Company announcement No. 25, 2016

Vestas Wind Systems A/S

Interim financial report
Second quarter 2016

Vestas Wind Systems A/S
Hedeager 42 . 8200 Aarhus N . Denmark
Company Reg. No. 10403782

Wind. It means the world to us.™

Content

Information meeting (audiocast)
On Thursday 18 August 2016 at 10 a.m. CEST (9 a.m. BST), Vestas will host an information meeting via an audiocast. The audiocast will be accessible via vestas.com/investor.

The meeting will be held in English and questions may be asked through a conference call. The telephone numbers for the conference call are:

Europe:	+44 203 008 9814
USA:	+1 646 502 5118
Denmark:	+45 3544 5576

Presentation material for the information meeting will be available approx one hour before the meeting at vestas.com/investor.

Contact details
Vestas Wind Systems A/S, Denmark
Hans Martin Smith, Senior Vice President,
Group Treasury and Investor Relations
Tel: +45 9730 8209

Vestas Wind Systems A/S
Hedeager 42
8200 Aarhus N
Denmark

Company reg. No.: 10 40 37 82

Tel: +45 9730 0000
Fax: +45 9730 0001
vestas@vestas.com

Summary

Compared to the second quarter of 2015, earnings and free cash flow significantly improved, mainly driven by high activity levels in the quarter and higher average project margins. Satisfactory order intake with backlog remaining at high levels. Outlook for 2016 upgraded.

In the second quarter of 2016, Vestas generated revenue of EUR 2,557m – an increase of 46 percent compared to the year-earlier period. EBIT before special items increased by EUR 254m to EUR 399m. The EBIT margin before special items was 15.6 percent compared to 8.3 percent in the second quarter of 2015 and the free cash flow amounted to EUR 330m compared to EUR 183m in the second quarter of 2015.

The intake of firm and unconditional wind turbine orders amounted to 1,790 MW in the second quarter of 2016. The value of the wind turbine order backlog amounted to EUR 8.2bn at 30 June 2016. In addition to the wind turbine order backlog, Vestas had service agreements with expected contractual future revenue of EUR 9.9bn at the end of June 2016. Thus, the value of the combined backlog of wind turbine orders and service agreements stood at EUR 18.1bn – an increase of EUR 1.2bn compared to the year-earlier period.

Vestas upgrades the 2016 guidance on revenue from minimum EUR 9.0bn to minimum EUR 9.5bn, EBIT margin before special items from minimum 11.0 percent to minimum 12.5 percent, and free cash flow from minimum EUR 600m to minimum EUR 800m (incl. the acquisition of Availon Holding GmbH). The upgrade is based on better than expected performance in the first half of 2016 and visibility for the remainder of the year.

Group President & CEO Anders Runevad said: *"I am very pleased with Vestas' strong second quarter performance. Our colleagues have executed well on a high activity level, which along with a favourable mix of projects contributed to Vestas achieving extremely solid results on revenue, EBIT margin, net profit, and free cash flow and with an order intake in line with expectations. We upgrade guidance for the full year and as a result of the strong performance we also continue to deliver tangible shareholder value through the 2016 share buy-back programme we are launching now".*

Key highlights

High activity levels across the board
Deliveries up by 56 percent in Q2 2016 – driven by all regions.

Strong earnings
EBIT margin before special items of 15.6 percent – up by 7.3 percentage points compared to Q2 2015.

Order backlog continues at record-high level
Combined order backlog at EUR 18.1bn.

Guidance increased
Guidance for 2016 increased on revenue, EBIT margin, and free cash flow based on better than expected H1 2016 performance and visibility for the remainder of the year.

Share buy-back programme for 2016
EUR 400m share buy-back programme launched to adjust the capital structure.

Highlights for the Group

mEUR	Q2 2016[1)]	Q2 2015[1)]	H1 2016[1)]	H1 2015[1)]	FY 2015
Financial highlights					
Income statement					
Revenue	2,557	1,749	4,021	3,268	8,423
Gross profit	621	315	868	541	1,505
Profit before financial income and costs, depreciation and amortisation (EBITDA) before special items	523	230	698	391	1,212
Operating profit (EBIT) before special items	399	145	484	224	860
Profit before financial income and costs, depreciation and amortisation (EBITDA) after special items	523	230	698	391	1,258
Operating profit (EBIT) after special items	399	145	484	224	906
Net financial items	(10)	(4)	(30)	(11)	(15)
Profit before tax	372	168	418	244	925
Profit for the period	278	125	313	181	685
Balance sheet					
Balance sheet total	9,579	8,001	9,579	8,001	8,587
Equity	2,925	2,577	2,925	2,577	2,899
Provisions[2)]	541	409	541	409	458
Average interest-bearing position (net)	1,919	1,674	2,005	1,592	1,721
Net working capital	(1,016)	(1,025)	(1,016)	(1,025)	(1,383)
Investments in intangible assets	54	29	90	50	148
Investments in property, plant and equipment	49	50	112	90	220
Cash flow statement					
Cash flow from operating activities	426	262	312	471	1,472
Cash flow from investing activities	(96)	(79)	(278)	(142)	(425)
Free cash flow	330	183	34	329	1,047
Cash flow from financing activities	(222)	(111)	(217)	(208)	(360)
Change in cash and cash equivalent less current portion of bank debt	108	72	(183)	121	687
Financial ratios[3)]					
Financial ratios					
Gross margin (%)	24.3	18.0	21.6	16.6	17.9
EBITDA margin before special items (%)	20.5	13.2	17.4	12.0	14.4
EBIT margin before special items (%)	15.6	8.3	12.0	6.9	10.2
EBITDA margin after special items (%)	20.5	13.2	17.4	12.0	14.9
EBIT margin after special items (%)	15.6	8.3	12.0	6.9	10.8
Return on invested capital (ROIC) (%) before special items[4)]	148.2	54.6	148.2	54.6	117.2
Solvency ratio (%)	30.5	32.2	30.5	32.2	33.8
Net interest-bearing debt/EBITDA before special items[4)]	(1.4)	(1.7)	(1.4)	(1.7)	(1.9)
Return on equity[4)] (%)	29.3	20.7	29.3	20.7	26.2
Gearing (%)	17.0	19.4	17.0	19.4	17.1
Share ratios					
Earnings per share[5)] (EUR)	3.7	2.2	3.7	2.2	3.1
Book value per share (EUR)	13.2	11.5	13.2	11.5	12.9
Price/book value	4.6	3.9	4.6	3.9	5.0
P/E ratio	16.4	20.4	16.4	20.4	21.2
Cash flow from operating activities per share (EUR)	1.9	1.2	1.4	2.1	6.6
Proposed dividend per share (EUR)	-	-	-	-	0.91
Payout ratio (%)	-	-	-	-	29.9
Share price at the end of the period (EUR)	60.8	44.8	60.8	44.8	64.8
Average number of shares (million)	222	221	223	221	224
Number of shares at the end of the period (million)	222	224	222	224	224

1) Neither audited nor reviewed.
2) Incl. non-current deferred tax liability.
3) The ratios have been calculated in accordance with the guidelines from “Den Danske Finansanalytikerforening” (The Danish Society of Financial Analysis) (Recommendations and Financial ratios 2015).
4) Calculated over a 12-month period.
5) Earnings per share has been calculated over a 12-month period and in accordance with IAS 33 on earnings per share.

