

Vestas Wind Systems A/S  
Interim financial report  
Third quarter 2013

# Contents

Summary.....	3
Highlights for the Group .....	4
Financial performance.....	6
Market development.....	9
Business development .....	10
Social and environmental performance .....	12
Outlook 2013.....	13
Financial calendar 2014 .....	13
Assumptions and risks .....	14
Consolidated accounts – 1 January-30 September 2013.....	15
Management’s statement.....	27

## Press and analyst information meeting

For analysts, investors and the media, an information meeting will be held today, Wednesday, 6 November 2013 at 10 a.m. CET (9 a.m. London time) at Vestas’ Headquarters, Hedeager 44, 8200 Aarhus N, Denmark.

The information meeting will be held in English (with simultaneous interpretation into Danish) and webcast live via [vestas.com/investor](http://vestas.com/investor).

The meeting may be attended electronically and questions may be asked through a conference call. The telephone numbers for the conference call are:

Europe: +44 208 817 9301  
USA: +1 718 354 1226  
Denmark: +45 7026 5040

A replay of the information meeting will subsequently be available from [vestas.com/investor](http://vestas.com/investor).

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## Language

The interim report is available in Danish and English. In case of doubt, the Danish version shall apply.

## Summary

*Third quarter EBIT improved despite 27 per cent lower revenue. Outlook for 2013 upgraded on EBIT margin and free cash flow. Turnaround continues according to plan.*

Vestas upgrades the 2013 outlook on EBIT margin before special items from minimum 1 per cent to minimum 2 per cent and free cash flow is upgraded from minimum EUR 200m to EUR 500-700m.

In the third quarter of 2013, Vestas generated revenue of EUR 1,442m – a decrease of 27 per cent to the year-earlier period. Despite the decrease in revenue, EBIT before special items increased by EUR 54m to EUR 67m due to the lower fixed cost base and improved project margins. The EBIT margin before special items was 4.6 per cent and the free cash flow increased by EUR 198m to EUR 56m compared to the third quarter of 2012.

The intake of firm and unconditional wind turbine orders was 1,547 MW in the third quarter of 2013. The value of the wind turbine backlog amounted to EUR 7.3bn at 30

September 2013. In addition to the wind turbine order backlog, Vestas had service agreements with contractual future revenue of EUR 6.1bn at the end of September 2013. Thus the value of the combined backlog of wind turbine orders and service agreements stood at EUR 13.4bn – an improvement of EUR 400m during the quarter.

During the third quarter, Vestas and Mitsubishi Heavy Industries Ltd. have agreed to form a joint venture dedicated to offshore wind energy.

In order to increase the flexibility of Vestas' supply chain, Vestas has divested its machining and casting units to the German industry group VTC Partners GmbH. The divestment led to write downs of EUR 50m which constitutes the majority of the third-quarter special items of EUR 64m.

Group President & CEO, Anders Runevad said: *"The improved EBIT despite a 27 per cent drop in revenue and another quarter of debt reduction are important results of the ongoing turnaround, and we remain focused on delivering according to plan in the last part of the year."*

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### Q3 at a glance (against Q3 2012)

+ 286%	<i>Vestas had an order intake of 1,547 MW - an increase of 286 per cent</i>
- 1%	<i>Vestas produced and shipped 1,607 MW - a decrease of 1 per cent</i>
- 20%	<i>Vestas delivered wind power systems with an aggregate capacity of 1,176 MW - a decrease of 20 per cent</i>
- 27%	<i>Vestas generated revenue of EUR 1,442m - a decrease of 27 per cent</i>
- 3%	<i>Service revenue amounted to EUR 227m - a decrease of 3 per cent</i>
+ EUR 54m	<i>EBIT before special items amounted to EUR 67m - an increase of EUR 54m</i>
+ EUR 88m	<i>Net profit amounted to EUR (87)m - an increase of EUR 88m</i>
+ EUR 198m	<i>Vestas realised a free cash flow of EUR 56m - an increase of EUR 198m</i>
- 14%	<i>The number of employees at the end of the quarter was 17,237 - a decrease of 14 per cent</i>
+ 9% points	<i>Renewable energy amounted to 67 per cent of total energy consumption - an increase of 9 percentage points</i>
- 36%	<i>Industrial injuries per one million working hours was 1.8 - a decrease of 36 per cent</i>

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# Highlights for the Group

mEUR	Q3 2013 <sup>1)</sup>	Q3 2012 <sup>1)</sup>	9 months 2013 <sup>1)</sup>	9 months 2012 <sup>1)</sup>	FY 2012
<b>Financial highlights</b>					
<b>Income statement</b>					
Revenue	1,442	1,988	3,723	4,704	7,216
Gross profit	213	203	440	463	796
Profit/(loss) before financial income and expenses, depreciation and amortisation (EBITDA) before special items	171	136	273	207	473
Operating profit/(loss) (EBIT) before special items	67	13	(29)	(151)	4
Profit/(loss) before financial income and expenses, depreciation and amortisation (EBITDA) after special items	122	47	208	51	299
Operating profit/(loss) (EBIT) after special items	3	(140)	(128)	(367)	(697)
Profit/(loss) of net financial items	(39)	(18)	(97)	(21)	(14)
Profit/(loss) before tax	(36)	(158)	(225)	(388)	(713)
Net profit/(loss)	(87)	(175)	(300)	(345)	(963)
<b>Balance sheet</b>					
Balance sheet total	5,981	8,470	5,981	8,470	6,972
Equity	1,225	2,264	1,225	2,264	1,622
Provisions	355	349	355	349	353
Average interest-bearing position (net)	(838)	(1,342)	(991)	(1,167)	(1,189)
Net working capital	(117)	481	(117)	481	233
Net investments in property, plant and equipment	6	15	24	80	167
<b>Cash flow statement</b>					
Cash flow from operating activities	104	(102)	342	(568)	(73)
Cash flow from investing activities	(48)	(40)	(149)	(207)	(286)
Free cash flow	56	(142)	193	(775)	(359)
Cash flow from financing activities	(74)	80	(657)	843	832
Change in cash at bank and in hand less current portion of bank debt	(18)	(62)	(464)	68	473
<b>Financial ratios<sup>2)</sup></b>					
<b>Financial ratios</b>					
Gross margin (%)	14.8	10.2	11.8	9.8	11.0
EBITDA margin before special items (%)	11.9	6.8	7.3	4.4	6.6
EBIT margin before special items (%)	4.6	0.7	(0.8)	(3.2)	0.1
EBITDA margin after special items (%)	8.5	2.4	5.6	1.1	4.1
EBIT margin after special items (%)	0.2	(7.0)	(3.4)	(7.8)	(9.7)
Return on invested capital (ROIC) before special items <sup>3)</sup> (%)	3.2	(0.5)	3.2	(0.5)	0.2
Solvency ratio (%)	20.5	26.7	20.5	26.7	23.3
Net working capital as percentage of revenue (%)	(2.1)	6.7	(2.1)	6.7	3.2
Return on equity <sup>3)</sup> (%)	(57.6)	(4.4)	(57.6)	(4.4)	(45.9)
Gearing (%)	90.0	77.8	90.0	77.8	108.0
<b>Share ratios</b>					
Earnings per share <sup>5)</sup> (EUR)	(4.5)	(0.5)	(4.5)	(0.5)	(4.8)
Book value per share (EUR)	6.0	11.1	6.0	11.1	8.0
Price/book value (EUR)	3.1	0.5	3.1	0.5	0.5
Cash flow from operating activities per share (EUR)	0.5	(0.5)	1.7	(2.8)	(0.4)
Dividend per share (EUR)	-	-	-	-	0.0
Payout ratio (%)	-	-	-	-	0.0
Share price at the end of the period (EUR)	18.7	5.5	18.7	5.5	4.3
Average number of shares	203,704,103	203,704,103	203,704,103	203,704,103	203,704,103
Number of shares at the end of the period	203,704,103	203,704,103	203,704,103	203,704,103	203,704,103

