

Vestas on the capital markets

The Vestas share

Vestas Wind Systems A/S' total share capital amounts to DKK 205,696,003 and has one share class, which is 100 percent free float at the Nasdaq Copenhagen stock exchange in Denmark. In 2018, the Vestas share was the third most traded share with an average daily turnover of DKK 4.28m at the stock exchange.

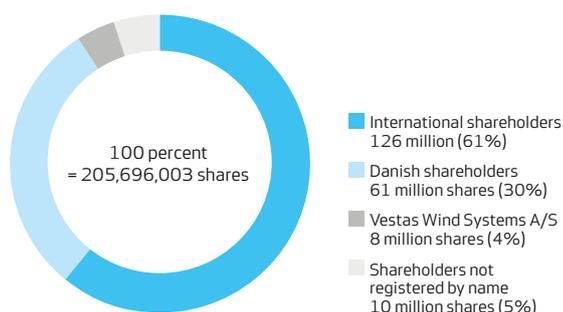
The Vestas share price ended the year at DKK 492.10, equal to a market capitalisation of DKK 101.2bn. The share price increased by 15 percent, compared to end of 2017. This was significantly better than the general trend in the OMX Copenhagen 25 CAP (OMXC25CAP) index, which decreased by 13 percent in 2018.

Ownership

At the end of the year, the company had 136,693 shareholders registered by name (195,438,719 shares), including custodian banks. No shareholders have, in accordance with the EU Transparency Directive and the Danish Capital Markets Law, reported a shareholding that exceeds 5 percent.

Share capital distribution as at 31 December 2018

Percent



Information about the Board of Directors' (the Board) and the Executive Management of Vestas Wind Systems A/S' ownership of the listed company, see page 038.

Green Corporate Eurobond

In 2015, Vestas issued a EUR 500m Green Corporate Eurobond at a fixed interest rate of 2.75 percent to finance its corporate purposes. The bond is listed on the Luxembourg Stock Exchange's regulated market - ISIN code XS1197336263 and will mature on 11 March 2022.

The green bond benefits from a second-party opinion provided by the certification institute DNV GL. The bond allows Vestas to diversify and optimise its funding structure.

The book value of the bond was EUR 498m with a corresponding fair value of EUR 525m as at 31 December 2018. For further information about the bond, see notes 4.6 and 4.8 to the Consolidated financial statements, pages 076 and 083.

Financial management

Vestas' management continuously monitors to which extent the company's capital structure, including equity and other financial resources, is reasonable in consideration of Vestas' operations and the stakeholders' interests, see Capital structure strategy, page 011.

Authorisations granted to the Board of Directors

According to article 3 of the Articles of association, the Board is authorised to increase the company's share capital in one or more issues of new shares up to a nominal value of DKK 21,549,694 (21,549,694 shares). The authorisation is valid until 1 April 2023.

At the Annual General Meeting in 2018, the shareholders authorised the Board to let the company acquire treasury shares in the period until 31 December 2019 equal to 10 percent of the share capital at the time of the authorisation, provided that the nominal value of the company's total holding of treasury shares at no time exceeds 10 percent of the company's share capital at the time of the authorisation.

Distribution to shareholders

The Board has a general intention to make annual distributions to the shareholders, but the first priority is to maintain a strong and efficient balance sheet and to reinvest capital back into the business to be able to develop the wind turbines and service solutions that will support the corporate strategy. For further information about Vestas' capital structure and dividend policy, see Capital structure strategy, page 011.

Dividend

On 3 April 2018, the shareholders approved a dividend of DKK 9.23 per share to be paid out for the financial year 2017. This was equivalent to a dividend percentage of 29.9 percent measured against the net profit for the year.

For the financial year 2018, the Board proposes a dividend of DKK 7.44 (approx. EUR 1.00) per share equivalent to 30.0 percent of the net result for the year after tax.

Share buy-back programmes 2018

On 12 February 2018 and on 15 August 2018, the Board initiated new share buy-back programmes.¹⁾ The main purpose of the programmes was to adjust the company's capital structure and, secondly, to meet the obligations arising from share-based incentive programmes to employees of Vestas. They were completed on 3 May 2018 and 18 December 2018, respectively. Under the programmes, Vestas has bought back shares for an amount of DKK 3bn (EUR 402m).

Share capital reduction

On 3 May 2018, the company reduced its share capital by a nominal value of DKK 9.8m (EUR 1.3m). The capital reduction was carried out through the cancellation of 9,800,944 treasury shares in accordance with the resolution passed at the Annual General Meeting on 3 April 2018.

At Vestas' Annual General Meeting in 2019, a resolution will be proposed that 6,794,040 shares out of Vestas' holding of 8,418,860 treasury shares be cancelled.

1) The programmes were implemented in accordance with Article 5 of Regulation No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (MAR) and the Commission's delegated regulation (EU) 2016/1052 of 8 March 2016 (the "Safe Harbour" rules).

Distribution to shareholders

	2018	2017
Dividend per share (DKK)	7.44*	9.23
Dividend per share (EUR), approx.	1.00*	1.24
Dividend (EURm)**	205*	267
Payout ratio (%)	30.0*	29.9
Share buy-back (EURm)	402	694

* Based on recommended dividend.

**Based on issued shares as at 31 December.

Holding of treasury shares

Number

Treasury shares as at 31 December 2017	11,843,929
Reduction of the share capital	(9,800,944)
Bought under the share buy-back programmes	+6,962,324
Exercised share options and performance shares	(586,449)
Total holding of treasury shares as at 31 December 2018	8,418,860

Open dialogue with the capital markets

Vestas aims to be visible and accessible to existing and potential shareholders and bond holders, the financial community, and other stakeholders with due consideration to legislative requirements and in order to promote transparency.

Vestas attaches great value to maintaining an open dialogue with its stakeholders, therefore the Executive Management and Investor Relations takes great efforts to ensure that all investors with a significant holding of Vestas shares, bonds, and the financial community can meet with the company on a regular basis.

Being a listed company, Vestas must make every attempt to give all stakeholders a true and fair view of Vestas. Therefore, relevant information is disclosed in a manner which enables fast access and complete, correct and timely assessment of the information by the public. This has a high priority for the Board and is handled by Vestas' Disclosure Committee.

Furthermore, Vestas seeks to disclose information to the market in a high quality, consistently, and with continuity – to make it easily accessible and interpretable for the stakeholders. There is a four-week silent period prior to the disclosure of any financial reports.

Vestas aims to continuously improve the communication with its shareholders to inform about Vestas' goals and to safeguard long-term shareholder interests. However, in order to reach all of its shareholders, it is necessary for Vestas to know their identity. Vestas therefore recommends that its shareholders have their Vestas shares registered by name in the company's register of shareholders.

Analyst coverage

Vestas is currently covered by 25 sell-side equity analysts, amongst others from major global investment banks, that regularly publish research reports on Vestas to their clients.