	Q2 2016[1)]	Q2 2015[1)]	H1 2016[1)]	H1 2015[1)]	FY 2015
Operational key figures					
Order intake (bnEUR)	1.6	2.7	3.6	4.3	8.2
Order intake (MW)	1,790	3,018	4,193	4,768	8,943
Order backlog – wind turbines (bnEUR)	8.2	8.8	8.2	8.8	7.9
Order backlog – service (bnEUR)	9.9	8.1	9.9	8.1	8.9
Produced and shipped wind turbines (MW)	2,902	1,990	4,716	3,321	7,948
Produced and shipped wind turbines (number)	1,226	856	1,961	1,374	3,330
Deliveries (MW)	2,491	1,601	3,705	2,872	7,486
Social and environmental key figures[2)]					
Occupational health & safety					
Total recordable injuries (number)	92	72	162	172	335
- of which lost time injuries (number)	17	12	36	29	56
- of which fatal injuries (number)	0	0	0	0	1
Consumption of resources					
Consumption of energy (GWh)	123	111	284	256	516
- of which renewable energy (GWh)	73	69	147	135	283
- of which renewable electricity (GWh)	67	63	130	120	257
Consumption of fresh water (1,000 m^3)	104	94	196	190	427
Waste disposal					
Volume of waste (1,000 tonnes)	20	17	39	31	67
- of which collected for recycling (1,000 tonnes)	10	8	19	15	33
Emissions					
Direct emission of CO_2 (1,000 tonnes)	11	8	28	24	49
Indirect emission of CO_2 (1,000 tonnes)	6	6	14	13	25
Local community					
Environmental accidents (number)	0	0	0	0	0
Breaches of internal inspection conditions (number)	0	0	1	0	0
Employees					
Average number of employees	21,676	18,575	21,356	18,259	18,986
Number of employees at the end of the period	21,781	18,834	21,781	18,834	20,507
- of which outside EMEA	10,063	8,269	10,063	8,269	9,121
Social and environmental indicators[2)]					
Occupational health and safety					
Incidence of total recordable injuries per one million working hours	8.2	7.8	7.5	9.5	8.7
Incidence of lost time injuries per one million working hours	1.5	1.3	1.7	1.6	1.5
Absence due to illness among hourly-paid employees (%)	2.2	1.7	2.3	2.0	1.9
Absence due to illness among salaried employees (%)	1.0	1.1	1.1	1.2	1.1
Products					
CO_2 savings over the lifetime on the MW produced and shipped (million tonnes of CO_2)	82	56	133	94	224
Utilisation of resources					
Renewable energy (%)	59	62	52	53	55
Renewable electricity for own activities (%)	100	100	100	100	100
Employees					
Women in Board of Directors[3)] and Executive Management (%)	23	23	23	23	23
Women at management level (%)[4)]	19	18	19	18	18
Non-Danes at management level (%)[4)]	58	54	58	54	57

1) Neither audited nor reviewed.
2) Accounting policies for social and environmental key figures for the Group, see page 130-132 of the annual report 2015.
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.

Financial performance

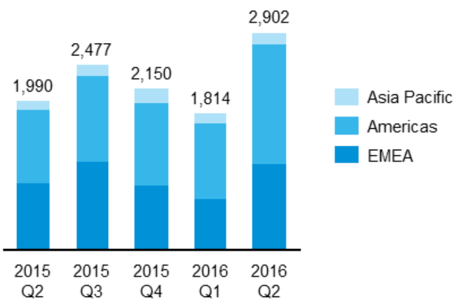
Order backlog and activities

Projects

The quarterly order intake was 1,790 MW, of which 63 percent was announced. The quarterly order intake decreased by 1,228 MW equal to 41 percent compared to the second quarter of 2015, however it should be noted that the second quarter order intake was unusually high in 2015. The order intake came from a total of 17 countries.

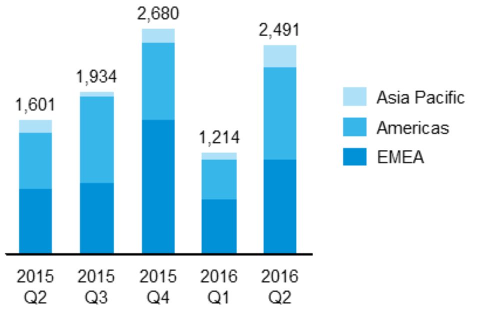
The order backlog amounted to 9,361 MW at the end of June 2016 – on par with the backlog level at 30 June 2015. Europe, Middle East, and Africa (EMEA) accounted for 52 percent of the backlog, and Americas and Asia Pacific accounted for 40 and 8 percent, respectively. The value of the order backlog was EUR 8.2bn at 30 June 2016 compared to EUR 8.8bn at 30 June 2015; a decrease of 7 percent.

Produced and shipped
MW



In the second quarter of 2016, Vestas produced and shipped wind turbines with an aggregate output of 2,902 MW (1,226 wind turbines) against 1,990 MW (856 wind turbines) in the second quarter of 2015, reflecting the high activity level in the supply chain in the quarter.

Deliveries (Transfer of Risk)
MW



.

Final capacity delivered (transfer of risk) to customers amounted to 2,491 MW; an increase of 890 MW equal to 56 percent compared to the second quarter of 2015. All regions contributed to the delivery increase.

Overview per region as per Q2 2016
MW

	EMEA	Americas	Asia Pacific	Total
Under completion, 31 March 2016	1,284	1,072	183	2,539
Delivered (TOR) to customers during the period	(1,126)	(1,090)	(275)	(2,491)
Produced and shipped during the period	1,136	1,596	170	2,902
Under completion, 30 June 2016	**1,294**	**1,578**	**78**	**2,950**

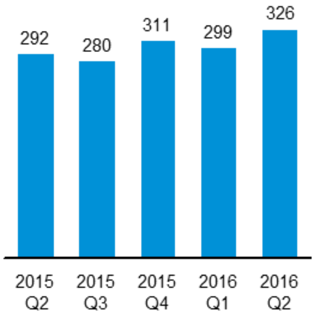
At the end of June 2016, wind turbine projects with a total output of 2,950 MW were under completion compared to 1,926 MW at the end of June 2015. The amount of MW under completion is reflected in the level of inventories as a large share of these MW has not yet been recognised as revenue. The revenue recognition of these MW will take place when the projects are finally delivered to the customers.

