



Vestas[®]

FULL YEAR 2021

Vestas Wind Systems A/S

Copenhagen, February 2022



Wind. It means the world to us.[™]

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, include (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 2021 (available at 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 other 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.

KEY HIGHLIGHTS IN 2021

Revenue of EUR 15.6bn

Year on year revenue growth despite increasing supply chain challenges. High level of deliveries at 16.6 GW.

EBIT margin of 3 percent

EBIT hampered by supply chain disruptions, causing cost inflation, delays and high warranty provisions.

Total order intake of 13.9 GW and increasing pricing throughout the year

Wind turbine order backlog remains strong at EUR 18bn; +3 GW preferred supplier agreements signed for new offshore platform.

The most sustainable company

Vestas ranked number one in the world by Corporate Knights in their 18th annual Global 100 ranking.

Strategic progress to become the global leader in sustainable energy solutions

Full integration of offshore, expanded development business and two investments through Vestas Ventures.



AGENDA

Orders and markets

Financials

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Outlook & Q&A

GLOBAL BUSINESS ENVIRONMENT

Employee health and safety top priority

Renewables critical infrastructure

Maintain business continuity

Mobility and site access a prerequisite

Maintain supply chain continuity

Challenging global business environment and supply chain instability expected to last throughout 2022

- Wind power is increasingly critical as short-term electricity demand increase around the world, supporting business continuity.
- Supply chain disruptions and instability continue to impact timelines and increase costs
- Cost inflation continues to accelerate within transportation and raw materials
- Mobility for construction workers as well as service technicians remains challenging

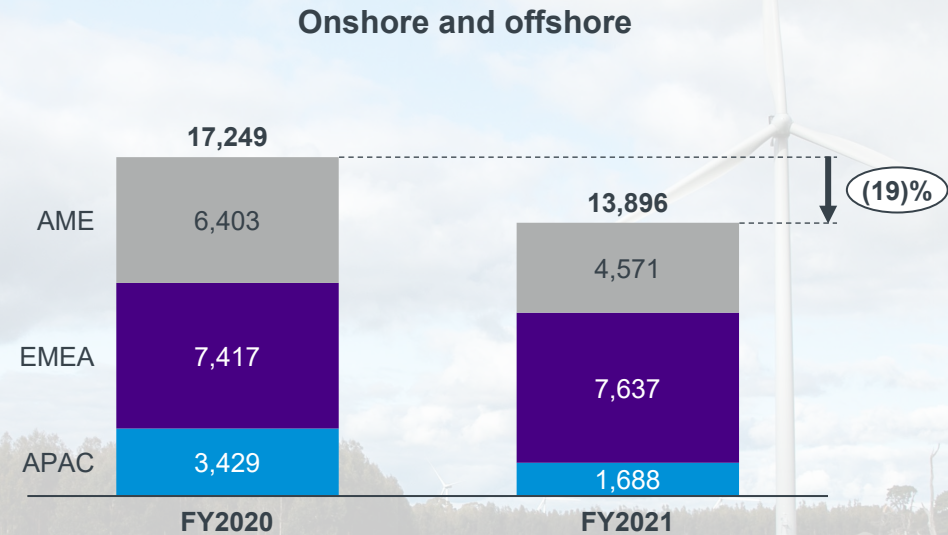
POWER SOLUTIONS

Increased pricing is a key factor for value creation

Highlights

- **Decrease in order intake** impacted by accelerating cost inflation and timing of individual markets
- Power prices continues to be **record high while PPA levels** has only started to increase
- **ASP increased** more than 20% in the year to mitigate cost inflation and display the discipline needed across onshore and offshore
- **Offshore fully integrated** in customers dialogues leading to **+3 GW preferred supplier agreements**
- Wind turbine order backlog remains high at **EUR 18.1bn**

--• Firm and unconditional order intake, MW



--• Average selling price of order intake, mEUR per MW



SERVICE BUSINESS

Well positioned for further growth

Highlights

- **Offshore fully integrated** within the service business with further focus on leveraging global supply chain and scale
- **Focus on full scope multibrand** service contracts, having reached 1GW of multibrand contracts in Latin America
- Continued focus on **long service duration**, reaching all the way to 35 years



Service order backlog
+EUR 5bn comp. to Q4 2020



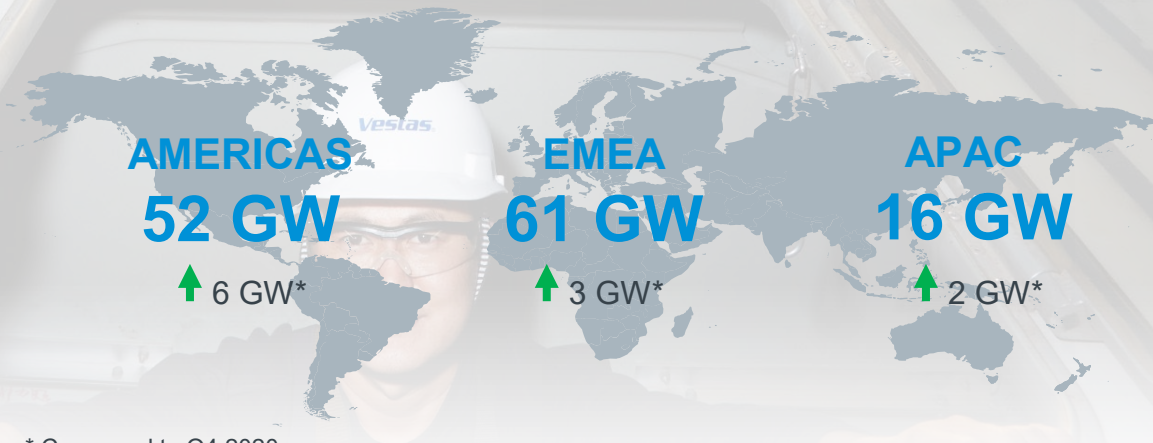
GW under active service contracts



Average years contract duration



Service fleet



* Compared to Q4 2020.