A list of these analysts can be found at Vestas' corporate website, together with comprehensive information about the Vestas share and share-related information such as company announcements, financial reports, an overview of announced orders, share price, earnings calls (audiocasts), the financial calendar, how to sign up for news etc.



Corporate governance

Corporate governance principles

Corporate governance, defined as “the system used to manage and control a business”, is to a wide extent reflected in the provisions concerning the board set out in the Danish Companies Act. The purpose of corporate governance is to support value creation and accountable management, and thus to contribute to the long-term success of companies.

What is corporate governance for Vestas?

To the Board of Directors of Vestas Wind Systems A/S (the Board), corporate governance is not just a set of rules but a constant process. Consequently, the Board continuously addresses the guidelines and processes for the overall management of Vestas. This ensures that the management is at any time able to conduct its managerial tasks professionally and in due consideration of applicable law, practices, and recommendations.

Furthermore, the Board believes that having an open and transparent corporate governance supports a company in being directed and monitored in a responsible manner – and in management focusing on creating value. In addition, it provides the market with timely, reliable, accurate, and up-to-date information – which fosters the confidence of the financial markets, investors, business partners, customers, employees, and the public in general.

Clear guidelines provide a true and fair view

The Board finds that clear guidelines on how to manage and communicate help provide a true and fair view of Vestas to the world. In light of the challenges Vestas faces in a market characterised by fierce competition, changing market mechanisms, expected consolidation, and ever-increasing quality requirements, a clear and well-considered management and communication strategy is of special importance.

In 2018, the evaluation of the guidelines and processes included a review of the company's business model, strategy, business processes, goals, organisation, capital position, stakeholder relations and risks as well as exercise of the necessary control.

For more information on financial reporting risks and control activities, see Vestas' Statutory report on corporate governance at the corporate website.

Management structure

The fundamental elements of Vestas Wind Systems A/S' corporate governance system are its two-tier management structure with a clear, transparent, and effective separation between the Board's and the Executive Management's responsibilities and tasks in connection with the management of the company's affairs and no one serves as a member of both. Documents related to policies, regulations, and governing principles, which Vestas adheres to, are available at the corporate website.

Shareholders

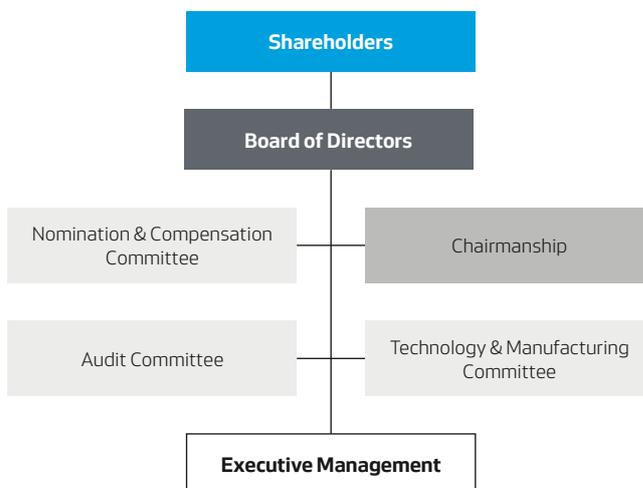
Shareholders have ultimate authority over the company and exercise their rights of co-administration and supervision at general meetings, which usually take place within the first four months of the business year. All shareholders are entitled, in compliance with a few formal requirements, to have access, to submit proposals, attend, vote, and speak at general meetings, ref. articles 4 and 6 of the Articles of association.

In 2018, the Annual General Meeting took place in April and the minutes of meeting are available at the corporate website.

Annual General Meeting 2019

On Wednesday 3 April 2019 at 14:00 (CET), Vestas Wind Systems A/S' Annual General Meeting will take place in Aarhus, Denmark. The notice convening the meeting will be disclosed on Wednesday, 27 February 2019.

Vestas' management structure



Shareholder rights

The right of a shareholder to attend a general meeting and to vote is determined by holding of shares at the record date. The record date is defined as one week before the general meeting. The number of shares held by each shareholder at the record date is calculated on the basis of registration of the shareholder's ownership in the register of shareholders (or notifications about ownership received by the company, but which has not yet been registered in Vestas' register of shareholders).

Shareholders who wish to attend a general meeting must notify Vestas of their attendance no later than three days before the general meeting in question.

Vestas has a single class of shares, and no shares carry any special rights. Each share carries one vote. Proposals put to the vote are adopted by a simple majority of votes, unless the Danish Companies Act or the Articles of association prescribe special rules regarding the adoption. Amendments to the Articles of association, dissolution, demerger, and merger, which under Danish law must be passed by the general meeting, can only be passed by a majority of no less than two-thirds of all votes cast and of the voting capital represented at the general meeting unless otherwise prescribed by the Danish Companies Act.

An overview of the votes cast at the Annual General Meeting in April 2018 is available at the corporate website.

Audit

Vestas' annual report is audited by an independent external audit firm elected annually by the shareholders at the annual general meeting. Retiring auditors are eligible for re-election.

The auditor is obligated to act in the interest of the shareholders, as well as the public. The Board and Executive Management grant the auditor access to make any investigations, they find necessary, and ensure that the auditor receives the information and the assistance needed for them to exercise their duties. The Board maintains a regular dialogue with the auditor, however, it is the responsibility of the Audit Committee to make arrangements for the necessary exchange of information.

The external auditor attends all meetings of the Audit Committee, as well as the meeting of the Board at which the annual report is adopted. In 2018, the auditor participated in one meeting with the Board and in five meetings with the Audit Committee.

The contractual basis and thereby the scope of the auditor's work as well as the auditor's fee is agreed between the Board and the auditor based upon a recommendation from the Audit Committee. Any non-audit related services provided by the auditor are agreed with the Finance Management according to policy approved by the Audit Committee. Such non-audit services are reported to the Audit Committee and reviewed on a quarterly basis. Moreover, the Board once a year determines the general framework for the supply by the auditor of non-audit related services in order to ensure independence on the part of the auditor.

For the Independent Auditor's Report and the Independent Auditor's Limited Assurance Report regarding this annual report, see pages 103 and 106.

Appointment of the auditors

PricewaterhouseCoopers has been the auditor of the listed company, Vestas Wind Systems A/S, since 1998.

The last public call to tender was made to all auditors for the audit of the 2009 consolidated financial statement, in line with the EU regulation 537/2014 of 16 April 2014. Based on the results of the tendering process, the Audit Committee recommended to the Board that it proposed PricewaterhouseCoopers for election in 2010. After completing the tendering process, PricewaterhouseCoopers can therefore be proposed for election at the annual general meeting as Vestas' auditor without further tendering processes up to and including the business year 2023.

In April 2018, the Annual General Meeting re-elected PricewaterhouseCoopers as Vestas' external auditor for the financial year 2018.

Policy for audit and non-audit services

One area of particular focus in corporate governance is the independence of the auditor. The Vestas Group's auditor may be used, within certain parameters, for certain non-audit services, and they may often be the preferable choice due to business knowledge, confidentiality, and cost considerations.