Revenue in the project segment increased by 53 percent to EUR 2,231m compared to EUR 1,457m in second quarter of 2015, primarily driven by the increase in MW deliveries. Vestas improved the EBIT margin of the project segment from 9.7 percent in second quarter 2015 to 18.4 percent in the second quarter 2016, an increase of 90 percent.

Service

At the end of June 2016, Vestas had service agreements with expected contractual future revenue of EUR 9.9bn compared to EUR 8.1bn at 30 June 2015; an increase of 22 percent.

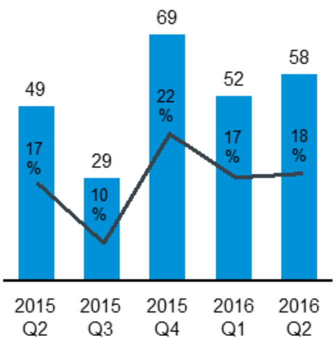
Service revenue
mEUR



Service revenue amounted to EUR 326m in the second quarter of 2016 – an increase of 12 percent compared to the second quarter of 2015. The increase was primarily driven by the acquisitions of US independent service provider UpWind Solutions, Inc. in December 2015 and German independent service provider Availon Holding GmbH in March 2016 as well as organic growth.

Service EBIT margin amounted to 17.8 percent – 1.0 percentage point above the second quarter of 2015. Even though revenue and earnings from the service business are more stable than from the wind turbine business, the activities that generate revenue and earnings in the various types of service contracts may vary from quarter to quarter.

Service EBIT before special items
mEUR and percentage



By the end of June 2016, Vestas has delivered more than 78 GW in 75 countries. A high level of installed capacity and carefully planned service visits are key prerequisites for generating profit from the service business. Consequently, close monitoring of more than 34,000 wind turbines equivalent to approx 65 GW is one of the foundations of Vestas' service business' growth strategy.

At the end of June 2016, the average duration in the service order backlog was approx six years, unchanged compared to 31 December 2015.

Income statement

Result for the period

In the second quarter of 2016, revenue amounted to EUR 2,557m – an increase of 46 percent compared to the second quarter of 2015, primarily driven by higher MW deliveries for the project segment.

The gross profit in the second quarter of 2016 amounted to EUR 621m and with an increase of 97 percent it almost doubled compared to the second quarter of 2015. The increase in gross profit was driven by a combination of higher MW deliveries and improved average project margins due to favourable mix, amongst others. In the quarter, the Danish Supreme Court ruled in favour of Vestas in a legal case which also contributed to the increase in gross profit with approx 1 percentage point. Growth in the service segment also added to the gross profit increase. Gross margin increased by 6.3 percentage points to 24.3 percent (18.0 percent in the year-earlier period).

It should be emphasised that developments in quarterly gross margins may show substantial fluctuations due to volume and composition relating to countries, project complexities, orders, and wind turbine types as well as customers' demands for delivery flexibility.

Operating profit (EBIT) before and after special items amounted to EUR 399m – an increase of 175 percent compared to the second quarter of 2015. The EBIT margin increased by 7.3 percentage points to 15.6 percent compared to the second quarter of 2015. The increase in EBIT was driven by the higher gross profit. The increased activity level has generally resulted in increases in R&D, distribution, and administration costs. Other than the cost increase being activity driven, the increase in R&D costs was also impacted by increased innovation activities, depreciation, and impairment. The increase in the administration costs was also impacted by one-off effects, primarily related to a catch up on depreciations and impairment of assets previously classified as assets held for sale, now declassified to property, plant and equipment, together with provisions for legal and VAT cases.

Income from investments accounted for using equity method

Income from investments accounted for using the equity method amounted to a loss of EUR 17m compared to an income of EUR 27m in the second quarter of 2015, with the decrease mainly linked to increased amortisation of the V164 platform. The loss mainly corresponds to Vestas' share of loss in the offshore joint venture.

Financial items

In the second quarter of 2016, net financial items amounted to a net loss of EUR 10m against a net loss of EUR 4m in the second quarter of 2015. The development in net financials was mainly driven by currency effects and financing fees.

Profit before and after tax

Profit before tax amounted to EUR 372m in the second quarter of 2016 compared to EUR 168m in the second quarter of 2015. In the second quarter of 2016, the income tax expense was EUR 94m, compared to EUR 43m in the second quarter of 2015 and the resulting profit after tax more than doubled from EUR 125m to EUR 278m.

Balance sheet

Vestas had total assets of EUR 9,579m as of 30 June 2016 – 19.7 percent higher than 30 June 2015. The increased balance sheet was mainly driven by working capital movements attributable to the increased activity level and the increased cash position.

Net working capital

At the end of June 2016, Vestas' net working capital amounted to EUR (1,016)m, largely in line with the level at the end of June 2015 (EUR (1,025)m). The development in net working capital was primarily driven by higher inventories and receivables, but offset by an increase in payables and other liabilities – all largely driven by higher activity levels.

Other operating assets and liabilities

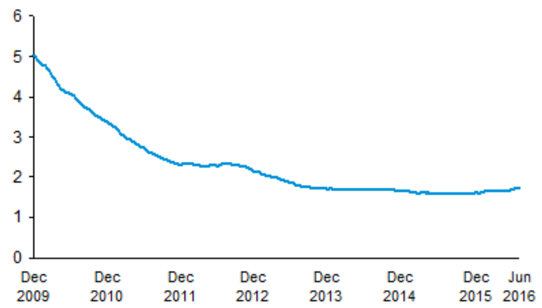
Warranty provisions

In the second quarter of 2016, warranty provisions charged to the income statement amounted to EUR 48m, equivalent to 1.9 percent of revenue. Warranty consumption amounted to EUR 18m – compared to EUR 19m in the second quarter of 2015. Over the last 12 months, warranty consumption as a percentage of revenue amounted to 1.0 percent.

In general, provisions are made for all expected costs associated with wind turbine repairs or replacements, and any reimbursement from other involved parties is not offset unless a written agreement has been made to that effect. Provisions are made to cover possible costs of remedy and other costs in accordance with specific agreements. Provisions are based on estimates, and actual costs may deviate substantially from such estimates.

Lost Production Factor*

Percentage



* Data calculated across 30,980 Vestas wind turbines under full-scope service.

The ongoing improvement of the Lost Production Factor (LPF) on Vestas wind turbines implies that the customers achieve a consistently better return on their investment. At the end of June 2016, the overall average LPF for the wind power plants where Vestas guaranteed the performance was below 2 percent.