SUSTAINABILITY STRATEGY

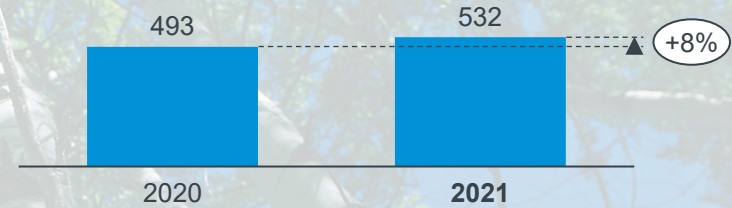
The most sustainable company in the world

Highlights

- Vestas named [the most sustainable company in the world](#) by Corporate Knights and achieved [A-score](#) by CDP highlighting climate leadership
- [8 percent increase in expected CO₂ avoided](#)
- [Increase in carbon emissions](#) driven by integration of offshore activities; engagement with strategic suppliers to reduce CO₂ emissions and waste across the supply chain started
- [Initiated CETEC project](#) to create the first circular blade, important steps in our new industry-leading Circularity Roadmap

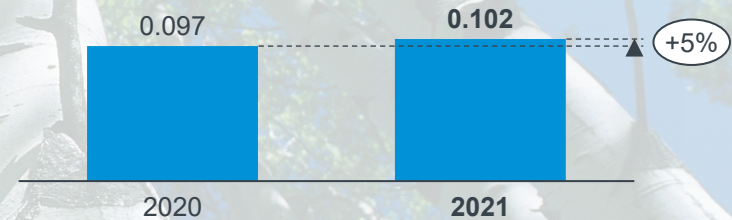
CO₂e avoided

CO₂e avoided over the lifetime of the capacity produced and shipped during the period (million t)



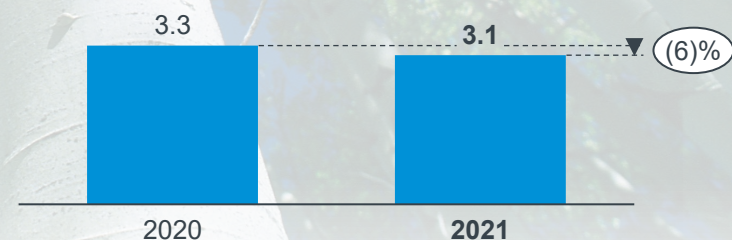
Carbon emissions

Direct and indirect emissions of CO₂e (scope 1&2)(million t)



Safety

Total recordable injuries per 1 million working hours (TRIR)





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INCOME STATEMENT – FULL YEAR

Strong resilience in challenging times

Highlights

- Revenue increased 5.2 percent YoY, mainly driven by increased service activity and offshore
- Gross margin slightly decreased by 0.4 percentage points YoY, positively impacted by higher revenue and Service but offset by Power Solutions
- EBIT margin before special items decreased by 2.1 percentage points YoY, mainly driven by higher SG&A costs as a result of offshore integration
- Special items of EUR 139m related to the alignment of the offshore manufacturing footprint

mEUR	2021	2020	% change
Revenue	15,587	14,819	5.2%
Production costs	(14,027)	(13,281)	5.6%
Gross profit	1,560	1,538	1.4%
SG&A costs*	(1,099)	(788)	39.5%
EBIT before special items	461	750	(38.5)%
Special items	(139)	(52)	-
EBIT after special items	322	698	(53.9)%
Income from investments in joint ventures and associates	36	331	(89.1)%
Net profit	176	771	(77.2)%
Gross margin	10.0%	10.4%	(0.4)%-pts
EBITDA margin before special items	8.9%	9.4%	(0.5)%-pts
EBIT margin before special items	3.0%	5.1%	(2.1)%-pts

*R&D, administration, and distribution. Including depreciations and amortisations.

INCOME STATEMENT – Q4 2021

Strong activity levels but challenged profitability

Highlights

- Revenue increased 6.5 percent YoY
- Gross margin decreased by 3.9 percentage points YoY, driven primarily by higher warranty provisions and supply chain instability
- EBIT margin before special items decreased by 6.1 percentage points YoY, mainly driven by the lower gross profit and higher SG&A costs

mEUR	Q4 2021	Q4 2020	% change
Revenue	4,551	4,273	6.5%
Production costs	(4,156)	(3,734)	11.3%
Gross profit	395	539	(26.7)%
SG&A costs*	(289)	(181)	59.7%
EBIT before special items	106	358	(70.4)%
Special items	(20)	0	-
EBIT after special items	86	358	(75.9)%
Income from investments in joint ventures and associates	(13)	329	-
Net profit	20	566	(96.5)%
Gross margin	8.7%	12.6%	(3.9)%-pts
EBITDA margin before special items	7.9%	12.4%	(4.5)%-pts
EBIT margin before special items	2.3%	8.4%	(6.1)%-pts

*R&D, administration, and distribution. Including depreciations and amortisations.