Vestas has a policy for non-audit services ensuring that the additional services do not impair the auditor's independence or objectivity. The Audit Committee is responsible for the development and maintenance of this policy and monitors compliance.

During 2018, audit and non-audit services provided by the Vestas' auditors globally totalled EUR 4m, for more details about the audit fee see note 6.1 in the Consolidated financial statements, page 090.

Internal audit

Once a year, the Audit Committee assesses the need for an internal audit function. The committee found that it was not necessary to establish an internal audit function in 2018.

Board of Directors

Pursuant to the company's Articles of association, the company is managed by a Board composed of 5-10 members elected by the general meeting and a number of representatives elected by the employees.

Composition and election of the Board

Board members elected by the general meeting may be recommended for election by the shareholders or by the Board. They serve a one-year term and may be re-elected. The most recent ordinary election of employee representatives for the Board took place in 2016. They serve for a statutory four-year term and are up for election in 2020.

When proposing candidates for board membership, the Board seeks to ensure that it is possible for the general meeting to elect a continuing Board that:

- is able to act independently of special interests;
- represents a balance between continuity and renewal;
- matches the company's situation;

- is knowledgeable of the industry and has the business and financial competencies necessary to ensure that the Board can perform its duties in the best way possible; and,
- reflects the competencies and experience required in order to manage a company with shares registered for trade on a stock exchange and fulfil its obligations as a listed company.

When proposing new Board candidates, the Board pursues the goal of having several nationalities of both genders represented, and a diverse age distribution. However, these goals must not compromise the other recruitment criteria. The statutory report on gender distribution is available at the corporate website.

In April 2018, the Annual General Meeting re-elected all members of the Board and in addition, the shareholders decided to extend the Board with an additional member – Mr Jens Hesselberg Lund. After the Annual General Meeting, the Board held a statutory board meeting. At the meeting, Mr Bert Nordberg was re-elected as Chairman of the Board and Mr Lars Josefsson was re-elected as Deputy Chairman of the Board.

In July 2018, Ms Lykke Friis decided to step down from the Board.

As at 31 December 2018, the Board consisted of 12 members, of which eight were elected by the shareholders and four by the employees in Denmark. Read more about the composition of the Board on page 044.

The Board met 11 times during 2018, including a two-day strategy seminar.

The Board's responsibility

The Board is responsible for the overall operation of Vestas and, through the independent oversight of management, accountable to shareholders for the performance of the business. It also deals with the overall and strategic management of the company, including:

- appointing the Executive Management;
- laying down guidelines for and exercising control of the work performed by the Executive Management;
- ensuring responsible organisation of the company's business;
- defining the company's business concept and strategy;
- ensuring satisfactory financial organisation and reporting;
- ensuring the necessary procedures for risk management and internal controls; and
- ensuring that an adequate capital contingency programme is in place at all times.

In cooperation with the Executive Management, the Board establishes and approves overall policies, procedures and controls in key areas, not least in relation to the financial reporting. This requires a well-defined organisational structure, unambiguous reporting lines, authorisation and certification procedures, and adequate segregation of duties.

Board committees

The purpose of Vestas' board committees is to prepare decisions and recommendations for consideration and approval by the entire Board. The committees are not authorised to make independent decisions; instead they report and make recommendations to the entire Board. Vestas has established three permanent board committees and all members of the committees are elected by the Board from among its members. Information about the members of each committee, charters, and an overview of their activities in 2018 are available at the corporate website.

Duties of the board committees

The Audit Committee – supports the Board in assessments and controls relating to auditing, accounting policies, systems of internal controls, financial reporting, procedures for handling complaints regarding accounting and auditing, the need for an internal audit function, and Vestas' ethics and anticorruption programmes.

The Nomination & Compensation Committee – supports the Board in evaluation of the performance and achievement of the Board and Executive Management and overall staff-related topics, including assessment of remuneration.

The Technology & Manufacturing Committee – assists the Board in assessing technological matters, IPR strategy, and product development plans. The committee also supports the Board in matters concerning production, monitors and evaluates the short- and long-term manufacturing footprint, evaluates sustainability performance, and gives support to forums such as Vestas' Product Portfolio Council, Product Value Chain Board, and Product Portfolio Board, which also handle prioritisation of and investments in innovation and concept development.

Assessment of the work performed by the Board

Once a year, the Board evaluates its working methods, the results of its work, and the skills of its members, including whether each board member participates actively in board discussions and contributes with independent judgement.

In October 2018, the three board committees evaluated their performance for 2018. The evaluations were conducted as an open dialogue among the members of the committees and facilitated internally by the chairmen. An evaluation form was made available to guide the members of the committees in their preparation and to make sure that all relevant issues were touched upon in connection with the evaluations. The assessment included an evaluation of: the working climate and cooperation, competence, board work, and role of the chairman. The self-assessment revealed a good collaboration in each of the committees and between the committees and the Executive Management.

Vestas has in November 2018 engaged with an external partner to undertake an external assessment of the Board as a result of changes made to the Danish Corporate Governance Code. Going forward Vestas will include external assistance to perform an evaluation of the Board at least every third year.

The main conclusions from the external partner is that Vestas has a Board with a clear understanding of current role and responsibilities. The external partner brings key recommendations for the Board to perform a skills audit to understand key capabilities required on the Board both now and in the future. The current capabilities among the members could be reviewed taking into account maintaining the diverse range of skills, experience and styles of Board members.

The Chairman should re-affirm expectations of each Board member specifically relating to the level of contribution and challenge expected during board meetings and strategy sessions. It is recommended to allow the Board to monitor its performance on a more regular basis, with an on-going self-assessment tool.

An evaluation report was prepared for the three committees and a similar report was prepared by the external consultant who performed the self-assessment of the Board – comprising the result of the assessments. These reports are used by the Nomination & Compensation Committee when they propose nomination of members to the Board and members of the board committees.

Remuneration

The remuneration of the Board is approved each year at the annual general meeting.

In 2018, the Board received a remuneration of EUR 1m. Read more about the remuneration on page 039.

Executive Management

The Executive Management of Vestas Wind Systems A/S is appointed by the company's Board and among the members of the Executive Management they have appointed a Chief Executive Officer who is the manager of the day-to-day work of the Executive Management.

Moreover, the Board lays down the distribution of competences among the members of the Executive Management. Executive Management meets at least once a month and often more frequently.

In 2018, the Board has not made any changes to the composition of the Executive Management. Read more about the composition of the Executive Management on page 045.

The Executive Management's responsibilities

Executive Management is responsible for the day-to-day management of the company, observing the guidelines and recommendations issued by the Board. The Executive Management is also responsible for presenting proposals for the company's overall objectives, strategies, and action plans as well as proposals for the overall operating, investment, financing, and liquidity budgets to the Board. Furthermore, they monitor compliance with relevant legislation and other financial reporting regulations and provisions.