Capital structure

Total equity

Vestas' equity amounted to EUR 2,925m at 30 June 2016 – an increase of 14 percent compared to 30 June 2015 primarily driven by profit for the period.

The solvency ratio decreased by 1.7 percentage points to 30.5 percent compared to 30 June 2015. The development in solvency ratio was primarily impacted by net working capital effects.

The dividend of EUR 205m approved at the Annual General Meeting 30 March 2016 was paid to Vestas' shareholders on 4 April 2016 and corresponds to a pay-out ratio of 29.9 percent measured against net profit for 2015. For the financial year of 2014, a dividend of EUR 116m was paid out on 7 April 2015.

At Vestas' Annual General Meeting in March 2016 it was furthermore approved to reduce Vestas' share capital from nominally DKK 224,074,513 to nominally DKK 221,544,727 through cancellation of treasury shares. This was carried out during the second quarter of 2016.

Acquisitions

Since 30 June 2015 two independent service providers, UpWind Solutions, Inc. and Availon Holding GmbH, have been acquired and are reflected in the balance sheet as per 30 June 2016. Reference is made to the interim financial report for the first quarter 2016 for further information.

Cash flow

In the second quarter of 2016, cash flow from operating activities increased by EUR 164m to EUR 426m compared to the second quarter of 2015. The development was mainly driven by the profit for the period.

Cash flow used for investments amounted to EUR (96)m in the second quarter of 2016, which is an increase of EUR 17m compared to the same period last year. The development was primarily driven by higher R&D activity and IT.

In the second quarter of 2016, the free cash flow increased by EUR 147m to EUR 330m compared to the same period last year.

At the end of June 2016, Vestas had a net cash position of EUR 2,083m, representing an improvement of EUR 374m compared to the end of June 2015, mainly driven by improved underlying earnings.

Share buy-back programme for 2016

The Board of Directors of Vestas Wind Systems A/S has decided to initiate a share buy-back programme of up to DKK 2,984m (approx EUR 400m) to be executed during the period 18 August 2016 to 30 December 2016. The 2016 share buy-back programme will be structured according to the safe harbour regulation.

The main purpose of the share buy-back programme is to adjust the capital structure of Vestas.

Share buy-backs are intended to be used from time to time to adjust the capital structure and/or if excess cash arises. Any such decision will be taken in appropriate consideration of capital structure targets, while still maintaining adequate flexibility to invest in Vestas' strategy, Profitable Growth for Vestas.

The stated dividend policy of Vestas will be unaffected by the share buy-back programme, and hence remains at 25-30 percent of the net result of the year.

Market development

Deliveries and wind turbine backlog per region

Vestas' total wind turbine backlog was largely unchanged compared to the second quarter of 2015 as it decreased by 72 MW.

Order intake and wind turbine backlog per region
MW

	EMEA	Americas	Asia Pacific	Total
Order intake Q2 2016	818	895	77	**1,790**
Backlog as per 30 June 2016	4,902	3,748	711	**9,361**

Europe, Middle East, and Africa (EMEA)

Deliveries in EMEA in the quarter totalled 1,126 MW compared to 787 MW in the previous year. Deliveries were distributed in several different parts of the region, with Germany being the country in the region where most capacity was installed.

The order intake for the region amounted to 818 MW, down from 1,209 MW in the second quarter of 2015. The decrease was mainly linked to the 400 MW offshore order for the 3 MW platform received in 2015, whereas such orders did not occur in the second quarter of 2016. The order backlog comprised 4,902 MW as of 30 June 2016.

Americas

Deliveries in the Americas region amounted to 1,090 MW compared to 669 MW in the second quarter of 2015. A large part was attributable to the USA, but the relative share of deliveries to Latin America increased.

In the quarter, order intake amounted to 895 MW for the Americas region, of which 481 MW came from USA, 224 MW from Canada and the remaining from Brazil. The order backlog for the region amounted to 3,748 MW as of 31 March 2016, of which the majority relates to orders in the USA.

Asia Pacific

Vestas received orders for a total of 77 MW for the Asia Pacific region, mainly coming from China and Vietnam. Deliveries to the markets in Asia Pacific were 275 MW, almost twice as much as in the second quarter of 2015, and the order backlog amounted to 711 MW as of 30 June 2016.

Deliveries (Transfer of Risk)
MW

	Q2 2016	Q2 2015	FY 2015
Germany	320	119	763
France	162	100	347
Sweden	130	-	194
Finland	96	115	221
Poland	77	51	774
Belgium	73	-	54
Greece	69	14	25
South Africa	68	25	117
Italy	52	65	214
Turkey	40	145	341
Denmark	32	24	114
Austria	7	-	27
Croatia	-	-	42
Jordan	-	27	114
Netherlands	-	43	142
Norway	-	-	13
Portugal	-		2
Romania	-	8	13
Serbia	-	-	10
Spain	-	2	6
United Kingdom	-	49	136
Ukraine	-	-	3
Total EMEA	**1,126**	**787**	**3,672**
USA	779	539	2,999
Chile	110	4	76
Uruguay	61	27	102
Mexico	56	-	-
Brazil	36	-	-
Jamaica	36	-	-
Canada	12	.	22
Dominican Republic	-	46	49
Costa Rica	-	-	33
Guatemala	-	53	76
Total Americas	**1,090**	**669**	**3,357**
China	154	95	296
India	56	-	20
Thailand	45	-	36
South Korea	20	-	22
Australia	-	50	83
Total Asia Pacific	**275**	**145**	**457**
TOTAL WORLD	**2,491**	**1,601**	**7,486**

Strategy and financial and capital structure targets

(*For an extended introduction to the Vestas strategy, please refer to the annual report 2015*).

Strategic objectives

Since the launch of its mid-term profitable growth strategy in the beginning of 2014, Vestas has taken a large step forward and, as evident from the strong performance in recent years, is now more than ever capable of delivering profitable growth to its shareholders.

The 2015 annual strategy planning cycle once again had an aim to secure alignment of strategic priorities across the organisation, while at the same time ensuring that adequate adjustments are made. The strategic review has not given reason to materially change any parts of the Vestas strategy, neither have the vision and mission been changed.

Thus, the overall strategic ambition to ensure profitable growth for Vestas remains, as does Vestas' ambition to maintain and expand its global leadership and create an even more flexible and robust company, able to consistently deliver best-in-class margins.

To achieve this, Vestas must balance and utilise its three key differentiators:

- Expand global reach (i.e. by increasing market presence and further localising manufacturing).
- Increase technology and service leadership (i.e. by reducing levelised cost of energy across the product portfolio and by strengthening product and service offerings).
- Leveraging global scale (i.e. by utilising installed base and sourcing opportunities).

To this end, Vestas has defined four strategic objectives which provide the operational basis for the implementation of the strategy.

