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.

All forward-looking statements contained in this document 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 2017 (available at www.vestas.com/investor) and these factors also should be considered. Each forward-looking statement speaks only as of the date of this document. Vestas does not undertake any obligation to publicly update or revise any forward-looking statement as a result of new information or future events other than as 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 document.
Key highlights
Quarterly performance

**Strong order intake**
Order intake of 3.8 GW; an increase of 43 percent YoY leading to all-time high order backlog

**EBIT of EUR 259m**
EBIT margin at 11.5 percent

**Good service performance**
Organic revenue growth of 17 percent, and EBIT margin of 25 percent

**Free cash flow**
Free cash flow negative as a result of a back-end loaded activity level in the year

**Share buy-back programme**
EUR 200m share buy-back programme launched to adjust the capital structure

**Outlook 2018**
Guidance for 2018 narrowed for revenue and EBIT margin based on improved visibility
1. Orders and markets

2. Financials

3. Outlook and questions & answers
Q2 order intake
Order intake at 3,807 MW, with an average selling price of EUR 0.71m per MW

Key highlights

- Q2 2018 order intake was 1,140 MW higher than in Q2 2017, representing an increase of 43 percent
- Broad based order intake across 21 countries led by the US

Average selling price of order intake
mEUR per MW

Key highlights

- Price per MW remains at overall stable levels observed in recent quarters
- Geography, scope, turbine type, and uniqueness of the offering still a factor
Further strengthening our two competitive platforms
Demand shifting towards 4 MW platform as more markets move to low wind sites

**2 MW platform**

Order intake by region, H1 2018

<table>
<thead>
<tr>
<th>MW</th>
<th>Americas</th>
<th>EMEA</th>
<th>Asia Pacific</th>
<th>Total 2 MW</th>
</tr>
</thead>
<tbody>
<tr>
<td>• V90-2.0 MW</td>
<td>6%</td>
<td></td>
<td></td>
<td>1,313 MW</td>
</tr>
<tr>
<td>• V116-2.0/2.1 MW</td>
<td>28%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• V100-2.0 MW</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• V120-2.0/2.2 MW</td>
<td></td>
<td>66%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• V110-2.0 MW</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Demand for proven performance remains strong:

- V120 turbine upgraded to a nominal rating of 2.2 MW, expanding the 2 MW platform into medium to low wind conditions with high turbulence
- Prototype of V120-2.0 MW turbine installed

**4 MW platform**

Order intake by region, H1 2018

<table>
<thead>
<tr>
<th>MW</th>
<th>Americas</th>
<th>EMEA</th>
<th>Asia Pacific</th>
<th>Total 4 MW</th>
</tr>
</thead>
<tbody>
<tr>
<td>• V105-3.45 MW</td>
<td>46%</td>
<td></td>
<td></td>
<td>4,123 MW</td>
</tr>
<tr>
<td>• V117-4.0/4.2 MW</td>
<td></td>
<td>45%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• V136-4.0/4.2 MW</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• V112-3.45 MW</td>
<td>9%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• V126-3.45 MW</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• V150-4.0/4.2 MW</td>
<td></td>
<td>6%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• V117-3.45 MW</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Largest onshore rotor in the market unlocks new opportunities:

- First order received for the V150-4.2MW turbine, offering a potential to increase AEP by more than 20 percent
- Suitable for weather conditions ranging from typhoon to ultra-low wind
Americas

Strong order intake in the US and Latin America

**Market highlights**

PTC and trade tariffs in the USA…
- Continued strong US demand
- Tariffs impacting cost of wind energy projects. Vestas working on range of mitigation strategies utilising our global footprint and full value chain

Latin America auctions…
- Argentina, Brazil, and Columbia expected to conduct auctions in second half of 2018

**Deliveries**

MW

<table>
<thead>
<tr>
<th>Year</th>
<th>Deliveries</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 2017</td>
<td>1,710</td>
</tr>
<tr>
<td>H1 2018</td>
<td>1,010 (-41%)</td>
</tr>
</tbody>
</table>

**Order intake**

MW

<table>
<thead>
<tr>
<th>Year</th>
<th>Order intake</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 2017</td>
<td>1,355</td>
</tr>
<tr>
<td>H1 2018</td>
<td>2,713 (+100%)</td>
</tr>
</tbody>
</table>

**Mid term volume outlook**

GW

<table>
<thead>
<tr>
<th>Year</th>
<th>Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018e</td>
<td>12.7</td>
</tr>
<tr>
<td>2019e</td>
<td>16.7</td>
</tr>
<tr>
<td>2020e</td>
<td>17.1 (+35%)</td>
</tr>
</tbody>
</table>

