

## Company announcement from Vestas Wind Systems A/S

Aarhus, 11 February 2015  
Company announcement No. 7/2015  
Page 1 of 9

### Annual report 2014

#### – Strong performance on all key financial and operational parameters

*Summary: 2014 was the first year in the implementation of Vestas' new strategic plan, Profitable Growth for Vestas, and it proved to be a year of strong performance. Compared to 2013, general performance substantially improved due to a successful execution of the strategic plan combined with a continued focus on the parameters which were at the centre of the previous turnaround plan. Wind turbine order intake increased by 10 per cent in 2014 and the service order backlog increased as well, providing continued evidence of Vestas' strong position in the market.*

*For full year 2014, revenue amounted to EUR 6.9bn, EBIT margin before special items was 8.1 per cent, total investments was EUR 285m, and the free cash flow amounted to EUR 841m. This was all in line with the latest expectations of revenue of EUR 6.4bn-7.0bn, EBIT margin before special items of 7-8 per cent, total investments of approx EUR 250m, and free cash flow around EUR 850m. The activity level and earnings of the period were a result of stable execution throughout the year.*

*The wind turbine order intake increased from 5,964 MW in 2013 to 6,544 MW in 2014 and the value of the service order backlog increased by EUR 0.3bn to EUR 7.0bn, despite the carve-out of the offshore service order backlog during the year.*

*For 2015, Vestas expects revenue to amount to minimum EUR 6.5bn with an EBIT margin before special items of minimum 7 per cent, total investments of approx EUR 300m, and a free cash flow of minimum EUR 400m.*

*As a result of the strong performance during the year, Vestas' capital structure targets have been met and, as per the dividend policy of the company, the Board of Directors recommends to the Annual General Meeting that a dividend of DKK 3.90 per share, equivalent to 29.5 per cent of the net profit for the year, be distributed to the shareholders.*

*"I'm pleased to see that Vestas' financial performance continues to improve, with solid results on all key financial and operational parameters. One year on, the "Profitable Growth for Vestas" strategy is very much on track. Vestas' strong results are creating value for our shareholders, as illustrated by the Board's recommendation to distribute a dividend for the first time since 2002," says Anders Runevad, Group President & CEO. He continues: "I also want to commend the Vestas employees for their tremendous efforts, leading to the strong results we present today".*

### Press and analyst meeting in Copenhagen, Denmark

In connection with the disclosure of the annual report, an information meeting including the strategic update will be held on Wednesday, 11 February 2015 at 10.00 a.m. CET (9.00 a.m. GMT) for analysts, investors and the media at:

Radisson Blu Royal Hotel, Copenhagen  
Hammerichsgade 1  
1611 Copenhagen V  
Denmark

Further details at [www.vestas.com/investor](http://www.vestas.com/investor).

### Contact details

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## Financial figures, Q4 2014 vs. Q4 2013

mEUR

	Q4 2014	Q4 2013	Change
Revenue	2,473	2,361	5%
- of which service revenue*	260	260	-
Gross profit	416	456	(9)%
Gross margin (%)	16.8	19.3	2.5 pp
Profit before financial income and expenses, depreciation and amortisation (EBITDA) before special items	344	337	2%
EBITDA margin (%) before special items	13.9	14.3	(0.4) pp
Operating profit (EBIT) before special items	252	240	5%
EBIT margin (%) before special items	10.2	10.2	-
Net profit/(loss)	194	218	(11)%
Total investments	98	90	9%
Net working capital	(957)	(596)	(361)
Free cash flow	781	816	(4)%

\* The service revenue figure for fourth quarter 2013 includes offshore revenue which is not included in the figures for the fourth quarter 2014. Excluding offshore in the fourth quarter of 2013, growth in the service segment would be 8 per cent year on year.

### Fourth quarter 2014

As expected, the fourth quarter was characterised by high activity levels in terms of revenue and cash generation. This was driven by higher deliveries and a strong order intake in the quarter.

#### Vestas generated revenue of EUR 2,473m – an increase of 5 per cent

- Revenue generation was in line with expectations albeit in the higher end of expectations. The high activity level was a result of a stable execution in terms of installation and transfer of risk combined with favourable weather conditions in December.

#### Gross profit amounted to EUR 416m – a decrease of EUR 40m

- Despite the higher revenue, gross profit and margin were lower than in fourth quarter 2013. This was mainly caused by a less favourable project mix in fourth quarter 2014 and to a lesser extent a relative effect of the unusually favourable execution in fourth quarter 2013.