1) Neither audited nor reviewed.

2) 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).

3) Calculated over a 12-month period.

4) Net working capital as percentage of minimum outlook for revenue.

5) Earnings per share have been calculated over a 12-month period and in accordance with IAS 33 on earnings per share.

	Q3 2013 <sup>1)</sup>	Q3 2012 <sup>1)</sup>	9 months 2013 <sup>1)</sup>	9 months 2012 <sup>1)</sup>	FY 2012
<b>Operational key figures</b>					
Order intake (bnEUR)	1.5	0.4	3.9	2.6	3.8
Order intake (MW)	1,547	401	3,832	2,615	3,738
Order backlog – wind turbines (bnEUR)	7.3	8.3	7.3	8.3	7.1
Order backlog – service (bnEUR)	6.1	4.9	6.1	4.9	5.3
Produced and shipped (MW)	1,607	1,616	3,364	4,707	6,171
Produced and shipped (number of turbines)	717	707	1,523	2,120	2,765
Deliveries (MW)	1,176	1,464	2,872	3,879	6,039
<b>Social and environmental key figures<sup>2)</sup></b>					
<b>Occupational health &amp; safety</b>					
Industrial injuries (number)	14	26	54	82	110
- of which fatal industrial injuries (number)	0	0	1	0	0
<b>Utilisation of resources</b>					
Consumption of metals (1,000 tonnes)	36	35	86	172	192
Consumption of other raw materials, etc. (1,000 tonnes)	25	29	71	101	121
Consumption of energy (GWh)	133	148	425	485	630
- of which renewable energy (GWh)	89	86	243	245	327
- of which renewable electricity (GWh)	88	86	232	235	310
Consumption of fresh water (1,000 m <sup>3</sup> )	172	165	391	452	581
<b>Waste disposal</b>					
Volume of waste (1,000 tonnes)	18	22	51	71	87
- of which collected for recycling (1,000 tonnes)	10	10	29	34	44
<b>Emissions</b>					
Direct emission of CO <sub>2</sub> (1,000 tonnes)	10	11	40	44	59
Indirect emission of CO <sub>2</sub> (1,000 tonnes)	12	18	34	47	59
<b>Local community</b>					
Environmental accidents (number)	0	0	0	0	0
Breaches of internal inspection conditions (number)	0	0	1	1	1
<b>Employees</b>					
Average number of employees	17,298	20,733	17,298	20,733	21,033
Number of employees at the end of the period	17,237	20,090	17,237	20,090	17,778
- of which outside Europe	6,412	7,409	6,412	7,409	6,704
<b>Social and environmental indicators<sup>2)</sup></b>					
<b>Occupational health and safety</b>					
Incidence of industrial injuries per one million working hours	1.8	2.8	2.3	2.7	2.8
Absence due to illness among hourly-paid employees (%)	2.5	2.1	2.6	2.3	2.4
Absence due to illness among salaried employees (%)	1.0	1.0	1.2	1.0	1.1
<b>Products</b>					
CO <sub>2</sub> savings over the lifetime on the MW produced and shipped (million tonnes of CO <sub>2</sub> )	43	43	89	124	163
<b>Utilisation of resources</b>					
Renewable energy (%)	67	58	57	52	52
Renewable electricity for own activities (%)	100	85	100	87	89
<b>Employees</b>					
Women in Board of Directors <sup>3)</sup> and Executive Management (%)	15	8	15	8	8
Women at management level (%)	18	18	18	18	17
Non-Danes at management level (%)	53	55	53	55	56

1) Neither audited nor reviewed.

2) Accounting policies for social and environmental key figures for the Group, see page 36 of the annual report 2012.

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

# Financial performance

## Order backlog and activities – wind turbines

The value of the order backlog was EUR 7.3bn at the end of September 2013.

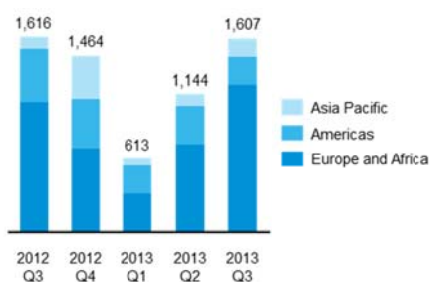
The order backlog amounted to 7,574 MW at the end of September 2013. Europe and Africa accounted for 61 per cent and Americas and Asia Pacific accounted for 31 and 8 per cent, respectively.

The quarterly order intake was 1,547 MW, of which 81 per cent was announced. This is an improvement of 1,146 MW or 286 per cent compared to the third quarter of 2012.

In the third quarter of 2013, Vestas produced and shipped wind turbines with an aggregate output of 1,607 MW (717 wind turbines) against 1,616 MW (707 wind turbines) in the third quarter of 2012.

### Produced and shipped

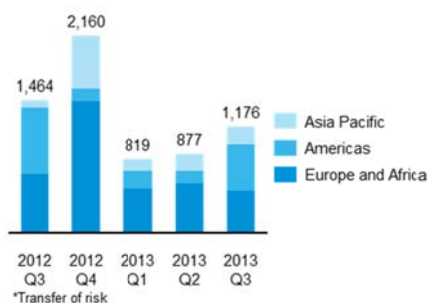
MW



Final capacity delivered to the customers (transfer of risk – TOR) amounted to 1,176 MW; a decrease of 20 per cent from the third quarter of 2012.