1. Grow profitably in mature and emerging markets

Vestas will continue to focus on profitable growth in mature and emerging markets, partnering more closely with its customers, expanding its key account programme, involving customers in product development, and working closely with them to deliver tailored solutions.

With its strong global footprint, Vestas has a competitive edge, allowing it to grow profitably in both mature and emerging markets. Vestas will continue to scale production up and down in accordance with the level of demand in the different regions. Building on its long-standing global presence, Vestas will continue to pursue opportunities in markets where wind energy is set to expand.

To win additional business, Vestas seeks to partner with potential customers earlier in the project development phase through various measures and thereby potentially lock deals earlier than what would in some cases otherwise be possible whilst simultaneously offering significant value to the customer.

The mid-term ambition is to grow faster than the market.

2. Capture full potential of the service business

Having delivered an accumulated amount of more than 78 GW of wind power – a significantly higher amount than the closest competitor – Vestas has a unique platform from which to grow its service business, which today, is already the largest in the wind power industry. With the acquisitions of independent service providers UpWind Solutions, Inc. in 2015 and Availon Holding GmbH in 2016, Vestas has further accelerated that part of the strategy.

As the majority of Vestas' wind turbine contracts are sold with service agreements, typically running for five or ten years, the stable revenue stream from the service business is set to continue its growth as the installed base of wind turbines increases.

The mid-term ambition to grow the service business by more than 30 percent has been increased to 40 percent as a result of higher than anticipated growth in the service business.

3. Reduce levelised cost of energy

Vestas wants to remain the technology leader of the wind power industry. Continuing the recent years' focus on improvement and optimisation of the product and service offerings will be one of the most important enablers for Vestas to continue to hold that position in the future.

While complexity has been reduced and offerings simplified as part of that journey, Vestas is now able to even better meet the demands of its customers and markets.

Also, Vestas will further reduce the levelised cost of energy (LCOE) by outsourcing and using standard components. With this, Vestas reduces manufacturing costs and time-to-market, and thereby lowers the cost of energy for its customers.

The mid-term ambition is to reduce LCOE faster than the market average.

4. Improve operational excellence

Cost savings remain a priority for Vestas, and Vestas will continue its journey towards lower costs through further site simplification, shared service centres and increased efficiency by leveraging on the scale of its operations.

Launched at the end of 2012, the first Accelerated Earnings programme was concluded by the end of 2014 with a considerable achievement in the area of short-term cost-out. The next phase, called Accelerated Earnings Pro, is planned to run until 2017, and will aim at a sustainable optimisation of the total cost of the full value chain.

Finally, working capital management remains an area of high priority for Vestas. Consequently, the focus remains on improving the cash conversion cycle and, amongst others, lowering the working capital tied up while transporting and installing the wind turbine projects.

The ambition is to achieve cost leadership within the wind power industry.

Financial and capital structure targets and priorities

Vestas' financial and capital structure targets, as well as related dividend policy, link to the strategic aspirations of the company. Financial stability and structural strength of the balance sheet remain key priorities for the company. Both the Board of Directors as well as Executive Management believe that strong financial performance and stability are prerequisites for delivering excellent commercial results, and therefore adopt a conservative approach to the structure of the company's balance sheet, whilst at the same time ensuring that management focuses on delivering strong financial results.

Mid-term financial targets

By increasing earnings and keeping investment and net working capital requirements low, Vestas aims to generate a double-digit return on invested capital (ROIC) each year over the cycle. Vestas expects to be able to finance its own growth and thus the free cash flow is expected to be positive each financial year.

Capital structure targets

As a player in a market where projects, customers, and wind turbine investors become larger, Vestas aims to be a strong financial counterpart. Consequently, Vestas targets a net debt/EBITDA ratio of less than 1 by the end of each financial year, and a solvency ratio target in the range of 30-35 percent, in line with the company's prudent balance sheet approach.

Dividend policy and priorities for excess cash allocation

Any decision to distribute cash to shareholders will be taken in appropriate consideration of capital structure targets and availability of excess cash. Determining excess cash will be based on the company's growth plans and liquidity requirements, thus securing adequate flexibility to invest in Vestas' strategy, Profitable Growth for Vestas.

The general intention of the Board of Directors is to recommend a dividend of 25-30 percent of the net result of the year after tax.

For the financial year 2015, a dividend payout ratio of 29.9 percent was thus adopted by the Annual General Meeting on 30 March 2016.

In addition, Vestas may from time to time supplement with share buy-back programmes, as highlighted by the EUR 150m buyback programme launched and completed in the latter part of 2015 as well as the EUR 400m programme for 2016 launched in connection with the 2016 second quarter results.

Social and environmental performance

Standards, goals and priorities

Sustainable products and sustainable operations are integral for Vestas. The standards and goals build on global certificates for the three standards ISO 9001 for quality, ISO 14001 for environment and OHSAS 18001 for health and safety as well as recognised conventions established by international organisations such as the UN, ILO, and OECD.

The standards and goals are reflected in Vestas' social and environmental priorities:

- The lowest possible incidence of recordable injuries.
- CO_2 impact from wind power must excel against other energy forms.
- The highest possible recyclability percentage of the wind turbines.

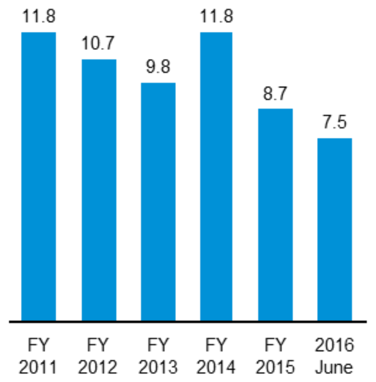
Employees

During the second quarter of 2016, Vestas increased the number of employees by 332 to 21,781, mainly driven by ramp-up at the factories.

Safety

In the second quarter of 2016, the number of total recordable injuries increased to 92, up from 72 in the second quarter of 2015. The incidence of total recordable injuries increased from 7.8 in the second quarter of 2015 to 8.2 in the second quarter of 2016. The target for 2016 is maximum 8.0.

Incidence of total recordable injuries
Per one million working hours



Vestas is continuously concerned with the safety of its employees, both at work and at home. Following the tragic fatality of an employee while driving home, Vestas will be implementing a number of driving initiatives to raise awareness, focus and encourage safe driving while on Vestas business or commuting to and from work.

Environmental performance

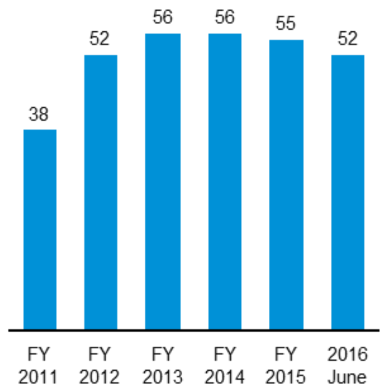
Vestas' environmental impacts have increased from the second quarter of 2015 to the second quarter of 2016 due to increased production, which has mainly affected the waste generation in the manufacturing units in assembly and blades.