- Decline in US deliveries as a result of PTC component deliveries in H1 2017
- Low level of activity in Latin American countries
- Continued high level of order intake in the US and Argentina in the first half of 2018
- Increase mainly driven by Mexico, Bolivia, and Panama
- Growth primarily driven by the US market
- Stable development in Latin America

**Source:** MAKE Consulting
Europe, Middle East, and Africa
Continued high activity levels in EMEA as EU increases RE target

Market highlights

European RE target increased to 32% from 27% for 2030…
- New energy agreement in Denmark with 250MW p.a. expected
- Market for wind power restarting in Poland as new auctions are being planned

Russia expanding wind energy market…
- 900 MW onshore wind auction completed
- Localisation of production continues after successful auctions

MEA moving forward…
- New auction of 1.8 GW expected in South Africa

Deliveries
MW
1.503 1.199 ▼-20%
H1 2017 H1 2018

Order intake
MW
2.703 2.277 ▼-16%
H1 2017 H1 2018

Mid term volume outlook
GW
11.6 12.4 11.5 ▼0%
2018e 2019e 2020e

• Decline in deliveries mainly driven by UK, but partly offset by France and Italy
• Continued solid level of deliveries in Germany although a significant decline compared to H1 2017
• Lower order intake impacted by Germany, where recent auction volume has not yet materialised as orders
• Good order intake in Sweden and Italy
• Flat development towards 2020
• Broader EMEA region offsets declines in Germany and UK

Source: MAKE Consulting
Asia Pacific
Strong deliveries across the region’s markets

Market highlights

China to introduce auctions…
- Wind volume to be awarded in auctions starting in 2019 as China moves away from feed-in tariffs

India auction volume increased…
- Auction schedules ramped up to meet increased target for installations: from 60 GW onshore wind to 80 GW by 2022 – execution still uncertain

Positive signals in broader APAC…
- Power planning development in Indonesia, Philippines, and Thailand
- Good outlook for Australia – 650 MW auction expected in Q4

Deliveries
MW

<table>
<thead>
<tr>
<th></th>
<th>H1 2017</th>
<th>H1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>174</td>
<td>448</td>
</tr>
<tr>
<td>2018</td>
<td>954</td>
<td></td>
</tr>
</tbody>
</table>

Order intake
MW

<table>
<thead>
<tr>
<th></th>
<th>H1 2017</th>
<th>H1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>624</td>
<td>-29%</td>
</tr>
<tr>
<td>2018</td>
<td>446</td>
<td></td>
</tr>
</tbody>
</table>

Mid term volume outlook
GW

<table>
<thead>
<tr>
<th></th>
<th>2018e</th>
<th>2019e</th>
<th>2020e</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018e</td>
<td>23.9</td>
<td>28.7</td>
<td>30.4</td>
</tr>
</tbody>
</table>

- Diversified deliveries secures high level of activity
- Strong development in India, Australia, and Thailand
- Strong order intake in China in Q1 2017 resulting in negative development
- Continued success in Thailand, Australia and Japan partly offsets decline
- High activity levels in Australia, Japan, and Korea
- Growth expected mainly to come from India and China

Source: MAKE Consulting
All-time high order backlog of EUR 23bn

Combined backlog increased sequentially by EUR 1.4bn*

Wind turbines:

EUR 10.2bn

EUR +0.9bn*

Service:

EUR 12.8bn

EUR +0.5bn*

* Compared to Q1 2018
First firm order for the V164-9.5 MW; Borssele III/IV

V164-9.5 MW adds to legacy as world’s most powerful available wind turbine

Track record...

- ~3.3 GW
  > 1,000 turbines installed across 28 projects

Pipeline...

- ~2.2 GW
  Under installation/unconditional orders

- ~2.9 GW
  Conditional orders/preferred supplier

Key highlights

- Preferred supplier announcement for 900 MW in the first round of awarded projects in Taiwan
- Firm and unconditional order of 732 MW signed to deliver 77 V164-9.5 MW turbines for the Borssele III/IV project
- Final certification received for the V164-9.5 MW turbine