### Deliveries (TOR\*)

MW



## Overview as per Q3 2013

MW

	Europe and Africa	Americas	Asia Pacific	Total
Under completion, 1 July 2013	972	937	105	2,014
Delivered (TOR) to customers during the period	(461)	(525)	(190)	(1,176)
Produced and shipped during the period	1,231	218	158	1,607
<b>Under completion, 30 September 2013</b>	<b>1,742</b>	<b>630</b>	<b>73</b>	<b>2,445</b>

At the end of September 2013, wind turbine projects with a total output of 2,445 MW were under completion. This is reflected in the level of prepayments and inventories as a large share of these MW have not yet been recognised as revenue. The revenue recognition of these MW will take place when the projects are finally delivered to the customers.

## Order backlog and activities – service

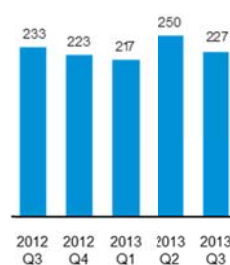
At the end of September 2013, Vestas had service agreements with contractual future revenue of EUR 6.1bn – an increase of 24 per cent compared to the end of September 2012.

Service revenue amounted to EUR 227m in the third quarter of 2013 – a decrease of 3 per cent compared to the third quarter of 2012. Even though revenue and earnings from the service business are far more stable than from the wind turbine business, the revenue and earnings generating activities in the different service contracts may vary from quarter to quarter.

In the third quarter of 2013, the EBIT margin before allocation of Group costs amounted to 19 per cent. The EBIT margin after allocation of Group costs was 12 per cent which is a decrease of 2 percentage points compared to the third quarter of 2012, primarily driven by a lower activity level. For the first nine months of 2013, service revenue amounted to EUR 694m with an EBIT margin before allocation of Group costs of 24 per cent.

### Service revenue

mEUR



The service business requires in-depth knowledge about the wind turbines' performance depending on

wind conditions and grid types, but only ties up a relatively low amount of capital. Vestas offers an increasingly broader product range covering everything from simple on-call duty to a guaranteed minimum exploitation of the wind.

By the end of September 2013, Vestas has installed more than 58 GW in 73 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 around 25,000 wind turbines equivalent to more than 45 GW is one of the foundations of Vestas' service business' growth strategy.

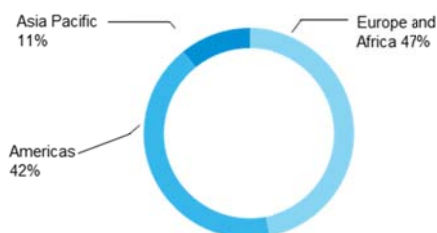
79 per cent of the expiring service contracts were renewed during the first nine months of 2013.

### Income statement

In the third quarter of 2013, revenue amounted to EUR 1,442m; a decrease of 27 per cent compared to the year-earlier period.

#### Distribution of revenue Q3 2013

Percentage



#### Distribution of MW delivered Q3 2013

Percentage



Despite the lower revenue in the third quarter of 2013, the gross margin increased to 14.8 per cent from 10.2 per cent in the third quarter of 2012. The increase was primarily driven by lower fixed capacity costs and higher contribution margins on the delivered projects compared to the third quarter of 2012, where Vestas handed over a couple of projects with low margins. These improvements more than offset the 27 per cent decline in revenue compared to the third quarter of 2012.

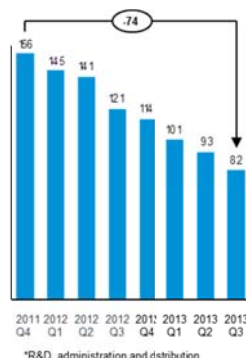
It should be emphasised that quarter-on-quarter developments in gross margins may show substantial fluctuations due to volume and composition relating to

countries, project complexities, orders and wind turbine types as well as customers' demands for delivery flexibility.

The EBITDA margin before special items amounted to 11.9 per cent – an increase of 5.1 percentage points compared to the third quarter of 2012 which is explained by the higher gross profit and lower fixed costs.

#### Fixed costs\* excluding D&A

mEUR



EBIT before special items amounted to EUR 67m – an increase of EUR 54m from the third quarter of 2012. The EBIT margin before special items was 4.6 per cent.

In the third quarter of 2013, a total of EUR 64m was booked as special items of which EUR 50m relates to writedowns of Vestas' machining and casting units in connection with the divestment to the German industry group VTC Partners GmbH (VTC). In addition, EUR 7m relates to a further writedown of the production facilities in Hohhot, China, that were closed in 2012. Finally, special items of EUR 7m are related to lay-off costs for employees.

EBIT after special items amounted to EUR 3m in the third quarter of 2013 – an improvement of EUR 143m to the year-earlier period.

In the third quarter of 2013, net financial items amounted to EUR 39m against EUR 18m in the third quarter of 2012. The difference is explained by a negative currency impact in the third quarter of 2013 compared to a positive currency impact in the third quarter of 2012.

The corporation tax expense of EUR 51m in the third quarter of 2013 is mainly due to the writing down of deferred tax assets for the period, in line with the assessment done at the end of December 2012. As a result, the tax asset at the end of September 2013 is in line with the amount at the end of December 2012.

### Balance sheet

Vestas had total assets of EUR 5,981m at 30 September 2013, against EUR 8,470m the year before. This was partly driven by the writedowns during the last year and the lower level of current assets.

At the end of September 2013, Vestas' interest-bearing net position amounted to EUR 728m, representing a decrease of EUR 559m or 43 per cent over the last year. During the third quarter, the net debt decreased by EUR 51m.

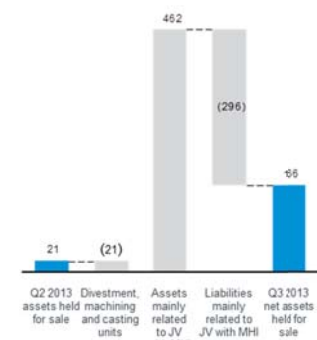
#### Assets and liabilities held for sale

Vestas' machining and casting units have been divested to VTC at a price of EUR 1 combined with an earn-out element for Vestas of up to EUR 25m, at present valued to be EUR 0. Consequently, these units were further written down in the third quarter of 2013.

The agreement of a joint venture with Mitsubishi Heavy Industries Ltd. (MHI) dedicated to offshore wind energy means that assets and liabilities to be transferred as part of the agreement will be classified as held for sale till the expected financial closing at the end of March 2014. This is further explained on page 21.

#### Assets and liabilities held for sale

mEUR



#### Net working capital

At the end of September 2013, Vestas' net working capital amounted to EUR (117)m, which is a decrease of EUR 598m compared to the end of September 2012. The development is driven by a lower level of inventories which more than offsets the decline in prepayments. Both items have among other things declined due to a lower number of MW under completion.