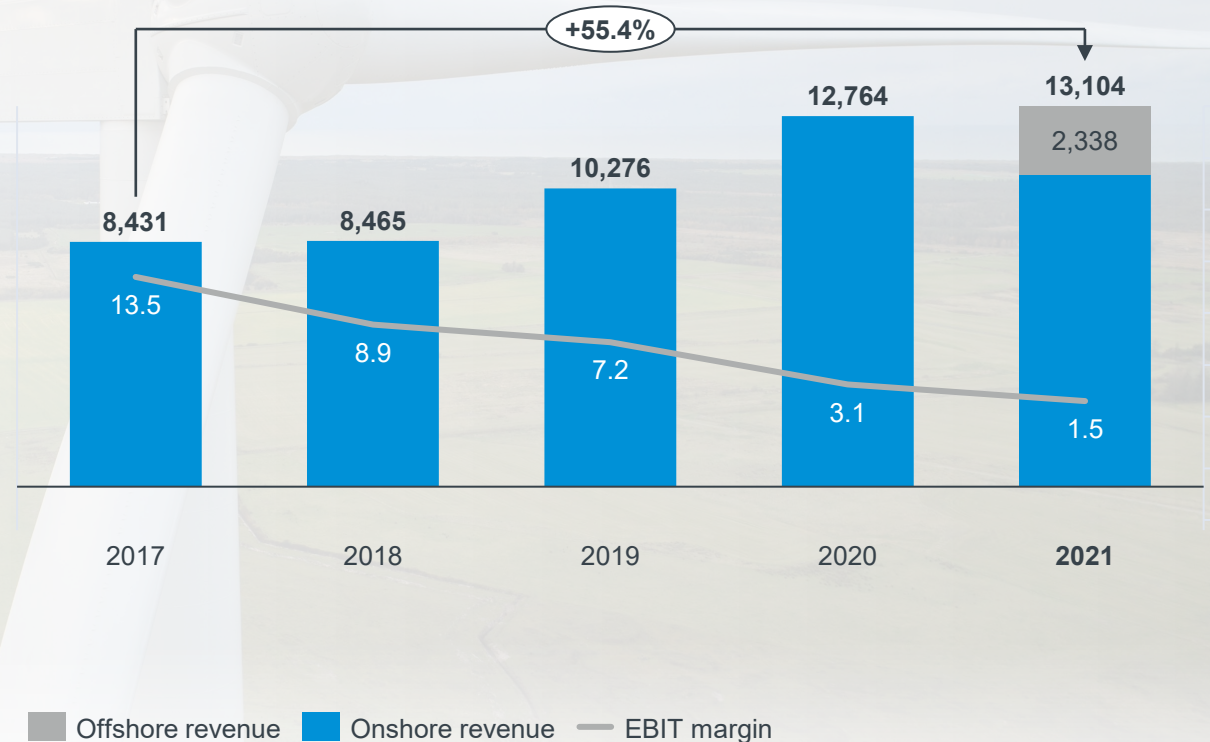
POWER SOLUTIONS – FULL YEAR

Profitability further challenged

Highlights

- Revenue increased by 2.7 percent YoY, driven by offshore offsetting a decrease in the onshore activity level
- EBIT margin before special items decreased by 1.6 percentage points YoY driven by supply chain disruptions causing cost inflation and higher warranty provisions