#### EBIT margin before special items amounted to 10.2 per cent – unchanged from 2013

- Despite the drop in gross margin, the EBIT margin before special items remained at the same level – driven by markedly lower fixed capacity costs in the fourth quarter of 2014 compared to fourth quarter 2013.

#### Total investments amounted to EUR 98m – an increase of EUR 8m

- Investments in the quarter were largely at the same level as in fourth quarter 2013.

#### Vestas reported a free cash flow of EUR 781m – a decrease of 4 per cent

- The free cash flow was impacted by a positive cash effect from net profit during the quarter as well as an improvement in net working capital.

## Financial figures, 2014 vs. 2013

mEUR

	2014	2013	Change
Revenue	6,910	6,084	14%
- of which service revenue*	964	954	1%
Gross profit	1,178	896	31%
Gross margin (%)	17.0	14.7	2.3 pp
Profit before financial income and expenses, depreciation and amortisation (EBITDA) before special items	929	610	52%
EBITDA margin (%) before special items	13.4	10.0	3.4 pp
Operating profit (EBIT) before special items	559	211	165%
EBIT margin (%) before special items	8.1	3.5	4.6 pp
Profit/(loss) before tax	523	(36)	559
Total investments	285	239	46
Net working capital	(957)	(596)	(361)
Free cash flow	841	1,009	(17)%

\* The service revenue figure for 2013 includes offshore revenue which is not included in 2014 figures except for the first quarter. Excluding offshore in both 2013 and 2014, growth in the service segment would be 7 per cent year on year.

### Full year 2014

Vestas' results and financial strength improved substantially again in 2014 driven by the higher activity level, lower fixed capacity costs, improved net working capital and continued low capex requirements.

#### Vestas generated revenue of EUR 6.9bn – an increase of 14 per cent

- The increased activity level was primarily driven by higher activity in the US market, which was Vestas' largest market in 2014, but deliveries to Europe and Africa also increased by around 14 per cent. Revenue for the full year was in the higher end of the guidance interval of EUR 6.4bn-7.0bn, driven by stable execution and delivery performance throughout the year, and in the fourth quarter in particular.

#### Gross profit amounted to EUR 1,178m – an increase of 31 per cent

- The gross profit increase was driven by higher volume as well as better average margins.

#### EBIT margin before special items amounted to 8.1 per cent – an increase of 4.6 percentage points

- EBIT margin before special items more than doubled – driven by improved gross profit, lower fixed capacity costs and lower depreciation and amortisation.

#### Total investments amounted to EUR 285m – an increase of EUR 46m

- Total investments were slightly higher in 2014 than in 2013, mainly driven by tangible investments for V110 and V126 blades as well as capitalised research and development costs.

#### Vestas reported a free cash flow of EUR 841m – a decrease of EUR 168m

- The free cash flow was to a higher extent driven by earnings in 2014 and less from net working capital improvements. As a result of the positive free cash flow and the completed capital increase in February 2014, the net cash position increased by EUR 1,325m during 2014 and Vestas ended 2014 with a net cash position of EUR 1,411m.

## Non-financial figures, 2014 vs. 2013

	2014	2013	Change
<b>Operational figures</b>			
Order intake (bnEUR)	5.8	5.8	-
Order intake (MW)	6,544	5,964	10%
Order backlog – wind turbines (MW)	7,513	7,417	1%
Order backlog – wind turbines (bnEUR)	6.7	6.8	(1)%
Order backlog – service (bnEUR)	7.0	6.7	4%
Produced and shipped – wind turbines (MW)	6,125	4,513	36%
Produced and shipped – wind turbines (number)	2,527	2,025	25%
Deliveries (MW)	6,252	4,862	29%
<b>Social and environmental figures</b>			
Number of employees at the end of the period	19,669	15,497	27%
Global bonus (mEUR)	82	97	(15)%
Incidence of lost time injuries per one million working hours	1.6	2.1	(24)%
Renewable energy (%)	56	56	-

**The incidence of lost time injuries per one million working hours was 1.6 – a reduction of 24 per cent**  
 - This was in line with the target of 1.6. In 2015, the target will be no more than 0.5 incidents of lost time injuries per one million working hours.

**The number of employees was 19,669 – an increase of 27 per cent**  
 - The increase in the number of employees was a result of the ramp-up in activity levels driven by higher demand, in particular in the USA. The increase was predominantly linked to hiring of hourly-paid employees.

**EUR 82m was set aside for bonus to the employees in 2014 – a decrease of EUR 15m**  
 - As the targets for bonus pay-out were achieved in 2014, a global bonus will be paid out to all employees in 2015.