During the quarter, net working capital decreased by EUR 61m which is mainly driven by higher trade payables.

The regionalised manufacturing leaves room for further reduction of the inventories in the different regions by decreasing the lead time. An important focus area is to reduce the working capital tied up in MW under completion i.e. wind turbines in transport to site, in installation phase and in mechanical completion phase. Vestas aims to reduce the level of MW under completion significantly by decreasing lead time in transportation and installation. At the same time, Vestas focuses on order-to-cash by implementing improvements within contract management and cash collection. MW under completion stood at 2,445 MW by the end of September 2013.

#### Warranty provisions

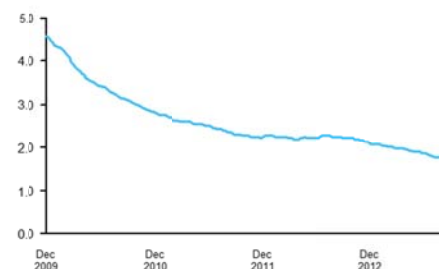
In the third quarter of 2013, warranty provisions amounted to EUR 28m, equivalent to 1.9 per cent of revenue. Warranty consumption also amounted to EUR 28m – compared to EUR 38m in the third quarter of 2012. Over the last 12 months, warranty consumption as a percentage of revenue was 1.5 per cent. The very low level is a result of the continued quality focus and the improved performance of the wind turbines.

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.

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 September 2013, all the wind power plants where Vestas guaranteed the performance showed an average LPF of less than 2 per cent.

#### Lost Production Factor

Percentage



Data calculated across nearly 15,000 Vestas wind turbines under full scope service.

#### Total equity

Vestas' equity amounted to EUR 1,225m at 30 September 2013; a decrease of EUR 1,039m on 30 September 2012, primarily driven by writing down of non-current assets and tax assets made over the past 12 months.

#### Cash flow and investments

In the third quarter of 2013, cash flow from operating activities increased by EUR 206m to EUR 104m compared to the third quarter of 2012 driven by improvements in the working capital. Cash flow from investments amounted to EUR 48m, which is EUR 8m higher than the same period last year.

In the third quarter of 2013, the free cash flow increased by EUR 198m to EUR 56m compared to the third quarter of 2012.

Over the last 12 months, Vestas has generated a free cash flow of EUR 609m.



# Market development

## Deliveries and wind turbine backlog per region

MW	Europe and Africa	Americas	Asia Pacific	Total
Deliveries Q3 2013	461	525	190	<b>1,176</b>
Backlog as per 30 Sept. 2013	4,601	2,354	619	<b>7,574</b>

### Europe and Africa

The European market is still characterised by low activity in Southern Europe which is balanced by growth in some Northern and Eastern European markets. In the third quarter of 2013, Vestas strengthened its leading position in the South African market with two orders totalling 198 MW.

In the third quarter of 2013, Vestas delivered 461 MW to the markets in Europe and Africa and the order backlog amounted to 4,601 MW as of 30 September 2013.

### Americas

Based on a strong foothold and a pick-up in market growth in the USA, Vestas has received a significant US order intake of 540 MW in the third quarter of 2013. In addition to this, a master supply agreement and turbine supply agreements with a potential of 1.2 GW have been announced.

In the third quarter of 2013, Vestas delivered 525 MW to the markets in Americas and the order backlog amounted to 2,354 MW as of 30 September 2013.

### Asia Pacific

During the third quarter of 2013, Vestas announced three orders totalling 198 MW in China being the first Chinese orders announced in 2013.

In the third quarter of 2013, Vestas delivered 190 MW to the markets in Asia Pacific and the order backlog amounted to 619 MW as of 30 September 2013.

### Offshore

During the quarter, Vestas Offshore received an order for 129 MW for a V112 project in the Netherlands and 48 MW was delivered in Sweden.

Out of the total order backlog of 7,574 MW, the order backlog for Vestas Offshore amounted to 564 MW as of 30 September 2013. The wind turbines for these projects will all be manufactured by Vestas. Installation of the projects will be handled by Vestas before the financial closing of the joint venture with MHI, which is expected to take place at the end of March 2014. After the closing, all offshore installation activities will be handled by the joint venture.

## Deliveries (TOR)

MW	Q3 2013	Q3 2012	FY 2012
Germany	147	75	591
France	82	47	168
Sweden	62	138	525
Denmark	45	12	87
Ireland	40	4	4
Poland	38	72	275
Austria	18	13	14
Bulgaria	14	-	6
United Kingdom	10	85	312
Netherlands	3	-	42
Romania	2	20	56
Spain	-	70	290
Italy	-	57	452
Norway	-	36	54
Czech Republic	-	10	16
Belgium	-	6	16
Ukraine	-	-	81
Turkey	-	-	48
Finland	-	-	33
Cyprus	-	-	11
Portugal	-	-	6
Cape Verde	-	-	3
<b>Total Europe and Africa</b>	<b>461</b>	<b>645</b>	<b>3,090</b>
Canada	276	262	439
Brazil	184	2	88
Nicaragua	40	40	40
USA	25	418	1,313
Netherlands Antilles	-	-	30
Mexico	-	-	29
Puerto Rico	-	-	23
Chile	-	-	7
Uruguay	-	-	7
Argentina	-	-	2
<b>Total Americas</b>	<b>525</b>	<b>772</b>	<b>1,978</b>
China	144	90	413
India	46	7	88
Australia	-	-	420
Pakistan	-	-	50
<b>Total Asia Pacific</b>	<b>190</b>	<b>97</b>	<b>971</b>
<b>TOTAL WORLD</b>	<b>1,176</b>	<b>1,464</b>	<b>6,039</b>

# Business development

## Two-year turnaround plan

Vestas' vision is to ensure that the cost of wind energy becomes on a par with oil and gas by delivering cost effective wind technologies, products and services. Vestas and the wind power industry have come a long way towards realising this vision. Vestas now has the global footprint to manufacture wind turbines and deliver services close to its customers and to ensure cost competitiveness. In fact, the cost of electricity from onshore wind power is expected on average to reach grid parity in Europe by 2015<sup>1</sup>. However, despite the significant improvements in lowering the cost of energy from wind, at the end of 2011, Vestas faced a more conservative near-term market outlook due to declining expectations for energy consumption in key markets.

Consequently, Vestas revised its strategy and realigned its business by initiating a two-year turnaround plan with the objectives of:

- i. implementing a new operating business model to optimise cash flow and earnings while preserving long-term opportunities and
- ii. achieving a leaner and more scalable organisation that is capable of reacting quickly to shifts in market demand.