Assessment of the work of the Executive Management

The Nomination & Compensation Committee has the responsibility of conducting an annual evaluation of the contributions and results of the individual members of the Executive Management – and the combined Executive Management; and the co-operation between the Board and the Executive Management.

The result of the assessment conducted in 2018 revealed good collaboration between the Board and Executive Management.

Remuneration

The remuneration of the Executive Management is determined by the Board.

In 2018, the Executive Management received a fixed remuneration of EUR 5m and vested 166,812 performance shares. No bonus will be paid out for the financial year 2018. Read more about the remuneration on page 042.

Statutory report on corporate governance

Pursuant to section 107b of the Danish Financial Statements Act and clause 4.3 of "Rules for Issuers of Shares – Nasdaq Copenhagen", listed companies shall give a statement on how they address the recommendations on corporate governance issued by the Danish Committee on Corporate Governance. The recommendations of the report specify that the circumstances of each company will govern the extent to which the recommendations are complied with or not, as the key issue is to create transparency in corporate governance matters.

Vestas' statutory report, which is part of the annual report, is available at vestas.com/investor/corporate_governance#!statutoryreports. Vestas follows all recommendations of the Danish Corporate Governance recommendations except from three recommendations which Vestas partly complies with.

Statutory report on gender distribution

As required in section 99b of the Danish Financial Statements Act, Vestas has a policy to offer all employees equal opportunities and aims for a more equal distribution of gender among employees in leadership positions.

The statutory report is a part of the annual report, and is available at vestas.com/investor/corporate_governancecorporate_governance#!statutoryreports.

Members of the Board of Directors

	Born	Independent	Date of election	Expiry of election period	Share trading in 2018	Number of shares end 2018 ¹⁾
Mr Bert Nordberg	23/03/1956	Yes	March 2012 and re-elected for subsequent terms, most recently in 2018	2019	0	14,600
Mr Lars Josefsson	31/05/1953	Yes	March 2012 and re-elected for subsequent terms, most recently in 2018	2019	0	3,500
Mr Carsten Bjerg	12/11/1959	Yes	March 2011 and re-elected for subsequent terms, most recently in 2018	2019	0	4,019
Ms Eija Pitkänen	23/04/1961	Yes	March 2012 and re-elected for subsequent terms, most recently in 2018	2019	+150	1,400
Mr Henrik Andersen	31/12/1967	Yes	March 2013 and re-elected for subsequent terms, most recently in 2018	2019	0	12,700
Mr Henry Sténson	10/06/1955	Yes	March 2013 and re-elected for subsequent terms, most recently in 2018	2019	0	5,000
Mr Jens Hesselberg Lund	08/11/1969	Yes	April 2018	2019	0	4,000
Mr Kim Hvid Thomsen	08/08/1963	-	May 1996 and re-elected for subsequent terms, most recently in 2016	2020	0	3,710
Mr Michael Abildgaard Lisbjerg	17/09/1974	-	April 2008 and re-elected for subsequent terms, most recently in 2016	2020	0	834
Mr Peter Lindholst	25/02/1971	-	March 2016	2020	0	500
Ms Sussie Dvinge Agerbo	05/10/1970	-	November 2005 and re-elected for subsequent terms, most recently in 2016	2020	0	800
Mr Torben Ballegaard	07/02/1951	Yes	March 2015 and re-elected for subsequent terms, most recently in 2018	2019	0	500

Members of the Executive Management

	Born	Position	Date of appointment	Share trading in 2018	Number of shares end 2018 ¹⁾
Mr Anders Runevad	16/03/1960	Group President & CEO	September 2013	+12,982 ²⁾ -7,270 +27,478 ²⁾ -15,388	26,115
Mr Anders Vedel	06/03/1957	Executive Vice President & CTO	February 2012	+19,470 ²⁾ +13,740 ²⁾ -13,740 ³⁾	46,252
Mr Jean-Marc Lechêne	29/10/1958	Executive Vice President & COO	July 2012	+19,470 ²⁾ -1,000 ³⁾ +13,740 ²⁾ -10,000 -5,000	39,592
Mr Juan Araluce	17/01/1963	Executive Vice President & CSO	February 2012	+19,470 ²⁾ -58,238 +13,740 ²⁾ -13,740	0 ³⁾
Ms Marika Fredriksson	04/11/1963	Executive Vice President & CFO	May 2013	+12,982 ²⁾ -7,270 ³⁾ +13,740 ²⁾ -7,695	17,505

1) The mentioned number of shares includes both own and related parties' total shareholdings.

2) Exercised vested shares in 2018 (DKK 0 per share).

3) Stated as a whole number.

Remuneration report

“ This remuneration report sets out how we have implemented the Remuneration policy and General guidelines for incentive pay approved by the shareholders in 2016. The policy and guidelines aim to secure that the interests of the top management are aligned with the company’s short- and long-term targets which are set to create value for both Vestas and the shareholders.”

Bert Nordberg

Chairman of the Nomination & Compensation Committee

Remuneration aligned to strategy

The Board of Directors of Vestas Wind Systems A/S (the Board) believes in aligning the remuneration policy to the strategic goals and priorities for the company.

The remuneration policy enables Vestas to sustain a talented, agile, and cost-effective organisation continuing the leadership in sustainable energy. The compensation elements described in the Remuneration policy is supporting Vestas in reaching the two strategic mid-term objectives:

- Global leader in wind power plant solutions
- Global leader in wind service solutions

The Remuneration policy describes the different elements included in the remuneration for the Board and the Executive Management. The purpose of the combined remuneration is to ensure motivation and performance management towards the strategic focus areas on both an annual basis (through short-term incentive) and a long-term attention towards value creation for shareholders while ensuring retention and long-term commitment.

The Remuneration policy and the General guidelines for incentive pay are available at the corporate website.

Remuneration linked to the results

The main group of members of the Board was elected in 2011-2013 – and the Executive Management was appointed in 2012-2013. Since then, Vestas has been guided in a clear direction, through a turnaround, and has executed on the Profitable Growth strategy, which the figures for the period shows.

+ 67%

Revenue is one of the four elements in Vestas’ guidance for the year. From 2013 to 2018 revenue increased from EUR 6bn to EUR 10bn – equal to 67 percent.

+ EUR 857m

Another guidance element is operating profit (EBIT) before special items. Since 2013, EBIT has increased from EUR 102m to EUR 959m – an EBIT increase of EUR 857m.

- 59%

Through dedicated efforts of Vestas employees and supervised contractors, Vestas has reduced the rate of total recordable injuries by 59 percent from 2013-2018.

100%

In the last six years Vestas has kept the renewable electricity for own activities at 100 percent.

6 share buy-backs

Since 2013, Vestas has completed six share buy-back programmes – bought back 26,043,094 Vestas shares (DKK 12.2bn) – and cancelled 18,378,510 Vestas shares – and will propose the cancellation of additional 6,794,040 shares at the Annual General Meeting in 2019.

EUR 866m

From 2013-2018, Vestas has in total, paid out EUR 866m in dividend – and are proposing for the fifth time in a row a dividend pay-out at the coming annual general meeting.

