779)%-pts</td>
</tr>
</tbody>
</table>

**Key highlights**

- Net cash position **increased to EUR 3,359m**
- ROIC becomes negative due to **invested capital** being negative; mainly driven by **net working capital**. The significant decrease in percentage points is driven by mathematical calculation using negative invested capital close to zero
Change in net working capital
Satisfactory net working capital management

NWC change over the last 12 months
mEUR

NWC end 2016 | Receivables | CCP* | Inventories | Pre-payments | Payables | Other liabilities | NWC end 2017
---|---|---|---|---|---|---|---
(1,941) | 155 | 711 | (7) | (994) | 29 | (1,984)

NWC change over the last 3 months
mEUR

NWC end Q3 2017 | Receivables | CCP* | Inventories | Pre-payments | Payables | Other liabilities | NWC end 2017
---|---|---|---|---|---|---|---
(1,053) | (224) | 27 | (349) | (298) | 2 | (89) | (1,984)

Key highlights

- Improvement driven by trade payables, mainly offset by higher inventory
- Development driven by a combination of receivables, inventory, and prepayments

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

Warranty consumption and LPF continue at a low level

Warranty provisions made and consumed

mEUR

<table>
<thead>
<tr>
<th></th>
<th>Q4 2016</th>
<th>Q1 2017</th>
<th>Q2 2017</th>
<th>Q3 2017</th>
<th>Q4 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provisions made</td>
<td>26</td>
<td>35</td>
<td>41</td>
<td>54</td>
<td>55</td>
</tr>
<tr>
<td>Provisions consumed</td>
<td>100</td>
<td>23</td>
<td>36</td>
<td>41</td>
<td>43</td>
</tr>
</tbody>
</table>

Key highlights

- Warranty consumption increased, in line with past provisions made
- Warranty provisions made correlates with revenue in the quarter, corresponding to 1.9 percent in Q4 2017

Lost Production Factor (LPF)

Percent

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

Key highlights

- LPF continues at a low level – below 2.0
- LPF measures potential energy production not captured by Vestas’ wind turbines
## Cash flow statement – full year

Solid underlying cash generation from operating activities

<table>
<thead>
<tr>
<th>mEUR</th>
<th>FY 2017</th>
<th>FY 2016</th>
<th>Abs. change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>before change in net working capital</td>
<td>1,461</td>
<td>1,793</td>
<td>(332)</td>
</tr>
<tr>
<td><strong>Change in net working capital</strong></td>
<td>164</td>
<td>388</td>
<td>(224)</td>
</tr>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td>1,625</td>
<td>2,181</td>
<td>556</td>
</tr>
<tr>
<td><strong>Cash flow from investing activities</strong></td>
<td>(407)</td>
<td>(617)</td>
<td>210</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td>1,218</td>
<td>1,564</td>
<td>(346)</td>
</tr>
<tr>
<td><strong>Cash flow from financing activities</strong></td>
<td>(974)</td>
<td>(611)</td>
<td>(363)</td>
</tr>
<tr>
<td><strong>Net increase in cash and cash equivalents</strong></td>
<td>244</td>
<td>753</td>
<td>(509)</td>
</tr>
</tbody>
</table>

* Change in net working capital in 2017 impacted by non-cash adjustments and exchange rate adjustments with a total amount of net EUR 121m.

** Before investments in marketable securities and short-term financial investments, and incl. proceeds of EUR 99m from sale of office buildings.

### Key highlights

- Free cash flow was in line with the updated outlook of EUR 1,150m-1,250m disclosed on 8 January 2018
- Higher cash outflow from financing activities mainly due to share buy-back programs and dividend payment based on 2016 results
Total investments
Total investments in line with expectations

Key highlights

- Investments decreased by EUR 210m compared to 2016, primarily driven by sale of office buildings in Aarhus in 2017, and service acquisition in 2016

- Underlying cash flow from investments in line with 2016

* Before investments in marketable securities and short-term financial investments.
Capital structure

Net debt to EBITDA well below threshold; solvency ratio declined due to share buy-back

Net debt to EBITDA

- Net debt to EBITDA remains at low level of (2.0) in Q4 2017
- Development driven by the high cash balance maintained throughout the year