Since the end of 2011, Vestas has focused on three core areas:

- (i) reducing costs,
- (ii) reducing investments through asset-light solutions and through a simplified product roadmap, and
- (iii) improving capacity utilisation and capital efficiency through divestments, supply to third parties and improved net working capital management.

### Reducing costs

By the end of 2013, Vestas will reduce its annualised fixed capacity costs by more than EUR 400m compared to the fixed capacity costs in the fourth quarter of 2011. The primary driver of these cost reductions is the reduction in employee headcount from 22,721 employees at the end of 2011 to the expected level of no more than 16,000 employees at the end of 2013.

Likewise, variable costs were reduced during the course of 2012. When Vestas entered 2012, the product and production costs for the V112 turbine and the GridStreamer™ technology were higher than expected. In order to reduce these and other variable costs, more than 100 product cost-out initiatives were implemented during 2012. Product cost-out initiatives ranged from reducing the selection of bolts and screws

to radically streamlining the production of large components for Vestas' wind turbines. Lowering variable costs will continue in 2013 through standardisation and modularisation of the 2 MW and 3 MW platforms and improving commercial-, specification-, demand- and process management via the newly centralised global sourcing function.

### Reducing investment levels

Vestas has decreased its investment levels in research and development by leveraging on its existing wind turbine platforms instead of developing new platforms, which require significantly more capital investment. Vestas' new onshore product variants i.e. V110-2.0 MW, V105-3.3 MW, V112-3.3 MW, V117-3.3 MW and V126-3.3 MW, which enable significantly increased energy capture, are all based on Vestas' proven 2 MW and 3 MW platforms and Vestas will continue to develop capex-light variants based on these platforms. These improvements are focused on providing greater performance and expanded platform ability, enabling customers to benefit from increased annual energy production across low, medium and high wind sites, higher reliability and effective service and spare part operations.

Vestas now has the global footprint to manufacture wind turbines and deliver services close to its customers and to ensure cost competitiveness and therefore, Vestas does not plan to invest in new factories.

This shift in Vestas' development programme and the finalisation of the regional manufacturing footprint built-out has allowed Vestas to decrease investments from EUR 761m in 2011 to EUR 286m in 2012.

The agreement between Vestas and MHI to form a joint venture dedicated to offshore wind energy will lower Vestas' future capex requirements for offshore technologies while preserving long-term opportunities in the offshore wind market.

### Improving capacity utilisation and capital efficiency

During 2012, Vestas evaluated its manufacturing footprint based on market demand and closed a number of offices and facilities. The purpose was to improve capacity utilisation and capital efficiency through divestments, supply to third parties and net working capital management. As part of this, Vestas sold its tower factor in Varde, Denmark, as well as closed and merged a number of factories and offices. In 2013, site simplification has continued and Vestas has also divested its machining and casting units in order to increase flexibility and capacity utilisation.

To improve its net working capital position, which is primarily driven by inventory and prepayments, Vestas has focused on initiatives to reduce the time from final production to Transfer of Risk (TOR). The time from shipment to TOR i.e. MW under completion, can be decreased by reducing lead time in transportation, installation and commissioning. In addition, Vestas

<sup>1</sup> Source: Make Consulting: Levelized Cost of Energy, February 2013.

focuses on improving contract management and cash collection.

Vestas achieved an improvement in its net working capital from EUR 233m at the end of 2012 to EUR (117)m at the end of September 2013, which was mainly driven by improved cash collection. There is still room for improvement in lowering MW under completion.

2013 will mark the end of Vestas' turnaround plan and the beginning of a new strategic direction. Vestas expects to enter this next level in its development with improved earnings margins and strong cash flow generation capabilities. The strategy beyond 2013 will leverage on the implemented operating business model and organisation and will continue to focus on optimising cash flow and earnings while maintaining Vestas' market leadership position.

### **Financial priorities**

The focus on cost reductions, reduced investments and increased outsourcing, has not changed Vestas' three main financial priorities:

1. **EBIT margin**  
Vestas has defined a goal of achieving a high single-digit EBIT margin in the medium term subject to a normalised US market. For 2013, the goal is now to achieve an EBIT margin before special items of minimum 2 per cent.
2. **Free cash flow**  
In 2013, Vestas now aims to generate a free cash flow of EUR 500-700m and thereby reduce its net debt.
3. **Revenue**  
Vestas has two revenue streams: Wind turbines and service. Service, which is more profitable, is expected to continue being the fastest growing segment in 2013. For 2013, the target is total revenue of minimum EUR 5.5bn of which service constitutes approx EUR 1bn.

In connection with the disclosure of the annual report for 2013 in February 2014, Vestas will disclose its strategic objectives and priorities for the coming years.

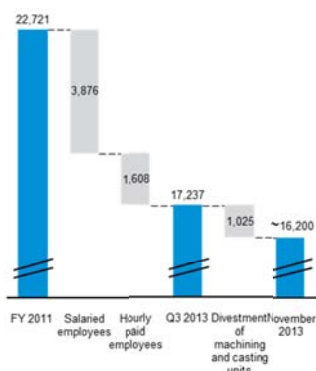
# Social and environmental performance

## Employees

During the course of 2012, Vestas carried out a comprehensive, global restructuring of the organisation due to an excessive cost base in relation to the activity level. The restructuring continued in 2013, and during the first nine months of 2013, Vestas reduced the number of employees by 541.

### Employees, end of period

Number



Compared to the end of 2011, Vestas has seen a net reduction of 5,484 employees – of which 71 per cent were salaried employees. Including the divestment of machining and casting units, which is not reflected in the third quarter employee numbers, as at November 2013, Vestas has around 16,200 employees – close to the goal of maximum 16,000 employees by the end of 2013.

Vestas will continue to scale the organisation according to among other things the expected activity level.

## Global bonus programme

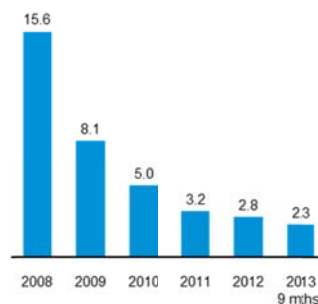
For 2013, the Group bonus targets are: a free cash flow of EUR 500m (55 per cent weighting) and an EBIT margin before special items and before provisioning for bonus of 5 per cent (45 per cent weighting). No global bonus will be paid out for 2013 if the following minimum targets are not met: A free cash flow of EUR 220m and an EBIT margin before special items and before provisioning for bonus of 3.7 per cent. If the minimum targets are both just met, provisions for approx EUR 35m will be made in 2013 to be paid out to the Vestas employees in 2014. The bonus disbursement is based on national legislation.

## Safety

In the third quarter of 2013, Vestas' incidence of industrial injuries was 1.8. The incidence of industrial injuries for the first nine months of the year was 2.3. Vestas maintains its target of 2.0 for full-year incidence of injuries, as well as its commitment to further reduction of industrial injuries.