With the right composition of the Board, the right members of the Executive Management, and a committed group of employees, Vestas will continue to perform for the benefit of the shareholders but also for the benefit of the environment.

It is therefore very important for the Board to continuously evaluate the composition of its members and of Executive Management to make sure that Vestas has the right composition in its management to lead Vestas into the next decade.

In order to attract and retain a talented management it is important that an attractive compensation is granted while safeguarding the company’s interests through long-term targets, which is in the interest of the shareholders.

Remuneration of the Board

The Board assess the fees paid to the Board annually, according to the recommendations of the Nomination and Compensation Committee. Efforts are made to ensure that the remuneration of the Board matches

the level in comparable companies, whilst also taking into consideration board members' required competencies, efforts, and the scope of the board work, including the number of meetings.

Board members elected by the employees receive the same remuneration as the Board members elected by the general meeting. On any takeover event, retiring Board members will not receive any compensation for their lost board remuneration and similar benefits.

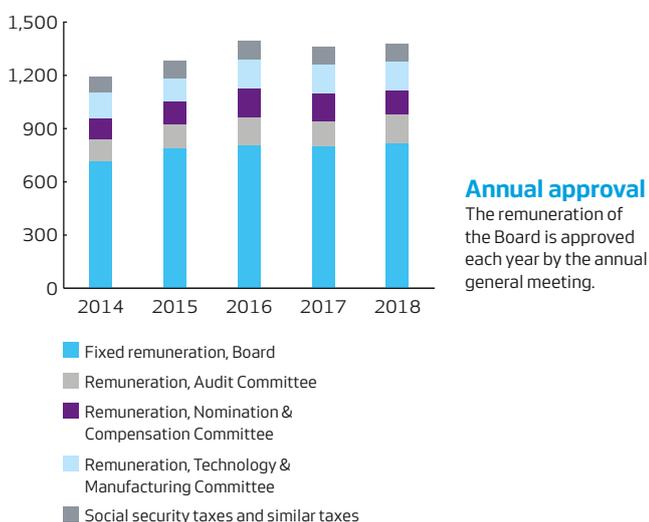
The remuneration of the board members for the past year and the level for the current year is approved by the shareholders at the annual general meeting as two separate items.

The remuneration of the Board consists of five elements: fixed remuneration, committee remuneration, remuneration of ad hoc tasks, social security taxes and similar taxes, and reimbursement of expenses. The Board is not included in incentive programmes or covered by any Vestas pension scheme or a defined benefit pension scheme.

Each element of the remuneration of the Board and detailed information about the remuneration in 2018 is described in the Remuneration report 2018 – Board of Directors, see page 041.

Remuneration of the Board of Directors

tEUR



Remuneration of the Executive Management

The Board believes that a combination of fixed and performance-based pay to the Executive Management helps ensure that the company can attract and retain key employees. The Executive Management is paid partly through variable performance-based elements to motivate performance aligned with short and long-term business targets, and to enable flexible remuneration costs. Furthermore, the variable remuneration is a motivation for management to promote sound business decisions to meet the company's targets and support the strategy.

All members of Executive Management are employed under executive service contracts, and the Board sets the terms within the frames of the contracts.

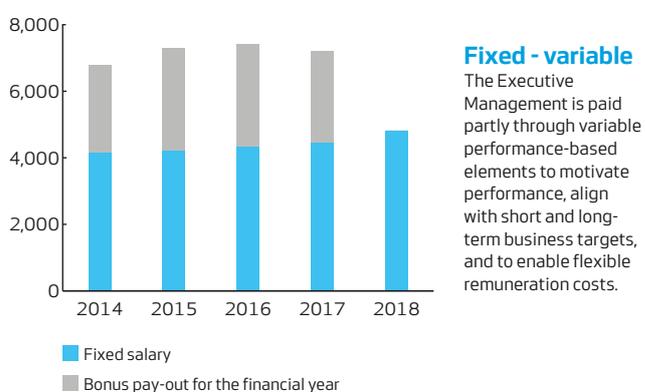
The Nomination & Compensation Committee submits proposals concerning the remuneration of the Executive Management and ensures that the remuneration is in line with the conditions in comparable companies. The proposals are submitted for approval at a board meeting.

In 2017, the Board decided to maintain the structure of the remuneration packages for Executive Management for the financial year 2018. According to the remuneration policy, remuneration consists of the following four elements: fixed salary, cash bonus, share-based incentives, and personal benefits.

Each element of the remuneration of the Executive Management and detailed information about the remuneration in 2018 is found in the Remuneration report – Executive Management 2018, see page 042.

Remuneration of the Executive Management

tEUR



Besides the fixed salary and bonus pay-outs, the members of Executive Management have also been entitled to participation in the restricted performance share programmes for the years 2013-2018. They have been entitled to a target level of shares which has subsequently been performance adjusted, following the terms and conditions of the programmes.

All the performance shares follow the same principles for vesting and are granted to the Executive Management with 50 percent after three years and 50 percent after five years.

Remuneration report 2018

Board of Directors

This report describes the remuneration of the Board of Directors of Vestas Wind Systems A/S (the Board) in 2018.

The level of the remuneration in 2018 remain unchanged – as pre-approved by the shareholders at the Annual General Meeting in 2018 – and will be presented for final approval at the Annual General Meeting in 2019.

According to the Remuneration policy, the remuneration of the Board comprises the following five elements.

Fixed remuneration

Members of the Board receive a fixed cash payment (basic remuneration). The Chairman receives triple basic remuneration and the Deputy Chairman receives double basic remuneration for their extended board duties.

According to the shareholders decision at the Annual General Meeting in 2018, the members of the Board has each received DKK 400,000¹⁾ for the financial year 2018. The Chairman has received DKK 1,200,000 and the Deputy Chairman has received DKK 800,000 for their extended duties.

The Board of Directors is not included in incentive programmes or covered by any Vestas pension scheme or a defined benefit pension scheme.

Committee remuneration

In addition to the basic remuneration, annual committee remuneration is paid to board members who are also members of one of the board committees. The remuneration is determined as a base fee, and the

committee chairman receives an additional remuneration of 80 per cent of the committee remuneration.

For the financial year, in addition to the basic remuneration the members of the Board have received remuneration of DKK 250,000 per membership of a board committee and the chairmen of the committees has received DKK 450,000 for their extended committee duties.

Remuneration for ad hoc tasks

Individual Board members may take on specific ad hoc tasks outside their normal duties assigned by the Board. In each such case, the Board shall determine a fixed remuneration for the work carried out in relation to those tasks. The fixed remuneration will be presented for approval at the following Annual General Meeting.

Social security taxes and similar taxes

In addition to the remuneration, the company may pay social security taxes and similar taxes imposed by non-Danish authorities in relation to the remuneration.

Reimbursement of expenses

Actual expenses defrayed in connection with board and committee meetings are reimbursed.