Power Solutions revenue and EBIT margin, mEUR and percent



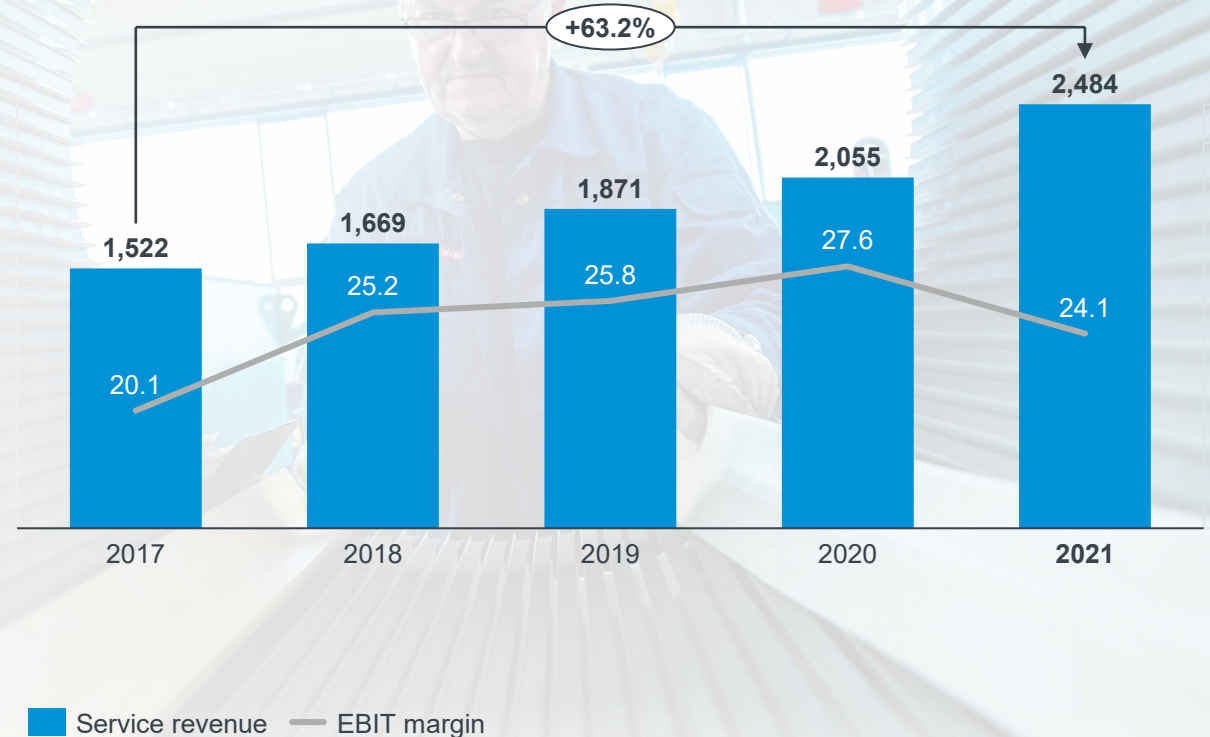
SERVICE BUSINESS – FULL YEAR

Continued positive service performance

→ Service revenue and EBIT margin, mEUR and percent

Highlights

- Service revenue increased 21 percent compared to 2020 driven by higher onshore activity and inclusion of offshore as well as increase in transactional sales
- 2021 EBIT before special items: EUR 599m
- 2021 EBIT margin before special items: 24.1 percent impacted by offshore integration and higher share of transactional sales



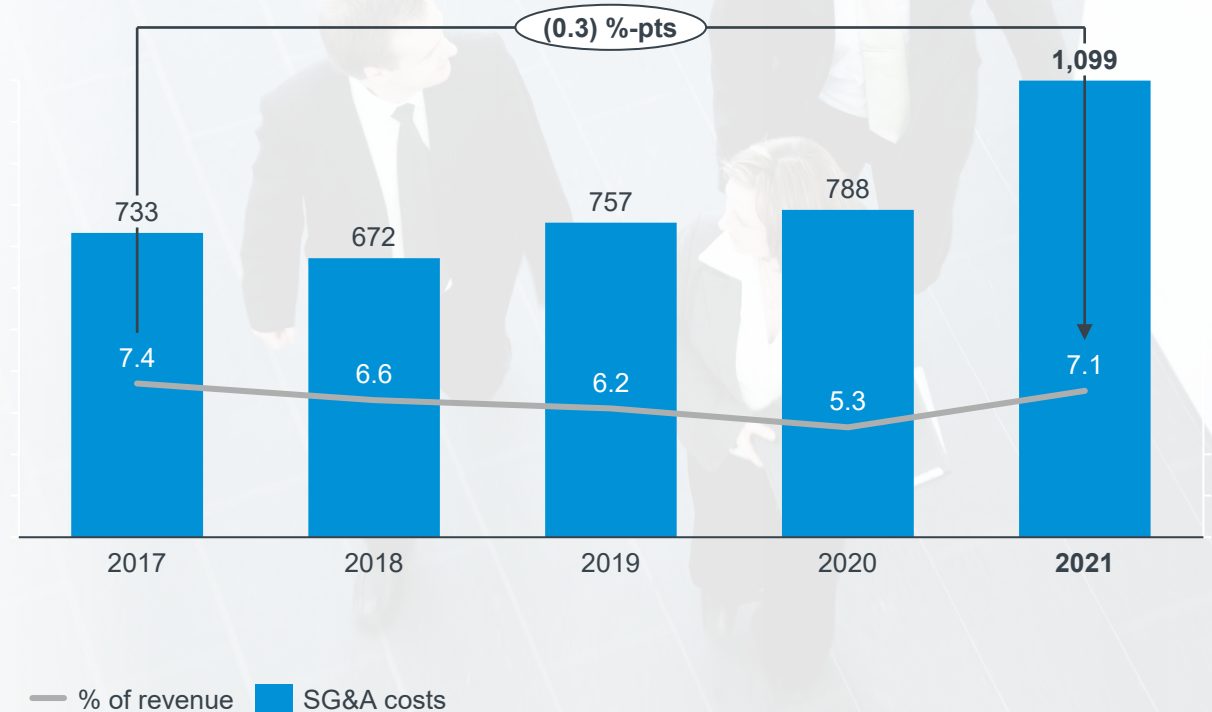
SG&A COSTS

SG&A costs under control

Highlights

- Higher SG&A costs primarily driven by the integration of offshore causing increase in depreciation and IT cost
- Relative to activity levels, SG&A costs amounted to 7.1 percent