Renewable energy

Vestas has achieved 100 percent sustainable renewable electricity consumption, partly by purchasing renewable electricity when available, and partly by compensating for the consumption of non-renewable electricity with Vestas-owned wind power plants.

In the first half of 2016, 52 percent of all energy consumption came from renewable energy sources, which was lower than in the same period in 2015.

Renewable energy
Percentage of total energy consumption



Outlook 2016

As a result of a better than expected performance in the first half of 2016 and visibility for the remainder of the year, Vestas increases its guidance for revenue, EBIT margin, and free cash flow.

- Revenue is expected to be minimum EUR 9.5bn (compared to minimum EUR 9.0bn previously) including service revenue, which is expected to grow.

- Vestas expects to achieve an EBIT margin before special items of minimum 12.5 percent (compared to minimum 11 percent previously) with the service EBIT margin remaining stable.

- The free cash flow is expected to be minimum EUR 800m (incl. the acquisition of Availon Holding GmbH) in 2016 (compared to minimum EUR 600m previously).

- Total investments are expected to amount to approx EUR 500m (incl. the acquisition of Availon Holding GmbH).

It should be emphasised that Vestas' accounting policies only allow the recognition of supply-only and supply-and-installation projects as income when the risk has finally passed to the customer, irrespective of whether Vestas has already produced, shipped, and installed the wind turbines. Disruptions in production and challenges in relation to wind turbine installation, for example bad weather, lack of grid connections, and similar matters may thus cause delays that could affect Vestas' financial results for 2016.

Further, movements in exchange rates may also impact Vestas' financial results for 2016.

Outlook 2016

Revenue (bnEUR)	min. 9.5
EBIT margin before special items (%)	min. 12.5
Total investments (mEUR)*	approx 500
Free cash flow (mEUR)*	min. 800

* Incl. the acquisition of Availon Holding GmbH.

Consolidated financial statements 1 January - 30 June

Condensed income statement 1 January - 30 June

mEUR	Note	Q2 2016	Q2 2015	H1 2016	H1 2015
Revenue	1.1	**2,557**	**1,749**	**4,021**	**3,268**
Cost of sales		(1,936)	(1,434)	(3,153)	(2,727)
Gross profit		**621**	**315**	**868**	**541**
Research and development costs		(76)	(58)	(130)	(102)
Distribution costs		(56)	(49)	(102)	(91)
Administration costs		(90)	(63)	(152)	(124)
Operating profit (EBIT) before special items	1.1	**399**	**145**	**484**	**224**
Special items		0	0	(0)	0
Operating profit (EBIT)		**399**	**145**	**484**	**224**
Income from investments accounted for using the equity method		(17)	27	(36)	31
Net financial items		(10)	(4)	(30)	(11)
Profit before tax		**372**	**168**	**418**	**244**
Income tax		(94)	(43)	(105)	(63)
Profit for the period		**278**	**125**	**313**	**181**
Earnings per share (EPS)					
Earnings per share for the period (EUR), basic		1.27	0.57	1.43	0.82
Earnings per share for the period (EUR), diluted		1.26	0.56	1.42	0.81

Condensed statement of comprehensive income 1 January - 30 June

mEUR	Q2 2016	Q2 2015	H1 2016	H1 2015
Profit for the period	**278**	**125**	**313**	**181**
Items that may be subsequently reclassified to the income statement:				
Exchange rate adjustments relating to foreign entities	12	(29)	(29)	64
Fair value adjustments of derivative financial instruments for the period	(118)	159	(95)	95
Fair value adjustments of derivative financial instruments transferred to the income statement (cost of sales)	4	(36)	8	(16)
Share of other comprehensive income of joint venture	7	(5)	15	(4)
Tax on items that may be subsequently reclassified to the income statement	28	(33)	22	(22)
Other comprehensive income after tax for the period	(67)	56	(79)	117
Total comprehensive income for the period	**211**	**181**	**234**	**298**

Condensed balance sheet – Assets

mEUR	Note	30 June 2016	30 June 2015	31 December 2015
Goodwill		307	215	252
Completed development projects		191	256	261
Software		61	26	32
Other intangible assets		51	-	20
Development projects in progress		162	129	122
Total intangible assets		**772**	**626**	**687**
Land and buildings	3.1	823	722	763
Plant and machinery		247	211	219
Other fixtures, fittings, tools and equipment		177	167	191
Property, plant and equipment in progress		110	86	106
Total property, plant and equipment		**1,357**	**1,186**	**1,279**
Investments accounted for using the equity method		202	216	225
Other investments		21	20	20
Tax receivables		109	-	109
Deferred tax		70	140	149
Other receivables	4.3	25	35	39
Total other non-current assets		**427**	**411**	**542**
Total non-current assets		**2,556**	**2,223**	**2,508**
Inventories		2,648	2,234	1,899
Trade receivables		1,021	712	795
Construction contracts in progress		16	82	15
Tax receivables		71	58	60
Other receivables	2.1	688	381	442
Cash and cash equivalents		2,579	2,208	2,765
Total current assets		**7,023**	**5,675**	**5,976**
Non-current assets held for sale	3.1	-	103	103
TOTAL ASSETS		**9,579**	**8,001**	**8,587**

Condensed balance sheet – Equity and liabilities

mEUR	Note	30 June 2016	30 June 2015	31 December 2015
Share capital	4.1	30	30	30
Other reserves		59	615	138
Retained earnings		2,836	1,932	2,731
Total equity		**2,925**	**2,577**	**2,899**
Provisions	3.2	357	240	314
Deferred tax		52	21	20
Financial debts	4.3	496	499	495
Tax payables		44	-	44
Other liabilities		10	10	10
Total non-current liabilities		**959**	**770**	**883**
Prepayments from customers		2,640	2,597	2,258
Construction contracts in progress		37	51	17
Trade payables		2,000	1,464	1,760
Provisions	3.2	132	148	124
Tax payables		174	72	147
Other liabilities	2.1, 4.3	712	322	499
Total current liabilities		**5,695**	**4,654**	**4,805**
Total liabilities		**6,654**	**5,424**	**5,688**
TOTAL EQUITY AND LIABILITIES		**9,579**	**8,001**	**8,587**