Remuneration for the financial year²⁾

DKK

	Board		Committees		Adhoc task remuneration	Social security taxes and similar taxes	Reimbursement of expenses	mDKK		
	Fixed remuneration	Meetings	Remuneration(s)	Meetings				Total 2018	Total 2017	Total 2016
Bert Nordberg	1,200,000	11/11	450,000	5/5	-	346,040	147,313	2,143,353	2.2	2.1
Lars Josefsson	800,000	11/11	700,000	4/4 + 5/5	-	314,582	18,336	1,832,918	1.8	1.8
Carsten Bjerg	400,000	11/11	500,000	4/4 + 5/5	-	-	9,427	909,427	0.9	0.9
Eija Pitkänen	400,000	11/11	250,000	4/4	-	-	-	650,000	0.7	0.7
Henrik Andersen	400,000	10/11	700,000	5/5 + 5/5	-	-	-	1,100,000	1.1	0.5
Henry Sténson	400,000	11/11	-	-	-	83,888	-	483,888	0.7	0.7
Jens Hesselberg Lund ³⁾	400,000	8/8	250,000	4/4	-	-	-	650,000	-	-
Kim Hvid Thomsen	400,000	11/11	250,000	4/4	-	-	-	650,000	0.7	0.7
Michael Abildgaard										
Lisbjerg	400,000	11/11	-	-	-	-	-	400,000	0.4	0.4
Peter Lindholst	400,000	11/11	-	-	-	-	-	400,000	0.4	0.4
Sussie Dvinge Agerbo	400,000	11/11	-	-	-	-	-	400,000	0.4	0.4
Torben Ballegaard	400,000	10/11	250,000	5/5	-	-	-	650,000	0.7	0.4

1) The company may also pay social security taxes and similar taxes which are being levied by non-Danish authorities in relation to the remuneration for membership of the Board or a board committee.

2) Only, members of the Board are included in the table. Ms Lykke Friis was a member of the Board until 6 July 2018.

3) Joined on 3 April 2018.

Remuneration report 2018

Executive Management

The Board of Directors (the Board) believes that a combination of fixed and performance-based pay to the Executive Management helps ensure that the company can attract and retain key employees.

According to the Remuneration policy, the remuneration of the Executive Management of Vestas Wind Systems A/S comprises the following four elements.

Fixed salary

The fixed salary is based on market level and is continuously reviewed by the Nomination & Compensation Committee against comparable positions.

The Executive Management is not covered by Vestas' employer administered pension plan or a defined benefit pension scheme, nor do members of Executive Management receive remuneration for ad hoc tasks or receive any remuneration for directorships held in Vestas Wind Systems A/S' subsidiaries or its joint ventures.

In 2018, the Executive Management received a fixed remuneration of EUR 5m.

Cash bonus

Members of the Executive Management participate in a bonus programme rewarding annual performance of selected key performance indicators (KPIs).

The bonus is paid out annually after adoption of the annual report for the relevant financial year, ref. the General guidelines for incentive pay.

The bonus pay-out-level is defined by a weighted target achievement and is capped at a certain percentage of the fixed salary with the target and maximum pay-out levels set at 50 percent and 75 percent of the annual base salary, respectively.

The bonus programme is based on target achievement of a number of selected KPIs. Vestas executive management actively engage in an annual process in prioritising and defining the KPIs relevant for the coming performance year to be presented for the Nomination and Compensation Committee for final approval.

With the strategy and key priorities for the coming performance year as guiding indicators, the Nomination & Compensation Committee approves the selected KPIs for the Executive Management.

The Executive Management is measured on the overall Group's results with the financial KPIs; EBIT, revenue, and cash flow along with selected strategic shared KPIs as well as individual KPIs reflecting their area of

responsibility. KPIs and the corresponding annual targets are approved by the Nomination & Compensation Committee. No pay-out will be made if the target for EBIT is not met at the defined minimum acceptable performance level.

Based on the results achieved in 2018, no global bonus will be paid in 2019 to the Executive Management or other employees for the performance year 2018.

Share-based incentives

The purpose of Vestas share incentives is to strengthen the alignment between Vestas top management and the interests of the company's shareholders, to promote long-term performance, as well as to retain the executive talents.

The intention of the share incentives is to ensure value creation and fulfilment of the company's long-term goals, and the programme contains elements of both short- and long-term performance. The incentive programme is based on restricted performance shares conditional upon continued employment at the time of vesting three to five years after the announcement of the programme.

For any single financial year, the Executive Management may be granted restricted performance shares based on achievement of selected KPIs approved by the Nomination and Compensation Committee. The KPIs may be based on financial measurements as well as Vestas' market share as defined by the Board.

Share-based incentive programme 2018

In May 2018, the Board announced that it had decided to continue the share-based incentive programme for all participants, including the Executive Management, and launch a new programme for 2018 based on the same terms and conditions governing the restricted performance share programme for the year 2017, ref. the Remuneration policy and the General guidelines for incentive pay.

Number of shares

The number of shares to be granted is based on a defined target level for each position. No payments for any grants are made by the participants. If all KPIs are reached on target level, a total of 320,000 shares will be granted from the programme with a total present value calculated based on the current share price amounting to EUR 18m (value at close of Nasdaq Copenhagen on 16 April 2018).

Share-based incentive programmes for the Executive Management

Total outstanding share per year for vesting (performance adjusted until year 2018)

	2019	2020	2021	2022	2023
Share-based incentive programme 2014	80,616	-	-	-	-
Share-based incentive programme 2015	-	82,438	-	-	-
Share-based incentive programme 2016	45,237	-	45,237	-	-
Share-based incentive programme 2017	-	37,262	-	37,262	-
Share-based incentive programme 2018	-	-	35,116	-	35,116

The actual number of restricted performance shares available for distribution may range between 0 and 150 percent of the target level and is determined by Vestas' performance in the financial years 2018, 2019, and 2020. The maximum grant of shares under the programme in total is 480,000 shares based on full performance achievement.

The number of shares that may be granted the combined Executive Management will as previous programmes follow the General guidelines for incentive pay, allowing up to a total of 120,000 shares for target achievement.

The 2018 target number of shares corresponds to approx. 110 percent of the annual base salary for the Executive Management.

The performance adjustments for the financial year 2018 will be communicated to all participants in the respective share incentive programmes when results of all KPIs are available in April 2019.

Time of grant

The shares are to vest and be granted to the participants in 2021 and 2023.

Key performance indicators

The KPIs for all three performance years are based on financial targets including Earnings per share, Return on Capital Employed, Vestas' market share, as well as commercial targets for relevant participants. All KPIs and targets are defined by the Nomination and Compensation Committee.

The KPIs for the share incentive programme are evaluated regularly by the Nomination & Compensation Committee ensuring alignment to Vestas strategy and long-term value creation.

Conditions

The restricted performance shares are governed by the specific terms and conditions of the programme and subject to mandatory law. If a participant chooses to leave Vestas before the time of grant, the participant's rights to receive shares will generally lapse.