→ SG&A costs (TTM)*, mEUR and percent



*R&D, administration, and distribution including depreciation

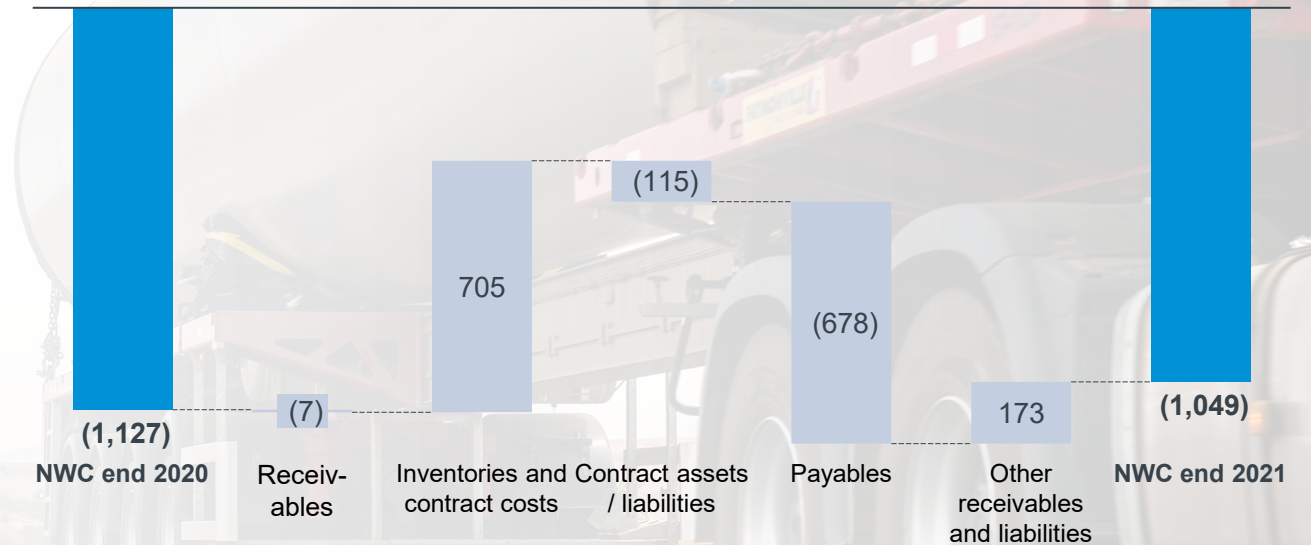
NET WORKING CAPITAL

Stable NWC development

Highlights

- Net working capital generally stable, **negatively impacted** by an increase in the level of inventory partly offset by **payables** and down- and milestone payments

--• NWC change over the year, mEUR



CASH FLOW STATEMENT

Free cash flow continues to be positive

Highlights

- **Positive free cash flow before financial investments of EUR 183m**; an improvement compared to 2020 driven by cashflow from operating activities and a stable NWC
- Vestas to initiate issue of **new sustainability linked green bond facility**, to be introduced in the upcoming bond roadshow

mEUR	2021	2020	Abs. Change
Cash flow from operating activities before change in net working capital	987	1,331	(344)
Change in net working capital*	9	(588)	597
Cash flow from operating activities	996	743	253
Cash flow from investing activities**	(813)	(687)***	(126)
Free cash flow before financial investments**	183	56***	127
Free cash flow	57	476	(419)
Cash flow from financing activities	(715)	(234)	(481)
Net interest-bearing position	1,200	1,920	(720)

* Change in net working capital impacted by non-cash adjustments and exchange rate adjustments with a total amount of net EUR 87m.

** Excl. investments in marketable securities and short-term financial investments.

*** Restated to reflect change in classifications of investments.

TOTAL INVESTMENTS – FULL YEAR

Higher investments year-over-year

Highlights

- Investments of **EUR 813m in 2021**, increase from 2020 mainly driven by investments in the V236 offshore turbine and the modular onshore platform, EnVentus.

→ Total net investments*, mEUR



*Excl. any investments in marketable securities and short-term financial investments.
**Restated to reflect change in classifications of investments.