## Incidence of industrial injuries

Per one million working hours



## Environmental performance

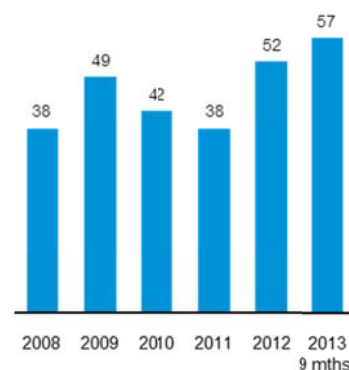
Vestas' environmental impact has decreased from the third quarter of 2012 to the third quarter of 2013 i.e. the energy consumption has decreased by 10 per cent and the waste generation has decreased by 18 per cent. The decrease is mainly linked to reduced production at Vestas' two blades factories in the USA and the castings units in Sweden and Germany.

Vestas' share of renewable electricity reached 100 per cent already during the first quarter of 2013 and it is still at 100 per cent. Vestas has a commitment to source renewable electricity where available which is done through local renewable purchase agreements. In addition to this, Vestas currently owns some wind turbines, which are used to balance out the non-renewable electricity from units where local renewable electricity purchase is not possible.

Vestas has divested four casting units and two machining units which will be reflected in the Group's social and environmental performance going forward as they all have a significant environmental impact.

## Renewable energy

Percentage of total energy consumption



## Outlook 2013

EBIT margin before special items is upgraded to minimum 2 per cent compared to the earlier expectation of minimum 1 per cent. This is primarily driven by an upgrade of the expected service EBIT margin before allocation of Group costs by 6 percentage points to approx 23 per cent from approx 17 per cent.

Based on the current activity plan for the rest of the year and the related cash inflows and outflows, the free cash flow for 2013 is now expected to be EUR 500-700m compared to the earlier expectation of a free cash flow of minimum EUR 200m in 2013. This is driven by higher earnings, lower investments and better working capital management.

Vestas maintains its full-year outlook of a revenue of minimum EUR 5.5bn, including service revenue, which is still expected to amount to approx EUR 1bn. Shipments are now expected to be approx 4.5 GW compared to the earlier expectation of 4-5 GW.

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 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 2013.

Investments in property, plant and equipment are now expected to be around EUR 100m compared to the previous outlook of EUR 150m.

Based on a strong foothold and a pick-up in market growth in the USA, Vestas has received a significant US order intake of 540 MW in the third quarter of 2013. In addition to this, a master supply agreement and turbine supply agreements with a potential of 1.2 GW have been announced.

The development of the V164-8.0 MW turbine continues according to Vestas' plans, with installation of the first prototype expected to take place in the first quarter of 2014.

Vestas expects to further reduce the number of employees during 2013 and the year-end number of employees is still expected to be no more than 16,000.

## Outlook 2013

bnEUR

	Outlook Feb. 2013	Outlook Aug. 2013	Outlook Nov. 2013
Shipments (GW)	4-5	4-5	~4.5
Revenue	Min. 5.5	Min. 5.5	Min. 5.5
- of which service revenue	~1	~1	~1
EBIT margin before special items (%)	Min. 1	Min. 1	Min. 2
EBIT margin, service, before allocation of Group costs (%)	~17	~17	~23
Investments in PP&E (mEUR)	~150	~150	~100
Free cash flow (mEUR)	Min. 0	Min. 200	500-700

## Financial calendar 2014

04.02.2014	Disclosure of annual report 2013 and outlook for 2014
28.02.2014	Convening for annual general meeting
24.03.2014	Annual general meeting in Aarhus, Denmark
09.05.2014	Disclosure of Q1 2014
20.08.2014	Disclosure of Q2 2014
07.11.2014	Disclosure of Q3 2014

## Assumptions and risks

The continued economic downturn as well as an increased emphasis on cost of energy continues to put focus on reducing or even abandoning support schemes for wind power across the globe. Though there are grounds for cautious optimism, the industry must expect a low level of support in the short and medium term. The tendency towards decreasing regulatory financial frameworks for wind power thus continues to add pressure on the industry.

As a consequence the banks have become much more diligent than previously and processing times and documentation requirements have gone up. A further setback in the credit market would adversely affect Vestas' market potential. Similarly, low prices of fossil fuels could postpone demand, and lower energy consumption caused by economic cycles could also affect demand for wind power plants.

The slowdown in market growth has generally triggered component abundance and represents a financial challenge for a number of suppliers. Vestas monitors the risk in relation to component procurement and regularly follows up on the financial standing of existing and potential suppliers.

To minimise the potential impact and reduce risks in connection with fluctuations in prices of commodities such as copper and nickel, Vestas has entered into long-term fixed price agreements with suppliers. In general, however, Vestas seeks to include specific commodity price escalation clauses in its sales contracts. This means that Vestas' earnings on contracts are relatively robust towards fluctuating input prices.

An increase in the price of steel, in particular, may, however, have an adverse impact on project earnings.

Other than the aforementioned, the most important risk factors include additional warranty provisions due to potential quality issues, transport costs, disruptions in production and wind turbine installations and potential patent disputes. The combination of having production facilities in Europe, China and the USA as well as worldwide sales makes Vestas less sensitive to fluctuations in currencies.

Vestas operates with three types of contracts: Supply-only, supply-and-installation and turnkey. Revenue from supply-only and supply-and-installation orders is not recognised until the wind turbines have been finally handed over to the customer. This may cause a time lag concerning the income recognition. The majority of Vestas' revenue derives from these types of contracts. Revenue from turnkey orders is recognised based on the percentage of completion method in line with shipments. There are no differences between the contract types in terms of the payment profile. Payments are typically received when orders are

received, as physical shipments are effected and at final transfer of risk.

Vestas is involved in some litigation proceedings including agent matters and a class action regarding the change in accounting policy among others. However, it is the opinion of management that settlement or continuation of these proceedings will not have a material effect on the financial position of the Vestas Group.

Based on Vestas' broad sales and production platform, Vestas has ongoing tax reviews with focus on transfer pricing. As a consequence of a tax review by the Danish tax authorities focusing on transfer pricing for 2005-2007, in the second quarter of 2013, Vestas has received a tax assessment for 2006-2009 from the Spanish tax authorities increasing the taxable income in Spain. The Danish and Spanish tax reviews are connected and are expected to be resolved by a mutual agreement between the tax authorities. The financial impact, i.e. the taxable income, of such an agreement is expected to be neutral for Vestas, however, the timing of such an agreement is uncertain.