Adjustments to the programme

The number of shares available for grant and the calculation of the KPIs may be adjusted in the event of certain changes in Vestas' capital structure. In addition, calculation of the KPIs may be adjusted for certain non-operational events. Further, in the event of a change of control, merger, winding-up or demerger of Vestas, an accelerated grant may extraordinarily take place. In the event of certain transfers of activities or changes in ownership interests within Vestas, adjustment, replacement of the programme and/or settlement in cash of the programme entirely or partly may also take place.

Further information, see note 6.2 in the Consolidated financial statements, page 090.

Personal benefits

Members of the Executive Management have access to a number of work-related benefits, including company car, free telephony, broadband at home, and work-related newspapers and magazines.

Remuneration of the Executive Management

	2018	2017	2016
Fixed salary (EUR)	4,650,779	4,508,518	4,379,945
Cash bonus for the year (EUR)	-	2,730,234	3,085,366
Exercised share options in the year (number)	-	-	58,336
Vested performance shares in the year (number)	166,812	77,923	108,891



Fiduciary positions

The members of the Board of Directors and the Executive Management have informed the company of the following competencies and fiduciary positions in Danish and foreign listed and non-listed companies, and organisations.

Name and title	Positions in Vestas	Fiduciary positions	Positions of trust	Special competencies
Bert Nordberg Professional board member	<ul style="list-style-type: none"> Chairman of the Board of Directors Chairman of the Nomination & Compensation Committee 	<p>Chairman of the boards of Sigma Connectivity AB and TDC A/S.</p> <p>Member of the boards of AB Electrolux^{1) 2)}, Essity AB²⁾, Saab Group AB²⁾, and Svenska Cellulosa Aktiebolaget SCA²⁾.</p>		Special competence in restructuring, services and infrastructure business; several years of international business experience; development market knowledge.
Lars Josefsson Independent consultant	<ul style="list-style-type: none"> Deputy Chairman of the Board of Directors Chairman of the Technology & Manufacturing Committee Member of the Nomination & Compensation Committee 	<p>Chairman of the boards of Ouman Oy and TimeZynk AB.</p> <p>Member of the boards of Holmen AB²⁾ and Metso Oyj²⁾.</p>		In-depth knowledge of managing international companies including research and development, technology and production.
Carsten Bjerg Professional board member	<ul style="list-style-type: none"> Member of the Board of Directors Member of the Technology & Manufacturing Committee Member of the Audit Committee 	<p>Chairman of the boards of Hydrema Holding ApS, Bogballe A/S and Bogballe Investment A/S, Ellepot A/S, Ellegaard Investment I A/S and Ellegaard Investment II A/S, Guldager A/S and CapHold Guldager ApS, Robco Engineering A/S and Robco Engineering Investment A/S - and PCH Engineering A/S and PCH Investment A/S.</p> <p>Deputy chairman of the board of Rockwool International A/S²⁾.</p> <p>Member of the boards of Agrometer A/S, Agrometer Investment A/S, Dansk Smede- og Maskinteknik A/S and IBP H ApS - and TCM Group A/S²⁾, TCM Group Investment ApS and TMK A/S.</p>		In-depth knowledge of managing an international group including thorough knowledge of R&D, manufacturing, and strategic management.
Eija Pitkänen Sustainability, Ethics & Compliance Officer, Risk Officer, Telia	<ul style="list-style-type: none"> Member of the Board of Directors Member of the Technology & Manufacturing Committee 	Member of the board of Finnish Refugee Council.		Extensive international experience in developing and executing global sustainability strategies as part of business in several international companies.
Henrik Andersen Group President & CEO of Hempel A/S	<ul style="list-style-type: none"> Member of the Board of Directors Chairman of the Audit Committee³⁾ Member of the Nomination & Compensation Committee 	<p>Chairman and member of the boards of several subsidiaries of the Hempel Group.</p> <p>Member of the board of H. Lundbeck A/S²⁾.</p>	<p>Chairman of the audit committee of H. Lundbeck A/S²⁾.</p> <p>Member of the investment committee Maj Invest Equity 4 & 5 K/S.</p>	In-depth knowledge of accounting, finance and capital markets, international business experience including restructuring and strategic management of international companies.
Henry Sténson Professional board member	<ul style="list-style-type: none"> Member of the Board of Directors 	<p>Member of the advisory board of Braathens Regional Aviation.</p> <p>Member of the board of Triboron International AB.</p>		More than 20 years' experience from executive teams in global business and extensive experience from communications with media, capital markets and international public affairs. Furthermore, experience from industrial turnaround processes and crisis management.
Jens Hesselberg Lund Group CFO of DSV A/S ²⁾	<ul style="list-style-type: none"> Member of the Board of Directors Member of the Audit Committee 	<p>Chairman of the boards of three subsidiaries of the DSV Group.</p> <p>Deputy chairman of five subsidiaries of the DSV Group.</p>		In-depth knowledge of accounting, finance and capital markets and management of an international and listed company.

1) Mr Bert Nordberg will not stand for re-election as member of the board at the next annual general meeting.

2) Company listed on a stock exchange.

3) Fulfills the demand for qualifications within financial accounting and meets the definition of independence of audit committee members as set out in the Danish Auditors Act.

Name and title	Positions in Vestas	Fiduciary positions	Positions of trust	Special competencies
Kim Hvid Thomsen HR Business Partner, People & Culture, Vestas Wind Systems A/S ¹⁾	· Member of the Board of Directors (elected by Group employees) · Member of the Technology & Manufacturing Committee			In-depth knowledge of production processes and human resources, etc. of Vestas.
Michael Abildgaard Lisbjerg Senior Shop Steward and Skilled Worker, Production, Vestas Manufacturing A/S	· Member of the Board of Directors (elected by Group employees)	Deputy chairman of the boards of DM Skjern-Ringkøbing P/S and DMSR af 24. oktober 2016 ApS.		In-depth knowledge of production processes and human resources, etc. of Vestas.
Peter Lindholst Vice President, Concept Development, Power Solutions, Vestas Wind Systems A/S ¹⁾	· Member of the Board of Directors (elected by company employees)			In-depth knowledge of wind turbine design and innovation, and experience from Vestas in managing research and development activities in an international set-up.
Sussie Dvinge Agerbo Management Assistant, Power Solutions, Vestas Wind Systems A/S ¹⁾	· Member of the Board of Directors (elected by company employees)			In-depth knowledge of project management and organizational structures including human resources and staff development.
Torben Ballegaard Professional board member	· Member of the Board of Directors · Member of the Audit Committee	Chairman of the boards of Dena A/S, Liquid Vanity ApS, Sofaco Holding ApS, and Sofaco International ApS. Deputy chairman of the boards of Egmont International Holding A/S including its subsidiaries and Nowaco A/S. Member of the boards of Ejendomsselskabet Gothersgade 55 ApS and Ejendomsselskabet Vognmagergade 11 ApS.	Chairman of the Foundation Capnova Invest Zealand and the Musikteatret-Holstebro Foundation. Deputy chairman of the Egmont Foundation.	Experience from growth and continuous improvement of global and complex industrial organizations. Leadership development. Product and business innovation and strategic execution. International sales and marketing. Value adding board work, financial controlling, and interaction with capital markets.