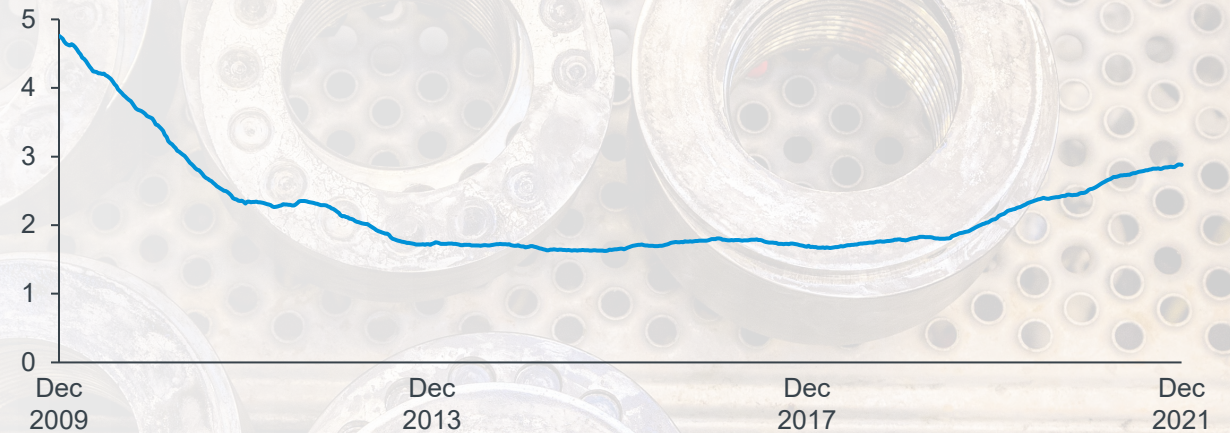
PROVISIONS & LPF

Focus on warranty provisions and LPF

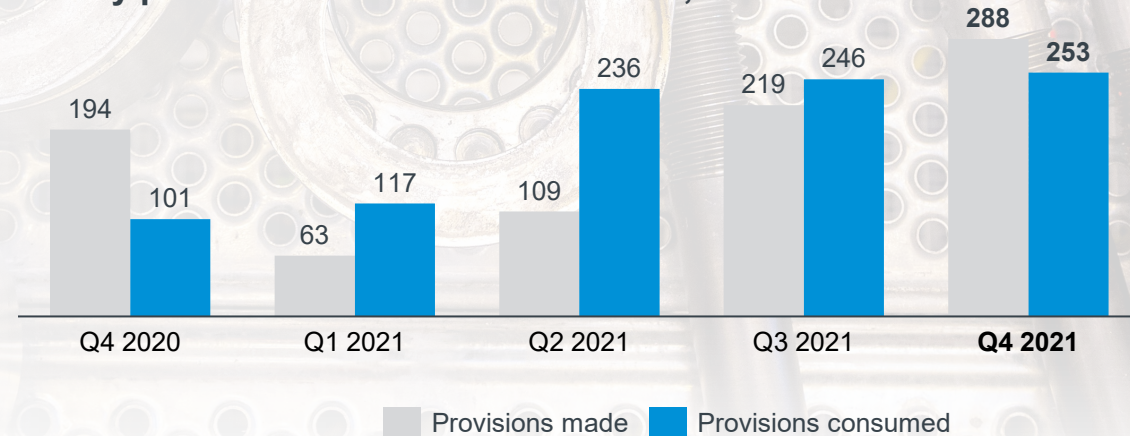
Highlights

- LPF* continues at high level as a consequence of the [extraordinary repair and upgrade level](#)
- Warranty provisions made corresponding to [4.4 percent of revenue](#); high level driven by cost inflation and logistics challenges for repair and upgrade of existing cases

--> Lost Production Factor (LPF), Percent



--> Warranty provisions made and consumed, mEUR



* LPF measures potential energy production not captured by Vestas' onshore and offshore wind turbines.

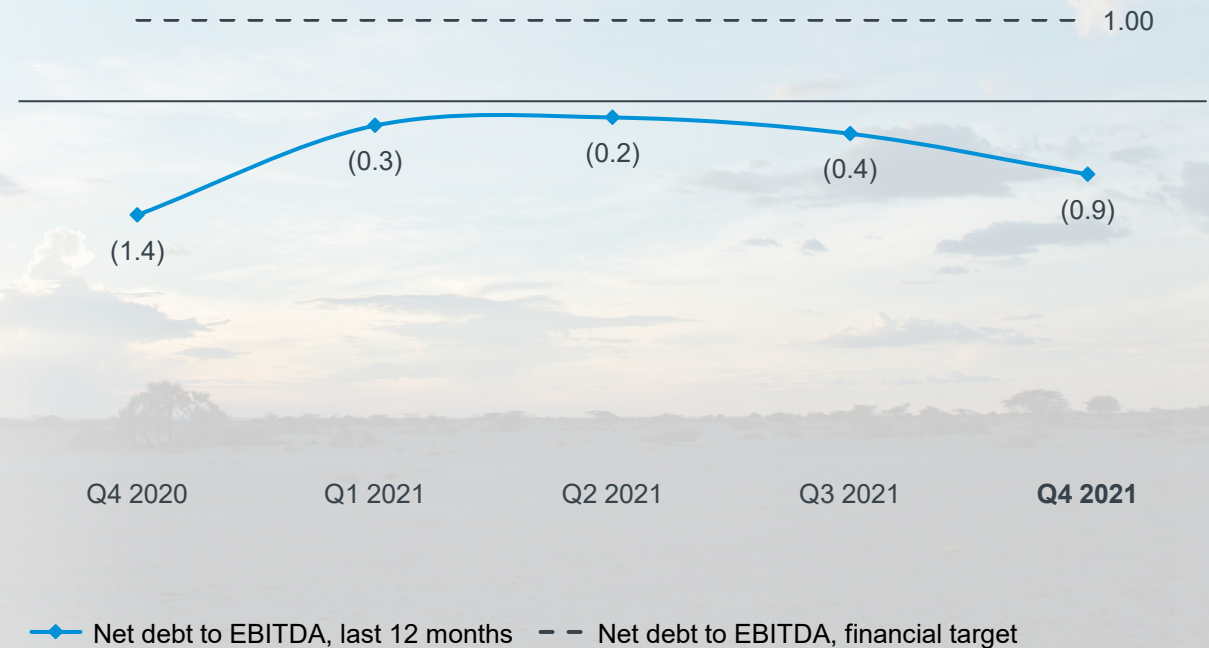
CAPITAL STRUCTURE

Net debt to EBITDA well below threshold

Highlights

- Net debt to EBITDA at **low level of (0.9) in Q4 2021**
- Financial strength highlighted by **Baa1** rating from Moody's
- **EUR 2bn sustainability-linked revolving credit facility** signed and **sustainability-linked bond** to be launched
- Proposed dividend of EUR 0.05 per share

→ Net debt to EBITDA before special items





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Vestas[®]