## Consolidated accounts – 1 January-30 September 2013

### Condensed consolidated income statement

mEUR

	Q3 2013	Q3 2012	9 months 2013	9 months 2012
<b>Revenue</b>	<b>1,442</b>	<b>1,988</b>	<b>3,723</b>	<b>4,704</b>
Cost of sales	(1,229)	(1,785)	(3,283)	(4,241)
<b>Gross profit</b>	<b>213</b>	<b>203</b>	<b>440</b>	<b>463</b>
Research and development costs	(55)	(64)	(168)	(189)
Distribution expenses	(41)	(49)	(127)	(157)
Administrative expenses	(50)	(77)	(174)	(268)
<b>Operating profit/(loss) before special items</b>	<b>67</b>	<b>13</b>	<b>(29)</b>	<b>(151)</b>
Special items	(64)	(153)	(99)	(216)
<b>Operating profit/(loss) after special items</b>	<b>3</b>	<b>(140)</b>	<b>(128)</b>	<b>(367)</b>
Net financial items	(39)	(18)	(97)	(21)
<b>Profit/(loss) before tax</b>	<b>(36)</b>	<b>(158)</b>	<b>(225)</b>	<b>(388)</b>
Corporation tax	(51)	(17)	(75)	43
<b>Net profit/(loss) for the period</b>	<b>(87)</b>	<b>(175)</b>	<b>(300)</b>	<b>(345)</b>
<b>Earnings per share (EPS)</b>				
Earnings per share for the period (EUR), basic	(0.43)	(0.86)	(1.48)	(1.69)
Earnings per share for the period (EUR), diluted	(0.43)	(0.86)	(1.48)	(1.69)

**Condensed consolidated statement of comprehensive income**

mEUR

	<b>9 months 2013</b>	<b>9 months 2012</b>
<b>Profit/(loss) for the period</b>	<b>(300)</b>	<b>(345)</b>
<b>Items to be reclassified to the income statement when specific conditions are met:</b>		
Exchange rate adjustments relating to foreign entities	(37)	11
Fair value adjustments of derivative financial instruments for the period	(76)	(1)
Fair value adjustments of derivative financial instruments transferred to the income statement (cost of sales)	0	24
Tax on derivative financial instruments and other comprehensive income	19	(6)
Other comprehensive income after tax for the period	(94)	28
<b>Total comprehensive income for the period</b>	<b>(394)</b>	<b>(317)</b>



## Condensed consolidated balance sheet – Assets

mEUR

	30 September 2013	30 September 2012	31 December 2012
Goodwill	216	320	216
Completed development projects	365	457	485
Software	47	72	64
Development projects in progress	136	288	251
<b>Total intangible assets</b>	<b>764</b>	<b>1,137</b>	<b>1,016</b>
Land and buildings	824	1,006	785
Plant and machinery	192	387	220
Other fixtures, fittings, tools and equipment	153	302	218
Property, plant and equipment in progress	72	104	63
<b>Total property, plant and equipment</b>	<b>1,241</b>	<b>1,799</b>	<b>1,286</b>
Investments in associates	1	4	1
Other receivables	34	42	32
Deferred tax	152	423	146
<b>Total other non-current assets</b>	<b>187</b>	<b>469</b>	<b>179</b>
<b>Total non-current assets</b>	<b>2,192</b>	<b>3,405</b>	<b>2,481</b>
Inventories	2,024	3,344	2,244
Trade receivables	515	739	792
Construction contracts in progress	40	35	21
Other receivables	312	404	389
Corporation tax	62	69	63
Cash at bank and in hand	374	474	851
<b>Total current assets</b>	<b>3,327</b>	<b>5,065</b>	<b>4,360</b>
Non-current assets held for sale	462	-	131
<b>TOTAL ASSETS</b>	<b>5,981</b>	<b>8,470</b>	<b>6,972</b>

## Condensed consolidated balance sheet – Equity and liabilities

mEUR

	30 September 2013	30 September 2012	31 December 2012
Share capital	27	27	27
Other reserves	(89)	35	5
Retained earnings	1,287	2,202	1,590
<b>Total equity</b>	<b>1,225</b>	<b>2,264</b>	<b>1,622</b>
Deferred tax	25	0	17
Provisions	172	161	175
Pension obligations	2	2	2
Financial debts	841	1,707	1,458
<b>Total non-current liabilities</b>	<b>1,040</b>	<b>1,870</b>	<b>1,652</b>
Prepayments from customers	1,458	2,276	1,716
Construction contracts in progress	63	7	77
Trade payables	1,076	1,398	1,008
Provisions	156	186	159
Financial debts	261	54	293
Other liabilities	358	360	412
Corporation tax	48	55	33
<b>Total current liabilities</b>	<b>3,420</b>	<b>4,336</b>	<b>3,698</b>
Liabilities directly associated with non-current assets held for sale	296	-	-
<b>Total liabilities</b>	<b>4,756</b>	<b>6,206</b>	<b>5,350</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5,981</b>	<b>8,470</b>	<b>6,972</b>

## Condensed consolidated statement of changes in equity – 9 months 2013

mEUR

	Share capital	Translation reserve	Cash flow hedging reserve	-	Retained earnings	Total
<b>Equity at 1 January 2013</b>	<b>27</b>	<b>7</b>	<b>(2)</b>	<b>32</b>	<b>1,590</b>	<b>1,622</b>
Acquisition of treasury shares	-	-	-	-	(7)	(7)
Share based payments	-	-	-	-	4	4
Total comprehensive income for the period	-	(37)	(57)	(94)	(300)	(394)
<b>Equity at 30 September 2013</b>	<b>27</b>	<b>(30)</b>	<b>(59)</b>	<b>(62)</b>	<b>1,287</b>	<b>1,225</b>

## Condensed consolidated statement of changes in equity – 9 months 2012

mEUR

	Share capital	Translation reserve	Cash flow hedging reserve	-	Retained earnings	Total
<b>Equity at 1 January 2012</b>	<b>27</b>	<b>27</b>	<b>(20)</b>	<b>34</b>	<b>2,542</b>	<b>2,576</b>
Share based payments	-	-	-	-	5	5
Total comprehensive income for the period	-	11	17	28	(345)	(317)
<b>Equity at 30 September 2012</b>	<b>27</b>	<b>38</b>	<b>(3)</b>	<b>62</b>	<b>2,202</b>	<b>2,264</b>