Near-term project execution

- Norther (BE)
  370 MW
  V164-8.4 MW

- Borkum Riffgrund (DE)
  450 MW
  V164-8.3 MW

- Aberdeen Bay (UK)
  92.4 MW
  V164-8.4/8.8 MW

- Horns Rev 3 (DK)
  406 MW
  V164-8.3 MW
1. Orders and markets

2. Financials

3. Outlook and questions & answers
## Income statement

Revenue on par with last year but with lower profitability

<table>
<thead>
<tr>
<th>mEUR</th>
<th>Q2 2018</th>
<th>Q2 2017*</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>2,260</td>
<td>2,206</td>
<td>2%</td>
</tr>
<tr>
<td>Production costs</td>
<td>(1,844)</td>
<td>(1,722)</td>
<td>(7)%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>416</td>
<td>484</td>
<td>(14)%</td>
</tr>
<tr>
<td>SG&amp;A costs**</td>
<td>(157)</td>
<td>(205)</td>
<td>23%</td>
</tr>
<tr>
<td>EBIT</td>
<td>259</td>
<td>279</td>
<td>(7)%</td>
</tr>
<tr>
<td>Income from investments in joint ventures and associates</td>
<td>(13)</td>
<td>(21)</td>
<td>38%</td>
</tr>
<tr>
<td>Net profit</td>
<td>184</td>
<td>186</td>
<td>(1)%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Q2 2018</th>
<th>Q2 2017*</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross margins</td>
<td>18.4%</td>
<td>21.9%</td>
<td>(3.5)%-pts</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>16.3%</td>
<td>18.0%</td>
<td>(1.7)%-pts</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>11.5%</td>
<td>12.6%</td>
<td>(1.1)%-pts</td>
</tr>
</tbody>
</table>

### Key highlights

- Revenue on par with Q2 2017, primarily driven by higher activity in Service
- Gross profit down by 3.5 percentage points, driven by lower average project margins in Power solutions
- EBIT down by 1.1 percentage points driven by lower gross profit

* Refer to note 5.3, Changes in accounting policies and disclosures, Interim financial report, Q2 2018
** R&D, administration, and distribution
Leveraging on SG&A
Continued control of SG&A costs

Key highlights

- SG&A costs slightly down YoY
- Relative to activity levels, SG&A costs amounted to 6.9 percent – an increase of 0.2 percentage points compared to Q2 2017, primarily driven by higher depreciation and lower revenue

* R&D, administration, and distribution on trailing 12 months basis
Service
Good service performance

### Key highlights

- **Service revenue increased 11 percent** compared to Q2 2017; negative FX impact of approx. EUR 20m resulting in **17 percent** organic growth.

- **EBIT of EUR 104m (25.2 percent margin)** as a result of reliable turbine performance and efficient cost management.

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**Service revenue**

<table>
<thead>
<tr>
<th>mEUR</th>
<th>Q2 2017</th>
<th>Q3 2017</th>
<th>Q4 2017</th>
<th>Q1 2018</th>
<th>Q2 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>371</td>
<td>368</td>
<td>414</td>
<td>366</td>
<td>413</td>
</tr>
</tbody>
</table>

+11%
Balance sheet

Balance sheet remains strong and provides flexibility

<table>
<thead>
<tr>
<th>Assets (mEUR)</th>
<th>Q2 2018</th>
<th>Q2 2017*</th>
<th>Abs. change</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current assets</td>
<td>3,069</td>
<td>2,799</td>
<td>270</td>
<td>10%</td>
</tr>
<tr>
<td>Current assets</td>
<td>8,201</td>
<td>7,399</td>
<td>801</td>
<td>11%</td>
</tr>
<tr>
<td>Total assets</td>
<td>11,270</td>
<td>10,198</td>
<td>1,072</td>
<td>11%</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>2,919</td>
<td>3,142</td>
<td>(223)</td>
<td>(7)%</td>
</tr>
<tr>
<td>Non-currents liabilities</td>
<td>1,173</td>
<td>1,150</td>
<td>23</td>
<td>2%</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>7,178</td>
<td>5,906</td>
<td>1,272</td>
<td>22%</td>
</tr>
<tr>
<td>Total equity and liabilities</td>
<td>11,270</td>
<td>10,198</td>
<td>1,072</td>
<td>11%</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>2,070</td>
<td>2,636</td>
<td>(566)</td>
<td>(21%)</td>
</tr>
<tr>
<td>Net working capital</td>
<td>(1,143)</td>
<td>(1,225)</td>
<td>82</td>
<td>7%</td>
</tr>
<tr>
<td>Solvency ratio (%)</td>
<td>25.9%</td>
<td>30.8%</td>
<td>-</td>
<td>(4.9)%-pts</td>
</tr>
<tr>
<td>ROIC (%)</td>
<td>346%</td>
<td>401%</td>
<td>-</td>
<td>(55)%-pts</td>
</tr>
</tbody>
</table>

* Refer to note 5.3, Changes in accounting policies and disclosures, Interim financial report, Q2 2018

Key highlights

- Net interest bearing position of EUR 2,070m, negatively impacted by net working capital development and cash flow from financing activities
- Net working capital increased by EUR 82m
Change in net working capital
Continued ramp-up for deliveries expected in coming quarters

**Key highlights**

- Negative development mainly driven by higher inventories and receivables, mainly offset by prepayments