## Outlook 2015

	Outlook 2015
Revenue (bnEUR)	min. 6.5
EBIT margin (%) before special items	min. 7
Total investments (mEUR)	approx 300
Free cash flow (mEUR)	min. 400

### Outlook 2015

Revenue is expected to be minimum EUR 6.5bn including service revenue, which is expected to grow. Vestas expects to achieve an EBIT margin before special items of minimum 7 per cent with the service earnings remaining stable.

Total investments are expected to amount to approx EUR 300m, and the free cash flow is expected to be minimum EUR 400m in 2015.

### Annual General Meeting 2015

The Annual General Meeting of Vestas Wind Systems A/S will be held on 30 March 2015 at 1 p.m. (CET) at the Concert Hall (Musikhuset) in Aarhus, Denmark.

Board member, Jørn Ankær Thomsen, has informed that he will not stand for re-election. The remaining board members elected by the general meeting have all informed the Board that they will stand for re-election. The Board of Directors proposes that Mr Torben Ballegaard Sørensen is elected as new member of the Board of Directors. Mr Sørensen holds an MBA from Aarhus School of Business and is an adjunct professor in the Faculty of Organisation and Management at Aarhus University, Denmark.

The convening for the Annual General Meeting will be disclosed on 2 March 2015.

# Highlights for the Group

mEUR	2014	2013	2012	2011	2010
<b>HIGHLIGHTS</b>					
<b>INCOME STATEMENT</b>					
Revenue	6,910	6,084	7,216	5,836	6,920
Gross profit	1,178	896	796	725	1,175
Profit before financial income and expenses, depreciation and amortisation (EBITDA) before special items	929	610	473	305	747
Operating profit/(loss) (EBIT) before special items	559	211	4	(38)	468
Profit before financial income and expenses, depreciation and amortisation (EBITDA) after special items	977	530	299	305	684
Operating profit/(loss) (EBIT) after special items	607	102	(697)	(60)	310
Profit/(loss) of financial items	(53)	(138)	(14)	(93)	(72)
Profit/(loss) before tax	523	(36)	(713)	(153)	238
Profit/(loss) for the year	392	(82)	(963)	(166)	156
<b>BALANCE SHEET</b>					
Balance sheet total	6,997	5,640	6,972	7,689	7,066
Equity	2,379	1,524	1,622	2,576	2,754
Provisions	390	388	353	329	370
Average interest-bearing position (net)	494	(862)	(1,189)	(990)	(593)
Net working capital	(957)	(596)	233	(71)	672
Investments in property, plant and equipment	163	73	167	406	458
<b>CASH FLOW STATEMENT</b>					
Cash flow from operating activities	1,126	1,248	(73)	840	56
Cash flow from investing activities	(285)	(239)	(286)	(761)	(789)
Free cash flow	841	1,009	(359)	79	(733)
Cash flow from financing activities	389	(1,150)	832	(13)	568
Change in cash at bank and in hand less current portion of bank debt	1,230	(141)	473	66	(165)
<b>RATIOS<sup>1)</sup></b>					
<b>FINANCIAL RATIOS</b>					
Gross margin (%)	17.0	14.7	11.0	12.4	17.0
EBITDA margin (%) before special items	13.4	10.0	6.6	5.2	10.8
EBIT margin (%) before special items	8.1	3.5	0.1	(0.7)	6.8
EBITDA margin (%) after special items	14.1	8.7	4.1	5.2	9.9
EBIT margin (%) after special items	8.8	1.7	(9.7)	(1.0)	4.5
Return on invested capital (ROIC) (%) before special items <sup>2)</sup>	35.3	7.7	0.2	(1.3)	10.8
Solvency ratio (%)	34.0	27.0	23.3	33.5	39.0
Net interest-bearing debt/EBITDA before special items	(1.5)	(0.1)	1.9	1.8	0.8
Return on equity (%)	20.1	(5.2)	(45.9)	(6.2)	5.9
Gearing (%)	25.5	39.9	108.0	35.7	33.2
<b>SHARE RATIOS</b>					
Earnings per share (EUR)	1.8	(0.4)	(4.8)	(0.8)	0.8
Book value per share (EUR)	10.6	7.5	8.0	12.6	13.5
Price / book value (EUR)	2.9	2.9	0.5	0.7	1.7
P / E-value (EUR)	17.2	(53.3)	(0.9)	(10.3)	30.8
Cash flow from operating activities per share (EUR)	5.0	6.1	(0.4)	4.1	0.3
Dividend per share (EUR) <sup>3)</sup>	0.52	0.0	0.0	0.0	0.0
Payout ratio (%) <sup>3)</sup>	29.5	0.0	0.0	0.0	0.0
Share price 31 December (EUR)	30.4	21.5	4.3	8.3	23.6
Average number of shares	221,674,711	203,704,103	203,704,103	203,704,103	203,704,103
Number of shares at the end of the year	224,074,513	203,704,103	203,704,103	203,704,103	203,704,103

1) The ratios have been calculated in accordance with the guidelines from "Den Danske Finansanalytikerforening" (The Danish Society of Financial Analysts) (Recommendations and Financial ratios 2010), ref. note 1 to the consolidated financial statements. Vestas annual report 2014.