Condensed statement of changes in equity – 6 months 2016

mEUR	Share capital	Premium	Trans-lation reserve	Cash flow hedging reserve	Other reserves	Total other reserves	Retained earnings	Total
Equity at 1 January 2016	**30**	**-**	**99**	**37**	**2**	**138**	**2,731**	**2,899**
Profit for the period	-	-	-	-	-	-	313	313
Other comprehensive income for the period	-	-	(29)	(65)	15	(79)	-	(79)
Total comprehensive income for the period	-	-	(29)	(65)	15	(79)	313	234
Transaction with owners:								
Dividend approved	-	-	-	-	-	-	(205)	(205)
Dividend, treasury shares	-	-	-	-	-	-	4	4
Acquisition(-) /disposal (+) of treasury shares	-	-	-	-	-	-	(12)	(12)
Share based payments	-	-	-	-	-	-	5	5
Equity at 30 June 2016	**30**	**-**	**70**	**(28)**	**17**	**59**	**2,836**	**2,925**

Condensed statement of changes in equity – 6 months 2015

mEUR	Share capital	Premium	Trans-lation reserve	Cash flow hedging reserve	Other reserves	Total other reserves	Retained earnings	Total
Equity at 1 January 2015	**30**	**439**	**37**	**15**	**7**	**498**	**1,851**	**2,379**
Profit for the period	-	-	-	-	-	-	181	181
Other comprehensive income for the period	-	-	64	57	(4)	117	-	117
Total comprehensive income for the period	-	-	64	57	(4)	117	181	298
Transaction with owners:								
Dividend approved	-	-	-	-	-	-	(116)	(116)
Acquisition(-) /disposal (+) of treasury shares	-	-	-	-	-	-	12	12
Share based payments	-	-	-	-	-	-	4	4
Equity at 30 June 2015	**30**	**439**	**101**	**72**	**3**	**615**	**1,932**	**2,577**

Condensed cash flow statement

mEUR	Q2 2016	Q2 2015	H1 2016	H1 2015
Profit for the period	278	125	313	181
Adjustments for non-cash transactions	224	105	382	221
Income tax received/(paid)	51	(22)	36	(6)
Interest received/(paid)	4	(1)	(10)	(29)
Cash flow from operating activities before change in net working capital	557	207	721	367
Change in net working capital	(131)	55	(409)	104
Cash flow from operating activities	**426**	**262**	**312**	**471**
Investments in intangible assets	(54)	(29)	(90)	(50)
Investments in property, plant and equipment	(49)	(50)	(112)	(90)
Sale of property, plant and equipment	7	1	7	1
Acquisition of subsidiaries, net of cash	-	-	(83)	-
Other	-	(1)	-	(3)
Cash flow used for investments	**(96)**	**(79)**	**(278)**	**(142)**
Free cash flow	**330**	**183**	**34**	**329**
Disposal/(acquisition) of treasury shares	(17)	5	(12)	12
Dividend paid	(201)	(116)	(201)	(116)
Repayment of financial debts	(4)	-	(4)	(600)
Raising of financial debts	-	-	-	496
Cash flow from financing activities	**(222)**	**(111)**	**(217)**	**(208)**
Change in cash and cash equivalents less current portion of bank debt	**108**	**72**	**(183)**	**121**
Cash and cash equivalents less current portion of bank debt at the beginning of period	2,457	2,184	2,765	2,014
Exchange rate adjustments of cash and cash equivalents	14	(48)	(3)	73
Cash and cash equivalents less current portion of bank debt at the end of the period	**2,579**	**2,208**	**2,579**	**2,208**
The amount can be specified as follows:				
Cash and cash equivalents without disposal restrictions	2,327	2,022	2,327	2,022
Cash and cash equivalents with disposal restrictions	252	186	252	186
Total cash and cash equivalents	**2,579**	**2,208**	**2,579**	**2,208**

Notes

1 Result for the period

1.1 Segment information

mEUR	Project	Service	Not allocated	Total Group
Q2 2016				
External revenue	2,231	326	-	2,557
Total revenue	**2,231**	**326**	**-**	**2,557**
Total costs	**(1,820)**	**(268)**	**(70)**	**(2,158)**
Operating profit (EBIT) before special items	**411**	**58**	**(70)**	**399**
Special items	-	-	0	0
Operating profit (EBIT)	**411**	**58**	**(70)**	**399**
Income from investments accounted for using equity method				(17)
Net financial items				(10)
Profit before tax				**372**
Amortisation and depreciation included in total costs	(90)	(7)	(12)	(109)

Impairment losses of EUR 15m has negatively impacted the group EBIT before special items, related to R&D activities (EUR 10m in Project) and declassification of properties held for sale (EUR 5m in Not allocated).

mEUR	Project	Service	Not allocated	Total Group
Q2 2015				
External revenue	1,457	292	-	1,749
Total revenue	**1,457**	**292**	**-**	**1,749**
Total costs	**(1,316)**	**(243)**	**(45)**	**(1,604)**
Operating profit (EBIT) before special items	**141**	**49**	**(45)**	**145**
Special items	-	-	0	0
Operating profit (EBIT)	**141**	**49**	**(45)**	**145**
Income from investments accounted for using equity method				27
Net financial items				(4)
Profit before tax				**168**
Amortisation and depreciation included in total costs	(76)	(4)	(5)	(85)

1.1 Segment information (continued)

mEUR	Project	Service	Not allocated	Total Group
H1 2016				
External revenue	3,396	625	-	4,021
Total revenue	**3,396**	**625**	**-**	**4,021**
Total costs	**(2,909)**	**(515)**	**(113)**	**3,537**
Operating profit (EBIT) before special items	**487**	**110**	**(113)**	**484**
Special items	-	-	(0)	(0)
Operating profit (EBIT)	**487**	**110**	**(113)**	**484**
Income from investments accounted for using equity method				(36)
Net financial items				(30)
Profit before tax				**418**
Amortisation and depreciation included in total costs	(169)	(13)	(17)	(199)

Impairment losses of EUR 15m has negatively impacted the group EBIT before special items, related to R&D activities (EUR 10m in Project) and declassification of properties held for sale (EUR 5m in Not allocated).

mEUR	Project	Service	Not allocated	Total Group
H1 2015				
External revenue	2,721	547	-	3,268
Total revenue	**2,721**	**547**	**-**	**3,268**
Total costs	**(2,511)**	**(444)**	**(89)**	**(3,044)**
Operating profit (EBIT) before special items	**210**	**103**	**(89)**	**224**
Special items	-	-	0	0
Operating profit (EBIT)	**210**	**103**	**(89)**	**224**
Income from investments accounted for using equity method				31
Net financial items				(11)
Profit before tax				**244**
Amortisation and depreciation included in total costs	(150)	(8)	(9)	(167)

2 Working capital

2.1 Key development in working capital since 31 December 2015

Developments in working capital are driven by the activity level, except for development in Other receivables and Other liabilities. Other receivables and Other liabilities have both increased primarily due to VAT of EUR 295m from intercompany invoicing which is expected to be settled within the next quarter.