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* Refer to note 5.3, Changes in accounting policies and disclosures, Interim financial report, Q2 2018
**Key highlights**

- Warranty consumption constitutes approx. 1.6 percent of revenue over the last 12 months
- Warranty provisions made correlates with revenue in the quarter, corresponding to approx. 1.6 percent in Q2 2018

**Key highlights**

- LPF continues at a low level - below 2.0
- LPF measures potential energy production not captured by the wind turbines
**Cash flow statement**

Negative free cash flow in the second quarter

<table>
<thead>
<tr>
<th>mEUR</th>
<th>Q2 2018</th>
<th>Q2 2017*</th>
<th>Abs. change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from operating activities before change in net working capital</td>
<td>377</td>
<td>411</td>
<td>(34)</td>
</tr>
<tr>
<td>Change in net working capital**</td>
<td>(429)</td>
<td>(453)</td>
<td>24</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>(52)</td>
<td>(42)</td>
<td>(10)</td>
</tr>
<tr>
<td>Cash flow from investing activities***</td>
<td>(121)</td>
<td>(116)</td>
<td>(5)</td>
</tr>
<tr>
<td>Free cash flow before financial investments***</td>
<td>(173)</td>
<td>(158)</td>
<td>(15)</td>
</tr>
<tr>
<td>Purchase of financial investments</td>
<td>(265)</td>
<td>-</td>
<td>(265)</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>(438)</td>
<td>(158)</td>
<td>(280)</td>
</tr>
<tr>
<td>Cash flow from financing activities</td>
<td>(352)</td>
<td>(320)</td>
<td>(32)</td>
</tr>
<tr>
<td>Net decrease in cash and cash equivalents</td>
<td>(790)</td>
<td>(478)</td>
<td>(312)</td>
</tr>
</tbody>
</table>

**Key highlights**

- Free cash flow before financial investments in line with Q2 2017
- Purchase of financial investments of EUR 265m attributable to cash placed in short-term financial investments
- Cash flow from financing activities driven by dividend payment and share buy-back programme launched at FY 2017

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* Refer to note 5.3, Changes in accounting policies and disclosures, Interim financial report, Q2 2018
** Change in net working capital in Q2 2018 impacted by non-cash adjustments and exchange rate adjustments with a total amount of net EUR (46)m
*** Before investments in marketable securities and short-term financial investments
Total investments
Underlying investments in line with Q2 2017

Key highlights

- Underlying investments increased by EUR 5m compared to Q2 2017, primarily driven by capitalised R&D as well as tangible blade investments

Total investments*
mEUR

Q2 2017 | Q3 2017 | Q4 2017 | Q1 2018 | Q2 2018
---|---|---|---|---
116 | 127 | 176 | 184 | 121

* Before investments in marketable securities and short-term financial investments, but incl. acquisition of Utopus Insights, Inc.
Capital structure

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

**Key highlights**

- Net debt to EBITDA remains at low level of (1.3) in Q2 2018
- Development driven by a decreased EBITDA

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* Refer to note 5.3, Changes in accounting policies and disclosures, Interim financial report, Q2 2018
Share buy-back programme of up to EUR 200m launched
Adjusting capital structure to address strong cash position, total EUR ~400m buy-backs in 2018

Size and timing
Share buy-back programme of up to DKK 1,500m (EUR 200m) in accordance with the safe harbour rules. Programme launched on 15 August 2018 and running until 28 December 2018

Rationale and purpose
The main purpose of the share buy-back is to adjust the capital structure

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

Priorities for capital allocation unchanged
Focus on organic growth and potentially bolt-on acquisitions. Dividend payment during H1 given AGM approval and share buy-backs in H2 if relevant
Agenda

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

<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 is expected to grow</td>
<td>10.0 - 10.5</td>
<td>10 - 11</td>
</tr>
<tr>
<td><strong>EBIT margin (%)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Service margin expected to increase compared to 2017</td>
<td>9.5 - 10.5</td>
<td>9 – 11</td>
</tr>
<tr>
<td><strong>Total investments (mEUR)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Excl. the acquisition of Utopus Insights, Inc., any investments in marketable securities, and short-term financial investments)</td>
<td>approx. 500</td>
<td>approx. 500</td>
</tr>
<tr>
<td><strong>Free cash flow (mEUR)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Excl. the acquisition of Utopus Insights, Inc., any investments in marketable securities, and short-term financial investments)</td>
<td>min. 400</td>
<td>min. 400</td>
</tr>
</tbody>
</table>

*The 2018 outlook is based on current foreign exchange rates*
Financial calendar 2018:

- Disclosure of Q3 2018 (7 November)
- Capital Markets Day (29 November)