Our new growth areas

FUTURE
INNOVATION



DEVELOPMENT



OFFSHORE



Our strong value generating core

SERVICE



ONSHORE



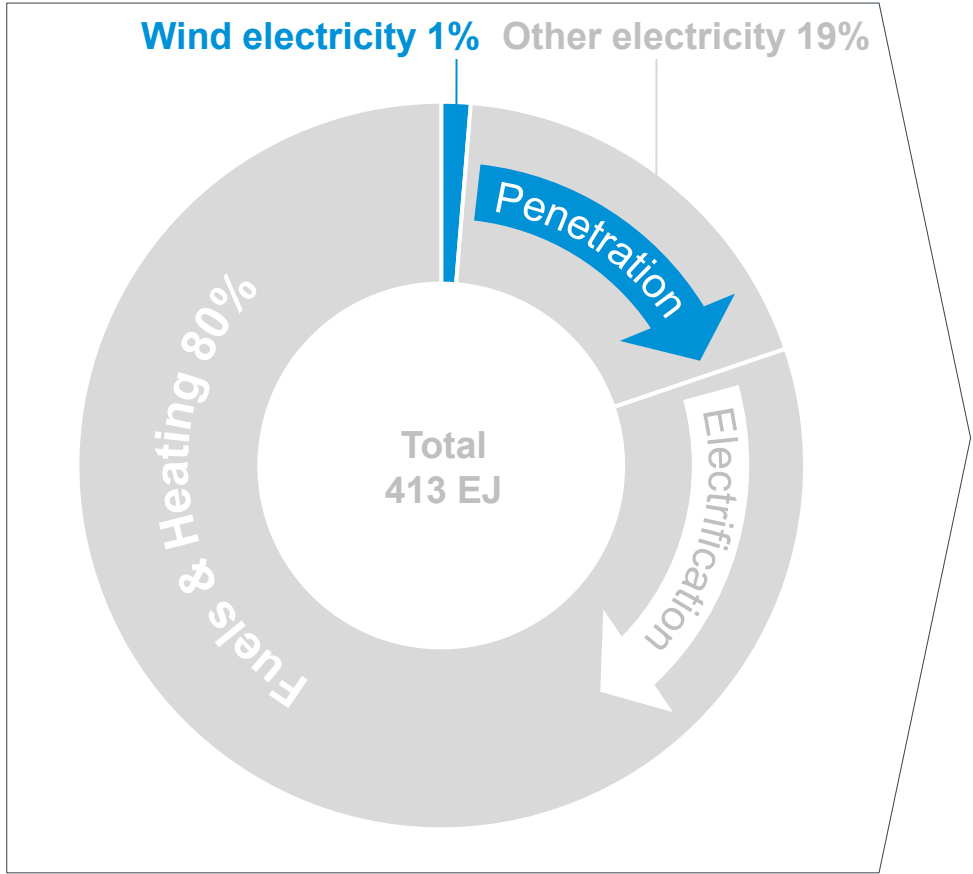
GLOBAL
LEADER
IN SUSTAINABLE
ENERGY SOLUTIONS

FOR WIND THIS MEANS A STEP CHANGE IN ANY SCENARIO

Vestas is fundamentally in the right place at the right time

World energy consumption by source 2020

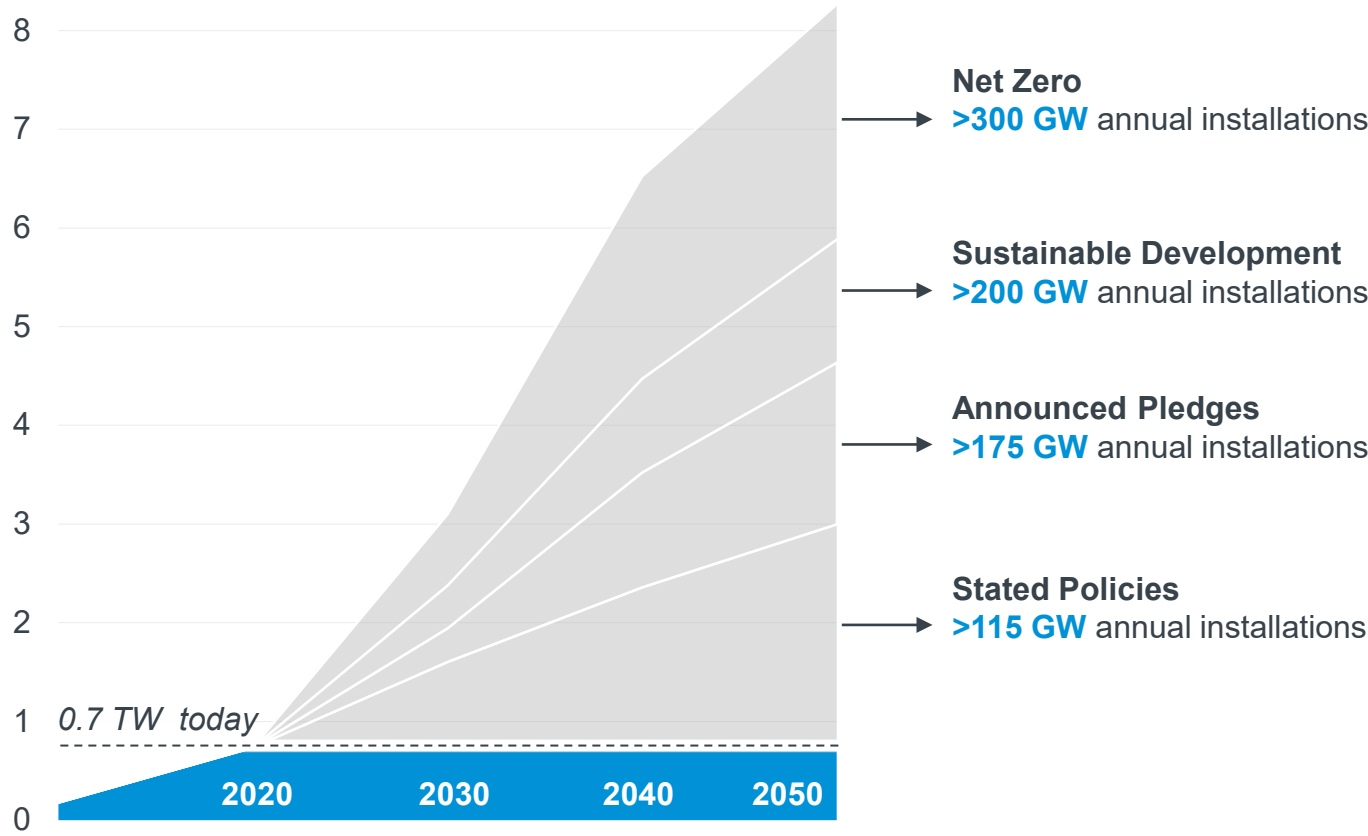
In exajoule (EJ) and percent (%)



