Copenhagen Stock Exchange
Nikolaj Plads 6
1067 Copenhagen K

Randers, 20 March 2007
Stock exchange announcement No. 6/2007


Annual report 2006:

## Significantly improved balance sheet due to large improvements

*Profitability was significantly improved, as EBIT increased by EUR 317m from EUR (116m) to EUR 201m. Cash flow from operating activities was improved by EUR 450m, which resulted in a historically low net working capital of 3 per cent of total revenue.*

*The positive development will continue in 2007, and the EBIT margin is expected to increase to 7-9 per cent. At the same time, it is important for Vestas that customer loyalty is significantly improved. In 2006, Vestas succeeded in turning the last five years' decline in customer loyalty into a modest improvement. Customer loyalty is an area which still has top priority for everybody at Vestas.*

# # #

| 2006 financial highlights for the Group | 2006 | | | 2005 |
|---|---|---|---|---|
| | Realised | Outlook Nov 2006 | Outlook Nov 2005 | Realised |
| **Revenue** *(bnEUR)* | 3.85 | ~ 3.7 | 3.6-3.8 | 3.58 |
| **EBIT margin** *(% of revenue)* | 5.2 | ~ 5.0 | 4-7 | (3.2) |
| **EBIT** *(mEUR)* | 201 | - | - | (116) |
| **Investments** *(mEUR)* | 188 | 195 | 160-180 | 145 |
| **Net working capital** *(% of revenue 31-12-06)* | 3 | ~ 20 | 20-25 | 14 |
| **Net profit** *(mEUR)* | 111 | - | - | (192) |

### 2006 in short

As expected, Vestas' revenue increased by 8 per cent in 2006. The increase is geographically broadly based.

Cash flow from operating activities increased by EUR 450m to EUR 598m. Vestas' ability to generate liquidity and create value has thus been strongly improved.

Net working capital amounted to EUR 122m corresponding to 3 per cent of annual revenue by the end of 2006. By the end of 2005 the share was 14 per cent.

At 31 December 2006, Vestas had net bank deposits of EUR 270m compared to a net interest bearing debt of EUR 366m at year end 2005.

The very comprehensive efforts – the so-called Constitution projects – which have been launched across the Group's business areas, are now starting to show results, among these a far better production flow. Together with its suppliers, Vestas still faces a large challenge to secure components in the right quality and delivered on time, which means that Vestas today has a significant unexploited production capacity. Due to the V52 turbine's high market potential in the Chinese market, Vestas has still decided to establish yet another blade and assembly factory in Tianjin, China, for production of this turbine type. The factory will be ready for the second quarter of 2008.

In 2006, Vestas handed over turbines with a total capacity of 4,239 MW to the customers – an increase of 1,054 MW or 33 per cent. In spite of this increase, Vestas' market share remained unchanged at 28 per cent.

Five years of decline in customer loyalty was halted in 2006. In spite of a modest improvement, the level is very unsatisfactory. Therefore, the work to improve dialogue as well as customer focus continues at full strength all over Vestas.

With a decline of 22 per cent, the level of absence due to illness reached a historically low level. The intensified efforts in relation to security also led to a very satisfactory development, as the incidence of industrial injuries also fell by 22 per cent to 37 per one million working hours. The goal is still zero injuries.

"People before MW" has resulted in increased capacity costs of EUR 76m. This is due to a historically large number of new appointments combined with significantly higher investments in education and competence development. Vestas now has more than 12,300 employees, and has thus increased its staff by 1,700 employees in one year. At year end 2007, Vestas expects to employ approx 14,000 employees, corresponding to an increase of approx 14 per cent.

As a consequence of the satisfactory result, including the significant improvement of the result, the remuneration of the Executive Management inclusive salary and bonus amounted to EUR 2.1m. The long-term incentive scheme will not be released as this requires the company to realise results which exceed very ambitious goals. For 2006, the most significant goal was an EBIT margin of at least 7 per cent. This goal was not reached. Further details of the incentive programme appear from stock exchange announcement No. 23/2006 of 25 April 2006.

**Expectations for 2007 maintained**
For 2007, Vestas forecasts revenue of approx. EUR 4.5bn, an EBIT margin of 7-9 per cent and a net working capital of about 20 per cent of revenue.

**Information meeting for press and analysts in London, on Tuesday 20 March 2007 at 2 p.m. (GMT)/3 p.m. (CET)**

In connection with the publication of the annual report, an information meeting will be held **today, Tuesday at 2 p.m. (GMT)/3 p.m. (CET)** for analysts, investors and the press at:

The Landmark London
222 Marylebone Road
London NW1 6JQ
England

Further details at www.vestas.com

Any questions may be addressed to Ditlev Engel, President & CEO, or to Peter Wenzel Kruse, Vice President of Communication & IR, both at telephone +45 9730 0000.

Yours sincerely
**Vestas Wind Systems A/S**

Bent Carlsen
*Chairman of the Board*

Ditlev Engel
*President and CEO*

**Address:** Vestas Wind Systems A/S · Alsvej 21 · 8900 Randers · Denmark
**Tel:** +45 9730 0000 · **Fax:** +45 9730 0001 · **E-mail:** vestas@vestas.com · **Web:** www.vestas.com
**Bank:** Nordea Bank Danmark A/S 2149 0651 117097
**Company reg. no.:** 10 40 37 82
**Company reg. name: Vestas Wind Systems A/S**