Name and title	Position in Vestas	Fiduciary positions	Positions of trust
Anders Runevad	· Group President & CEO	Chairman of the board of MHI Vestas Offshore Wind A/S. Member of the boards of Nilfisk Holding A/S ¹⁾ and Schneider Electric ¹⁾ .	Member of The General Council of the Confederation of Danish Industries and The Industrial Policy Committee of the Confederation of Danish Industries.
Anders Vedel	· Executive Vice President & CTO	Member of the boards of Hvide Sande Havn Energy ApS and MHI Vestas Offshore Wind A/S.	
Jean-Marc Lechêne	· Executive Vice President & COO	Chairman of the board of Norican A/S. Member of the board of Velux A/S.	
Juan Araluce	· Executive Vice President & CSO	Member of the board of MHI Vestas Offshore Wind A/S.	
Marika Fredriksson	· Executive Vice President & CFO	Member of the boards of Sandvik AB ¹⁾ and SSAB ¹⁾ .	Chairman of the audit committee of SSAB ¹⁾ .

1) Company listed on a stock exchange.

Risk Management

Risk management at Vestas

Being a multinational company and global leader in sustainable energy solutions, Vestas is exposed to a variety of risks in the daily business.

To create shareholder value and achieve its strategic objectives, Vestas must take risks and at the same time actively ensure that such risks are understood, monitored, and managed to ensure that they do not adversely impact the realisation of Vestas' strategic and financial targets.

In order to support decision making, Vestas has integrated a corporate Enterprise Risk Management (ERM) framework. The ERM framework is a holistic, consistent, and continuous approach to managing Vestas' risk exposure and covers risks across the entire organisation, structured and sorted between three types of risks – persistent, current, and risks related to Vestas' Corporate Strategy. ERM is not only about identification, evaluation, and management of the individual risks, but also about communication and providing the necessary foundation for making business decisions.

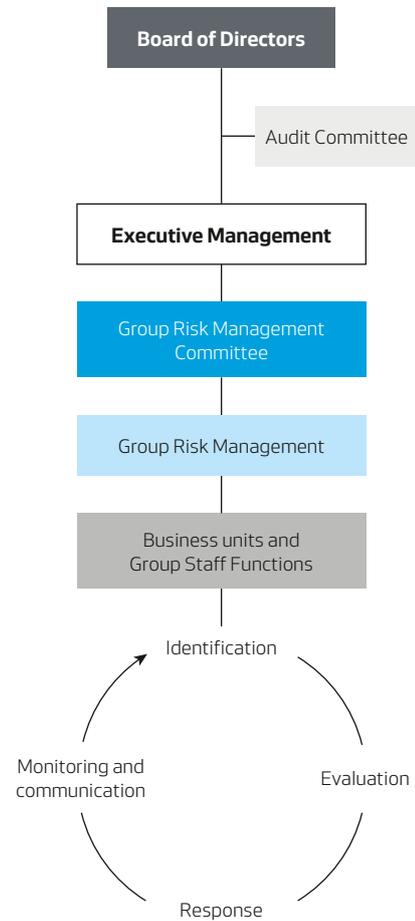
Governance

Risk management is the responsibility of everyone at Vestas and all parts of the organisation work with risk management as part of the daily operation. According to the Vestas ERM framework, the risk reporting is conducted on a quarterly basis. Relevant risks across all business units and functions are formally identified, assessed, and reported to Group Risk Management using the Vestas risk criteria in line with the risk management framework.

Each quarter, key risks are discussed in the Group Risk Management Committee, including the status and risk exposure of each risk, and an evaluation of mitigation activities for potential implementation. The committee is chaired by the Executive Vice President and CFO of Vestas Wind Systems A/S and includes other senior management members from relevant parts of the business.

A summary of the key risks is presented to the Executive Management three times a year, and on a semi-annual basis the Board of Directors reviews the key risks.

Risk management



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Defined risks for the financial year 2018

As mentioned, Vestas is exposed to a number of financial risks and main risks, why the monitoring and control of these risks is important for Vestas.

Financial risks

In 2018, the management has assessed the following as Vestas' key financial risks: liquidity risk, credit risk, market risk (foreign exchange), market risk (interest risk), and market risk (commodity price) all addressed in the notes to the Consolidated financial statements, see page 078.

Main risks

The management has assessed several risks which are monitored closely. Out of these risks three have been defined as main risks for the financial year 2018:

- cyber risks,
- adapting to markets with greater complexity, and
- trade wars.

These risks are further described below.

Cyber risks

Description

Vestas' dependence on its commercial, technical, and operational IT infrastructure is significant and hence, Vestas is exposed to potential loss or harm related to this.

Impact

Risks include economical theft and theft of intellectual property rights or personal data, which may result in monetary losses in the form of lost business opportunities or fines and penalties from authorities.

Malicious hacking activities can in addition harm the infrastructure and create physical loss of property and consequential difficulties for Vestas to meet its contractual obligations.

Mitigation

Vestas works systematically to educate its organisation in methods to address exposure and is continuously working on improving the technical ability to protect against, detect and respond to any attempts to enter its commercial, technical, and operational IT infrastructure.

Adapting to markets with greater complexity

Description

A number of the markets in which Vestas is exploring business opportunities have characteristics, that differ from the more mature markets. Some of the main risk areas to be understood and addressed are:

- Security in relation to employees and subcontractors
- Impacts to local communities near construction of wind farms
- Corruption in the country or sector
- Sanctions and export control according to international law
- Protection of intellectual property rights

Impact

The adverse impacts related to risks in complex markets are many and different but amongst others, adverse reputational impact or legal implications may occur if risks are not mitigated.

Risks related to intellectual property rights may, amongst others, lead to reductions in the competitive positioning of Vestas, whereas other risks may prevent Vestas from engaging in business relationships or undertaking projects.

Mitigation

To prevent and mitigate potential risks within these areas, Vestas uses a stage gate-based process to systematically evaluate and adapt the project offering during the contracting, construction, and servicing phases of the projects.

Trade wars

Description

During 2018, several countries have imposed tariffs on traded goods. Among these, the USA has implemented tariffs both on commodities, as well as on specific imported goods coming into the USA. Considering the amount of steel and many key parts in a wind turbine, Vestas is naturally not immune to those kinds of tariffs.

Impact

As a consequence of the implementation of tariffs, prices of both domestically sourced material and imported components are expected to go up. This could lead to increased energy costs.

Mitigation

Vestas continuously works to minimise the impact from existing and potential tariffs by leveraging its global footprint and procurement options as well as the entire value chain. The eventual impact obviously depends on numerous factors and with details changing daily, Vestas continues to monitor and explore multiple avenues of mitigating the impacts.