3 Other operating assets and liabilities

3.1 Key development in Property, plant and equipment and Non-current asset held for sale

Properties held for sale have been declassified to property, plant and equipment, as there is significant uncertainty about whether the properties will be sold within the next year. The declassification has impacted Administration costs with EUR 12m, due to catch-up depreciations and impairment.

3.2 Warranty provisions (included in provisions)

mEUR	30 June 2016	30 June 2015	31 December 2015
Warranty provisions, 1 January	386	321	321
Provisions for the period	76	60	160
Warranty provisions consumed during the period	(37)	(41)	(95)
Warranty provisions	**425**	**340**	**386**
The provisions are expected to be payable as follows:			
< 1 year	106	129	103
> 1 year	319	211	283

4 Capital structure and financing items

4.1 Share capital

On 30 March 2016, it was approved at the Annual General Meeting to reduce the share capital from nominally DKK 224,074,513 to nominally DKK 221,544,727 through cancellation of treasury shares. This was carried out during the second quarter of 2016.

4.2 Financial risks

Financial risks and other risks, including liquidity, credit, and market risks are addressed in the notes to the consolidated financial statements in the annual report 2015, note 4.5, page 100. Vestas has during second quarter of 2016 extended the maturity of the revolving credit facility by 1 year to expiry in 2021. Other risks remain unchanged from 2015.

4.3 Financial instruments

The book value of the Eurobond was EUR 496m with a corresponding fair value of EUR 514m at 30 June 2016. The fair value of derivative financial instruments at 30 June 2016 amounts to a negative market value of EUR 33m which equals book value.

5 Other disclosures

5.1 Related party transactions

Transactions with joint venture:

mEUR	Q2 2016	Q2 2015	H1 2016	H1 2015
Revenue for the period	49	107	90	249
Receivable at 30 June	56	31	56	31

No other significant changes have occurred to related parties or types and scale of transactions with these parties other than what is disclosed in the consolidated financial statements in the annual report 2015, note 6.4, page 116.

5.2 Business combinations

Acquisition of Availon
On 1 March 2016, the Group acquired 100 percent of the share capital of Availon Holding GmbH (”Availon”). The acquisition is the next step in accelerating the Group’s profitable growth strategy in the service business.

The goodwill of EUR 56m arising from the acquisition is attributable to synergies expected from combining the operations of the Group and Availon.

mEUR	Availon
Cash	84
Total consideration	**84**

The acquisition price for Availon is EUR 88m on a debt and cash free basis. The consideration has been paid in cash from readily available sources.

mEUR	Availon
Know-how (included in other intangible assets)	9
Customer relationship (included in other intangible assets)	26
Trademark (included in other intangible assets)	1
Other intangible assets	1
Property, plant & equipment	3
Inventory	8
Trade receivables	9
Other receivables	3
Cash	1
Deferred tax asset	1
Deferred tax liability	(12)
Bank debt	(4)
Trade payables	(5)
Other liabilities	(13)
Total identifiable net assets	**28**
Goodwill	56
Total	**84**

5.2 Business combinations (continued)

The fair value of the acquired identifiable net asset of EUR 28m including allocations is provisional pending final valuations for those assets.

Had Availon been consolidated from 1 January 2016, the consolidated income statement would have been impacted with revenue of approx. EUR 31m and profit after tax of approx EUR 0m.

6 Basis for preparation

6.1 General accounting policies

The interim financial report of Vestas Wind Systems A/S comprises a summary of the consolidated financial statements of Vestas Wind Systems A/S and its subsidiaries.

The interim financial report has been prepared in accordance with IAS 34, *Interim Financial Reporting* as adopted by the EU and additional Danish disclosure requirements for interim financial reporting of listed companies.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to the expected annual profit or loss.

6.2 Key accounting estimates and judgements

When preparing the interim financial reporting of the Group, management makes a number of accounting estimates and assumptions which form the basis of the recognition and measurement of the Group's assets and liabilities. The estimates and assumptions made are based on experience and other factors that management considers reasonable in the circumstances. There have been no changes to the accounting estimates in Q2 2016, except for declassification of asset held for sale, ref. note 3.1. Reference is made to the consolidated financial statements in the annual report 2015, note 7.2, page 124.

6.3 Changes in accounting policies and disclosures

The accounting policies remain unchanged compared to the annual report 2015, to which reference is made for full description of the accounting policies. The Group has implemented all new, amended, or revised accounting standards and interpretations (IFRSs) endorsed by the EU effective for the accounting period beginning on 1 January 2016. These IFRSs have not had any impact on the Group's interim financial report.

Management's statement

The Executive Management and the Board of Directors have today discussed and approved the interim financial report of Vestas Wind Systems A/S for the period 1 January to 30 June 2016.

The interim financial report has been prepared in accordance with IAS 34 on interim financial reporting as adopted by the EU, accounting policies set out in the Annual Report 2015 of the Group and additional Danish disclosure requirements for interim financial reports of listed companies. The interim financial report has neither been audited nor reviewed.

In our opinion the accounting policies used are appropriate and the interim financial report gives a true and fair view of the Group's assets, liabilities, and financial position at 30 June 2016 and of the results of the Group's operations and cash flow for the period 1 January to 30 June 2016.

Further, in our opinion the management report gives a true and fair review of the development in the Group's operations and financial matters, the results of the Group's operations for the period and the Group's financial position as a whole and describes the significant risks and uncertainties pertaining to the Group.

Besides what has been disclosed in the interim financial report, no changes in the Group's most significant risks and uncertainties have occurred relative to what was disclosed in the Annual Report 2015.

Aarhus, Denmark, 18 August 2016

Executive Management

Anders Runevad
Group President & CEO

Marika Fredriksson
Executive Vice President & CFO

Anders Vedel
Executive Vice President & CTO

Jean-Marc Lechêne
Executive Vice President & COO

Juan Araluce
Executive Vice President & CSO

Board of Directors

Bert Nordberg
Chairman

Lars Josefsson
Deputy Chairman

Carsten Bjerg

Eija Pitkänen

Henrik Andersen

Henry Sténson

Kim Hvid Thomsen

Peter Lindholst

Lykke Friis

Michael Abildgaard Lisbjerg

Sussie Dvinge Agerbo

Torben Ballegaard Sørensen

Vestas Wind Systems A/S
Hedeager 42, 8200 Aarhus N, Denmark
Tel: +45 9730 0000, Fax: +45 9730 0001
vestas@vestas.com, **vestas.com**

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 new potential accounting standards and policies, and Vestas' potential exposure to market risks and statements expressing management's expectations, beliefs, estimates, forecasts, projections, and assumptions. There are a number of factors that could 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; (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 from suppliers and vendors; and (m) customer readiness and ability to accept delivery and installation of products and transfer of risk.

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 2015 (available at vestas.com/investor) and these factors should also 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 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.