Solvency ratio

- Solvency ratio of 28.6 percent in Q4 2017
- Solvency target revised to minimum 25 percent from a range of 30 to 35 percent
## Capital allocation

Total distribution to shareholders reaches EUR 1bn

<table>
<thead>
<tr>
<th></th>
<th>FY 2017</th>
<th>FY 2016</th>
<th>FY 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend per share (DKK)</td>
<td>9.23</td>
<td>9.71</td>
<td>6.82</td>
</tr>
<tr>
<td>Dividend per share (EUR)</td>
<td>1.24</td>
<td>1.31</td>
<td>0.91</td>
</tr>
<tr>
<td>Dividend payout ratio</td>
<td>29.9</td>
<td>30.0</td>
<td>29.9</td>
</tr>
<tr>
<td>Dividend based on net results (mEUR)*</td>
<td>267</td>
<td>289</td>
<td>205</td>
</tr>
<tr>
<td>Share buy-back programme (mEUR)</td>
<td>694</td>
<td>401</td>
<td>150</td>
</tr>
<tr>
<td>Total distribution (mEUR)</td>
<td>961</td>
<td>690</td>
<td>355</td>
</tr>
</tbody>
</table>

### Key highlights

- For 2017, the Board recommends to the AGM to pay out a dividend of DKK 9.23 per share – corresponding to 29.9 percent of the net result for the year.

- Combined with the EUR 694m share buy-back programme, total distribution to shareholders during the 2017 financial year will amount to EUR 961m, compared to EUR 690m in the 2016 financial year.

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* Based on shares issued at year end and for 2017 proposed dividend.
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Future energy mix

Renewables, and wind in particular, are expected to dominate future electricity generation.

Global electricity generation by source in 2016 and 2040


Key highlights

- Wind estimated at ~7 percent of overall electricity capacity in 2016*
- Wind accounted for ~20 percent of all new-build capacity in 2016*
- Renewables are expected to dominate future electricity generation, and wind will play an important role
- Two key drivers for future renewables demand:
  - OECD countries decommission conventional capacity driven by CO₂ reduction targets and its financial end of life
  - Non-OECD countries increasingly to pursue renewables to cater for increasing electricity demand

Levelised Cost of Energy
Onshore wind as the cheapest source of energy

Key highlights

- Onshore wind has the lowest LCOE on a global average
- Continuing reduction of LCOE for wind energy
- LCOE of onshore wind has:
  - Decreased 80 percent in the last 20 years
  - Decreased 20 percent in the last three years alone

Onshore wind turbine market forecast

Stable growth at high volumes

Key takes

- 3-5 percent growth in onshore volumes towards 2026
- Drop in the US post 2020 expected to be offset by EMEA, and especially Asia Pacific

Vestas’ strategic priorities

- Best-in-class margins
- Grow faster than the market
- Lowest cost-of-energy solutions

Service market forecast

Vestas’ service business firmly on track towards 2020 target

Global wind O&M revenue, 2017e-2026e
USDbn

Key takes

- Increasing volumes in new build wind capacity poses opportunities for the service area
- Service to support increased demand for more value-adding services

Vestas’ strategic priorities

- More than 50 percent growth in revenue towards 2020 compared to 2016
- Best-in-class margins

Offshore wind turbine market forecast
Offshore market expected to grow rapidly from 2020 as more countries come on line

Global wind O&M revenue, 2017e-2026e
MW

Key takes

- Modest growth until 2020
- High growth from 2020 and onwards, driven by markets outside Northern Europe

Strategic priorities for MHI Vestas

- Claim a leading position
- Lowest cost-of-energy solutions

Vestas remains committed to its strategy
Being the global leader in sustainable energy solutions
Strengthened leadership in a transition market

Vestas continues to leverage on global reach, technology and service leadership, and largest scale

**Global leader in Power solutions**
- grow faster than the market
- best-in-class margins

**Global leader in Service**
- >50 percent revenue growth by 2020

**Lowest cost-of-energy solutions**
- reduce LCOE faster than market average

**Best-in-class operations**
- improve earnings capabilities

**Building capabilities for the future market**

- 11.2 GW FOI (up 6 percent compared to 2016)
- Overall decreasing market activity highlighting market share gains