2) Adjustment for tax based on expected future effective tax rate of 25 per cent.

3) Based on proposed dividend.

	2014	2013	2012	2011	2010
<b>OPERATIONAL KEY FIGURES</b>					
Order intake (bnEUR)	5.8	5.8	3.8	7.3	8.6
Order intake (MW)	6,544	5,964	3,738	7,397	8,673
Order backlog – wind turbines (bnEUR)	6.7	6.8	7.1	9.6	7.7
Order backlog – service (bnEUR)	7.0	6.7	5.3	3.9	2.8
Produced and shipped wind turbines (MW)	6,125	4,513	6,171	5,054	4,057
Produced and shipped wind turbines (number)	2,527	2,025	2,765	2,571	2,025
Deliveries (MW)	6,252	4,862	6,039	5,217	5,842
<b>SOCIAL AND ENVIRONMENTAL KEY FIGURES<sup>1)2)</sup></b>					
<b>OCCUPATIONAL HEALTH &amp; SAFETY</b>					
Lost time injuries (number)	53	66	110	132	201
– of which fatal injuries (number)	0	1	0	1	0
<b>UTILISATION OF RESOURCES</b>					
Consumption of energy (GWh)	501	586	630	586	578
– of which renewable energy (GWh)	278	325	327	223	242
– of which renewable electricity (GWh)	255	309	310	208	209
Consumption of fresh water (1,000 m <sup>3</sup> )	366	512	581	562	598
<b>WASTE DISPOSAL</b>					
Volume of waste (1,000 tonnes)	51	71	87	89	89
– of which collected for recycling (1,000 tonnes)	27	42	44	48	35
<b>EMISSIONS</b>					
Emission of direct CO <sub>2</sub> (1,000 tonnes)	50	56	59	58	57
Emission of indirect CO <sub>2</sub> (1,000 tonnes)	29	44	59	90	66
<b>LOCAL COMMUNITY</b>					
Environmental accidents (number)	0	0	0	0	0
Breaches of internal inspection conditions (number)	3	1	1	3	3
<b>EMPLOYEES</b>					
Average number of employees	17,905	17,051	21,033	22,926	22,216
Number of employees at the end of the period	19,669	15,497	17,778	22,721	23,252
– of which outside Europe and Africa	8,626	5,861	6,704	8,603	8,127
<b>SOCIAL AND ENVIRONMENTAL INDICATORS<sup>1)2)</sup></b>					
<b>OCCUPATIONAL HEALTH &amp; SAFETY</b>					
Incidence of lost time injuries per one million working hours	1.6	2.1	2.8	3.2	5.0
Absence due to illness among hourly-paid employees (%)	2.3	2.5	2.4	2.3	2.6
Absence due to illness among salaried employees (%)	1.3	1.2	1.1	1.3	1.3
<b>PRODUCTS</b>					
CO <sub>2</sub> savings over the life time on the MW produced and shipped (million tonnes of CO <sub>2</sub> )	173	125	163	133	108
<b>UTILISATION OF RESOURCES</b>					
Renewable energy (%)	56	56	52	38	42
Renewable electricity for own activities (%)	100	100	89	68	74
<b>EMPLOYEES</b>					
Women in Board of Directors <sup>3)</sup> and Executive Management (%)	23	15	8	0	0
Women at management level (%) <sup>4)</sup>	18	17	17	18	19
Non-Danes at management level (%) <sup>4)</sup>	54	53	56	53	49

1) Read more: Consolidated social and environmental statement. Vestas annual report 2014.

2) The social and environmental data does not include data from Vestas' investment in the joint venture MHI Vestas Offshore Wind.

3) Only Board members elected by the general meeting are included.

4) Employees at management level comprise employees at level IPE54+ according to Mercer's International Position Evaluation System.



## 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, including (without limitation): (a) changes in demand for Vestas' products; (b) currency and interest rate fluctuations; (c) loss of market share and industry competition; (d) environmental and physical risks, 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 2014 (available at [www.vestas.com/investor](http://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 others 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.