Source: IEA World Energy Outlook 2021

Global wind generation capacity scenarios

In terawatts (TW)



OUR PORTFOLIO CONSISTS OF THREE ATTRACTIVE RE SEGMENTS

Vestas uniquely positioned in the industry

ONSHORE

Large market, healthy growth



Market expectation 2021-2025

New installations (GW)

CAGR:

↑ 2-4%

- Near-term readjustment of the market
- Increased climate ambitions to drive upsides
- Increasing demand for repowering, Power-to-X, and hybrid projects

OFFSHORE

Younger market, high growth



Market expectation 2021-2025

New installations (GW)

CAGR:

↑ >25%

- Strong expansion in Europe and new markets such as the USA and Korea and broader Asia Pacific and Latin America
- Growth to accelerate post 2024
- Demand increase for floating and Power-to-X

SERVICE

Mid-sized market, high growth



Market expectation 2021-2025

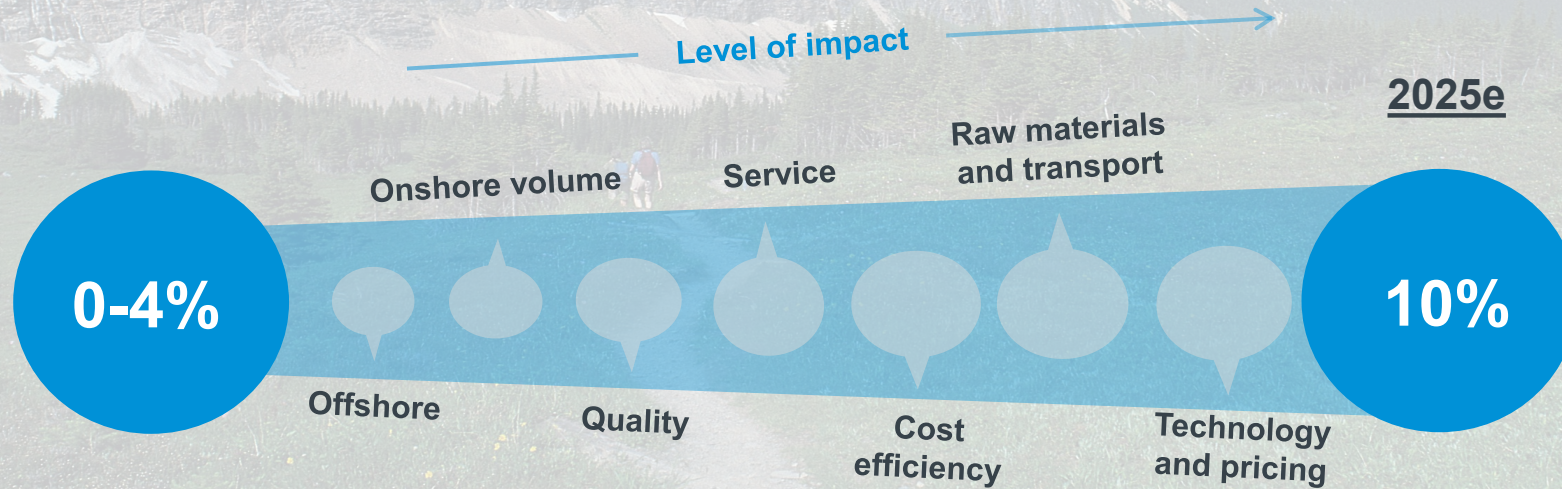
Installed fleet (GW)

CAGR:

↑ 7-10%

- Solid growth from high base
- Expanded solution scope
- Focus on digitalisation and global scale

WITH OUR LONG-TERM FINANCIAL TARGETS IN PLACE



AND AMBITIOUS TARGETS FOR OUR SUSTAINABILITY JOURNEY

CARBON FOOTPRINT

Carbon neutral company by 2030 – without using carbon offsets



CIRCULARITY

Producing zero-waste wind turbines by 2040



PEOPLE

Safest, most inclusive & socially-responsible company in the energy industry



ENERGY TRANSITION

Leading the transition towards a world powered by sustainable energy



LICENSE TO OPERATE

A person wearing a dark blue long-sleeved shirt and dark pants is shown from the waist down, wearing a complex climbing harness with various straps, buckles, and a blue bag. The person is standing on a sandy, gravelly ground in a desert-like environment. In the background, several white wind turbines are visible against a clear blue sky. The overall scene suggests a professional or industrial setting related to renewable energy.

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OUTLOOK 2022

Outlook

Revenue (bnEUR)

- Service is expected to grow approx. 5 percent

15 – 16.5

EBIT margin before special items (%)

- Service margin is expected to be approx. 25 percent

0 – 4

Total investments (mEUR)

Excl. acquisitions of subsidiaries, joint ventures, associates and financial investments

Approx. 1,000

- Important to note that basic assumptions behind the guidance are more uncertain than normal
- Guidance excludes change in accounting policy regarding cloud computing arrangement
- The 2022 outlook is based on current foreign exchange rates

Q&A

Financial calendar 2022:

- Disclosure of Q1 2022 (4th May)
- Disclosure of Q2 2022 (10th August)
- Disclosure of Q3 2022 (2nd November)

A large, semi-transparent blue illustration of a wind turbine nacelle and a blade, set against a dark background. The nacelle is shown in a cutaway view, revealing internal components like the gearbox and generator. The blade is long and tapers towards the tip, with a grid-like structure visible on its surface. The text "THANK YOU FOR YOUR ATTENTION" is centered over the nacelle area.

THANK YOU FOR YOUR ATTENTION

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