- 12.4 percent EBIT margin in 2017
- Well above industry average

- Service revenue up by 16 percent in 2017 with solid earnings
- Order backlog of EUR 12.1bn

- 3 MW platform upgraded to 4 MW, offering double digit AEP increase
- Fifth major upgrade on 2 MW platform increasing AEP up to 7 percent

- 3 MW platform upgraded to 4 MW, offering double digit AEP increase
- Fifth major upgrade on 2 MW platform increasing AEP up to 7 percent

- Strong cash flow generation, FCF of EUR 1.2bn
- Controlling fixed costs

- First utility-scale hybrid project, energy storage development with Northvolt, acquisition of Utopus Insights for digital solutions, co-development capability
Market leadership
Summarising our market-leading position

Revenue:
EUR 10.4bn
- Grow faster than the market
- Leading market share of 16.5 percent

EBIT:
EUR 1.1bn
- Best-in-class margins
- Largest R&D investments in the industry
- Flexible, asset-light, and low-cost manufacturing footprint

Backlog:
EUR 22.8bn
- Annual order intake of almost 12 GW
- Largest installed base of more than 92 GW
- 79 GW under service

Note: Consolidation of Vestas and Vestas’ proportionate share of MHI Vestas financial and operational figures per 31 December 2017. Order intake, revenue, and EBIT based on 12-month rolling performance. Combined market share for Vestas and MHI Vestas is based on Bloomberg New Energy Finance 2016 market share statistics.
Vestas key differentiators

Global reach, technology and service leadership, and scale remain the foundation for Vestas’ unique position in the market place.

**Global reach**
- Pioneer and most experienced wind energy company in the world
- Unique global reach in terms of sales, manufacturing, installation, and service
- In 2017, Vestas had order intake from 33 countries and deliveries in 30 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
- Largest R&D investment in the industry

**Scale**
- More people dedicated to wind than anyone else, largest volume
- Largest global installed base of 90 GW across 77 countries by 2017
- Largest service organisation with more than 76 GW under service
- Data insights from monitoring of more than 38,000 wind turbines
Updated long-term ambitions
Vestas wants to exhibit the strongest performance in the sector

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<table>
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<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>• Grow faster than the market and be the market leader in revenue</td>
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<tr>
<td><strong>EBIT margin</strong></td>
<td>• At least 10 percent</td>
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<td><strong>FCF</strong></td>
<td>• Positive each year</td>
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<td><strong>ROIC</strong></td>
<td>• Double-digit each year over the cycle</td>
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<tr>
<td><strong>Capital Structure targets</strong></td>
<td>• Net debt to EBITDA ratio below 1 at any point in the cycle</td>
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<td>• Solvency ratio of minimum 25 percent at the end of each financial year</td>
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<td><strong>Distribution policy</strong></td>
<td>• General intention of the Board of Directors to recommend a dividend of 25-30 percent of the net result after tax</td>
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<td>• From time to time supplement with share buy-back programmes</td>
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Agenda

1. Orders and markets
2. Financials
3. Strategy
4. Outlook and questions & answers
## Outlook 2018

<table>
<thead>
<tr>
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<th>Outlook</th>
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<tbody>
<tr>
<td>Revenue (bnEUR)</td>
<td>10-11</td>
</tr>
<tr>
<td>EBIT margin (%)</td>
<td>9-11</td>
</tr>
<tr>
<td>Total investments (mEUR)</td>
<td>approx. 500</td>
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<tr>
<td>(Excl. the acquisition of Utopus Insights, Inc., any investments in marketable securities, and short-term financial investments)</td>
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<tr>
<td>Free cash flow (mEUR)</td>
<td>min. 400</td>
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<td>(Excl. the acquisition of Utopus Insights, Inc., any investments in marketable securities, and short-term financial investments)</td>
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- Service business is expected to continue to grow with stable margins

*The 2018 outlook is based on today's foreign exchange rates.*
Financial calendar 2018:

- Annual General Meeting in Aarhus (3 April)
- Disclosure of Q1 2018 (4 May)
- Disclosure of Q2 2018 (15 August)
- Disclosure of Q3 2018 (7 November)
Thank you for your attention