

In brief

2018 at a glance



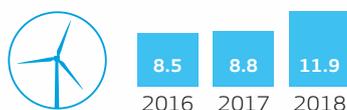
Vestas became the first company to install 100 GW of wind turbines.

Highest order intake ever

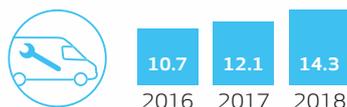
14.2 GW

All-time high order backlog

Wind turbine (bnEUR)



Service (bnEUR)



Largest offshore project ever

950 MW

MHI Vestas Offshore Wind received 950 MW order in the UK.

Performance within guidance

| | Realised | Guidance |
|--------------------------------------|----------|-------------|
| Revenue (bnEUR) | 10.1 | 10.0-10.5 |
| EBIT margin before special items (%) | 9.5 | 9.5-10.5 |
| Total Investments* (mEUR) | 603 | approx. 600 |
| Free cash flow* (mEUR) | 418 | approx. 400 |

* Excl. any investments in marketable securities, short-term financial investments, and the acquisition of Utopus Insights, Inc.

Service EBIT margin

25.2%

Strongest performance ever.

Dividend

EUR 205m

The Board recommends a dividend of DKK 7.44 per share be paid for the financial year 2018.

Share buy-back programmes

EUR 402m

Bought back 7.0m Vestas shares at a total value of EUR 402m.

Acquisition of Utopus

Acquired Utopus Insights, Inc., a leading energy analytics and digital solution company.

Reduction in injuries

Reduced the rate of total recordable injuries by 25 percent.

Letter from the Chairman & the CEO

Continued leadership

A remarkable 2018, where both Vestas and the industry reached new milestones, has come to an end and we have entered a new year that could set the industry's direction for the future. While Vestas continued to lead the industry on key parameters such as sales, profitability, and technology, the industry continued its transition towards more complex and market-based mechanisms. In the coming years, we must build on these achievements and adapt to the new reality in order to realise our vision as the Global Leader in Sustainable Energy Solutions and help create a world powered by sustainable energy.

Together with our customers and partners, we are leading the way in transforming renewable energy into mainstream energy, hereby removing hundreds of millions of tonnes of CO₂ from our atmosphere, and helping the world meet its growing energy needs sustainably.

The 100 GW milestone

2018, was a year of many highlights. We broke our order record again; we entered into new markets; we introduced new technology solutions; expanded our footprint and ramped up manufacturing; and we took a leap within digitalisation with the acquisition of Utopus Insights. To us, the biggest highlight in 2018, which we are very proud of, was that we became the first company to install 100 GW of wind turbines when we completed the 250 MW Arbor Hill project in the USA for MidAmerican Energy Company.

Vestas pioneered wind energy 40 years ago and to install 100 GW in around 80 countries across six continents is something we should be proud of. The 100 GW has been made possible through our relentless commitment to design and deliver wind energy solutions all over the world. A commitment that everyone in Vestas has shown throughout the years. A well-deserved congratulation to everyone, past and present, who has helped Vestas reach this important milestone.

Looking ahead

Today, wind energy has manifested itself as the cheapest source of electricity in many markets, which through increased efficiency has helped wind and solar reach 1,000 GW of installed capacity by 2018. This highlights the tremendous progress the industry has made in the last 40 years, but also why it is more important than ever that we continue to lead the industry.

With more than 101 GW of installed wind turbines, Vestas has installed around 20 percent of all wind capacity in the world, but with the next 1,000 GW of wind and solar expected to be installed by 2023, we need to remain focused on executing our commitments and priorities in the short term. By doing so, we sustain and strengthen the foundation that enables us to develop the sustainable energy solutions our customers and stakeholders need in the future.

From this foundation, we can strengthen our core within wind energy products, services, and solutions, and combine with other renewable technologies; build on our industry-leading wind and weather data to introduce new digital solutions; leverage our unique global reach, scope and size to enter and win new growth markets; as well as understand and work with new and existing customers to deliver best-in-class sustainable energy solutions.

The 100 GW milestone proves that we have the innovative spirit, the persistence, the boldness and the aspiration to solve big challenges, enabling us to be the global leader in sustainable energy today and in the future.

Shareholder value is a top priority

Our financial performance in 2018, allowed us to continue returning value to our shareholders, as demonstrated by our dividend pay-out and completion of two share buy-back programmes. The ambition is to continue to provide value to our shareholders by balancing our capital resources for investments into innovating and industry leading sustainable energy solutions and as well returning excess cash through a combination of dividends and share buy-back programmes.

On that note, we want to thank all our stakeholders for your hard work and support in 2018, and we look forward to continuing our journey together.



“ Wind power has gone from niche to mainstream. The wind sector now needs to progress further to becoming a baseload energy source.”

Bert Nordberg
Chairman of the Board of Directors



“ In a challenging year, Vestas once again manifested its leading position by delivering best-in-class results, profitability, and technology.”

Anders Runevad
Group President & CEO

Outlook

Outlook 2019

Revenue is expected to range between EUR 10.75bn and 12.25bn, including service revenue, which is expected to grow by approx. 10 percent. Vestas expects to achieve an EBIT margin before special items of 8-10 percent with a service EBIT margin of approx. 24 percent.

Total investments¹⁾ are expected to amount to approx. EUR 700m in 2019.

It should be emphasised that Vestas' accounting policies only allow the recognition of revenue when the control has passed to the customer, either at a point in time or over time. Disruptions in production and challenges in relation to shipment of wind turbines and installation hereof, for example bad weather, lack of grid connections, and similar matters, may thus cause delays that could affect Vestas' financial results for 2019. Further, movements in exchange rates from current levels may also impact Vestas' financial results for 2019.

Outlook 2019

| | |
|--|-------------|
| Revenue (bnEUR) | 10.75-12.25 |
| EBIT margin (%) before special items | 8-10 |
| Total investments ¹⁾ (mEUR) | approx. 700 |

1) Excl. any investments in marketable securities and short-term financial investments.

Long-term financial ambitions

Vestas envisions market conditions, which in the long term will reflect wind power having achieved merchant levels in the vast majority of markets. The wind power industry is undergoing a transition towards a more mature, unsubsidised renewable energy industry. This transition leads to a highly competitive market, and will likely drive a further consolidation in the industry. Beyond the transition, a matured market for wind energy creates opportunities for Vestas to leverage and strengthen its leadership position.

Within this context, Vestas is able to present long-term financial ambitions that reflect its projection for market conditions and the presumed result of its strategy – including initiatives that are currently being undertaken.

In the coming years, revenue in the Service segment is expected to grow faster than the market with an EBIT margin of approx. 24 percent. Return on Capital Employed has replaced Return on Invested Capital.

Long-term financial ambitions

| | |
|----------------|---|
| Revenue | Grow faster than the market and be the market leader in revenue |
| EBIT margin | At least 10 percent |
| Free cash flow | Positive each year |
| ROCE | Minimum 20 percent over the cycle |