## Condensed consolidated cash flow statement

mEUR

	Q3 2013	Q3 2012	9 months 2013	9 months 2012
Profit/(loss) for the period	(87)	(175)	(300)	(345)
Adjustments for non-cash transactions	147	197	417	359
Corporation tax paid	10	(4)	(38)	(81)
Net interest	(27)	31	(88)	51
Cash flow from operating activities before change in net working capital	43	49	(9)	(16)
Change in net working capital	61	(151)	351	(552)
<b>Cash flow from operating activities</b>	<b>104</b>	<b>(102)</b>	<b>342</b>	<b>(568)</b>
Net investment in intangible assets	(46)	(26)	(128)	(129)
Net investment in property, plant and equipment	(6)	(15)	(24)	(80)
Other	4	1	3	2
<b>Cash flow from investing activities</b>	<b>(48)</b>	<b>(40)</b>	<b>(149)</b>	<b>(207)</b>
<b>Free cash flow</b>	<b>56</b>	<b>(142)</b>	<b>193</b>	<b>(775)</b>
Acquisition of treasury shares	(7)	-	(7)	-
Repayment of financial debts	(67)	-	(650)	-
Raising of financial debts	-	80	-	843
<b>Cash flow from financing activities</b>	<b>(74)</b>	<b>80</b>	<b>(657)</b>	<b>843</b>
<b>Change in cash at bank and in hand less current portion of bank debt</b>	<b>(18)</b>	<b>(62)</b>	<b>(464)</b>	<b>68</b>
Cash at bank and in hand less current portion of bank debt at 1 July /1 January	385	531	847	370
Exchange rate adjustments of cash at bank and in hand	2	2	(14)	33
<b>Cash at bank and in hand less current portion of bank debt at 30 September</b>	<b>369</b>	<b>471</b>	<b>369</b>	<b>471</b>
The amount can be specified as follows:				
Cash at bank and in hand without disposal restrictions	322	359	322	359
Cash at bank and in hand with disposal restrictions	52	115	52	115
Total cash at bank and in hand	374	474	374	474
Current portion of bank debt	(5)	(3)	(5)	(3)
	<b>369</b>	<b>471</b>	<b>369</b>	<b>471</b>

## Accounting policies

### Basis of Preparation

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

### Accounting Policies

The interim report is 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.

The accounting policies remain unchanged from the annual report for 2012, which is presented under International Financial Reporting Standards (IFRSs) as adopted by the EU. Reference is made to the annual report for 2012, pages 67-72, for a complete description of the accounting policies of the Group.

### New IASs/IFRSs and IFRICs implemented in the period

No new standards or interpretations of importance to net profit and equity were implemented in 2013.

For additional information on IASs/IFRSs and IFRICs implemented in the current year or later, reference is made to note 40 on page 108 of the annual report for 2012.

To date, no new IASs/IFRSs or IFRICs have been issued in 2013 which are at this time considered relevant to Vestas.

### Special items

In the third quarter of 2013, a total of EUR 64m was booked as special items of which approx EUR 50m (approx EUR 20m writedown on non-currents assets held for sale and EUR 30m on net current assets) relates to adjustments to the machining and casting units, approx EUR 7m relates to the writedown of the hohhot facilities in China and EUR 7m relates to lay-off costs for employees.

### Assets and liabilities held for sale

#### *Machining & castings units*

With financial closing on 31 October 2013, Vestas sold its machining & casting units for a consideration of EUR 1 resulting in a further writedown of approx EUR 20m. The consideration, based on an earn-out set at a maximum of EUR 25m, was valued to be EUR 0 as at 30 September 2013, as Vestas judged the occurrence of the events triggering a pay-out to be highly uncertain.

As at 31 December 2012, only the non-current assets of the machining and castings units were expected to be sold. However, as part of the sales agreement Vestas is required to transfer the net current assets of approx EUR 32m from the factories to the buyer on completion of the sale in October 2013.

#### *Offshore joint venture*

As part of the agreement to enter into a joint venture with MHI, Vestas' wholly owned subsidiary, Vestas Offshore A/S and its subsidiaries will be transferred to

the joint venture with expected closing around the end of March 2014. Consequently, Vestas has classified all assets and liabilities of Vestas Offshore A/S and its subsidiaries as well as development costs incurred on the V164-8.0 MW turbine to be transferred as part of the transaction, as a disposal group held for sale.

The table below specifies assets and liabilities classified as held for sale for both machining and casting units and the joint venture:

### Non-current assets held for sale/disposal group

mEUR

<hr/>	
Non-current assets:	
Development projects in progress	218
Other non-current assets	9
	<hr/>
	<b>227</b>
<hr/>	
Current assets:	
Inventories	165
Receivables	69
Corporation tax	1
	<hr/>
	<b>235</b>
<hr/>	
<b>Total assets</b>	<b>462</b>
<hr/>	
Current liabilities:	
Prepayments from customers	238
Trade and other payables	49
Corporation tax	9
	<hr/>
	<b>296</b>
<hr/>	
<b>Total liabilities</b>	<b>296</b>
<hr/>	

## Overview per quarter 2013

MW

	Europe and Africa	Americas	Asia Pacific	Total
<b>Q1</b>				
Under completion, 1 January 2013	955	709	289	1,953
Delivered (TOR) to customers during the period	(489)	(182)	(148)	(819)
Produced and shipped during the period	317	233	63	613
<b>Under completion, 31 March 2013</b>	<b>783</b>	<b>760</b>	<b>204</b>	<b>1,747</b>
<b>Q2</b>				
Under completion, 1 April 2013	783	760	204	1,747
Delivered (TOR) to customers during the period	(537)	(140)	(200)	(877)
Produced and shipped during the period	726	317	101	1,144
<b>Under completion, 30 June 2013</b>	<b>972</b>	<b>937</b>	<b>105</b>	<b>2,014</b>
<b>Q3</b>				
Under completion, 1 July 2013	972	937	105	2,014
Delivered (TOR) to customers during the period	(461)	(525)	(190)	(1,176)
Produced and shipped during the period	1,231	218	158	1,607
<b>Under completion, 30 September 2013</b>	<b>1,742</b>	<b>630</b>	<b>73</b>	<b>2,445</b>

## Warranty provisions

mEUR

	30 September 2013	30 September 2012	31 December 2012
Warranty provisions, 1 January	274	249	249
Exchange rate adjustments	0	0	(1)
Provisions for the period	74	134	148
Warranty provisions consumed during the period	(73)	(101)	(119)
Adjustments relating to the change in discounting of warranty provisions	0	0	(3)
<b>Warranty provisions</b>	<b>275</b>	<b>282</b>	<b>274</b>
The provisions are expected to be payable as follows:			
< 1 year	132	155	132
> 1 year	143	127	142

## Segment information

mEUR

	Europe and Africa sales units	Americas sales units	Asia Pacific sales units	Production units	Service	Total reportable segments	
<b>Q3 2013</b>							
External revenue	545	527	125	18	227	<b>1,442</b>	
Internal revenue	222	29	6	1,156	0	<b>1,413</b>	
<b>Total segment revenue</b>	<b>767</b>	<b>556</b>	<b>131</b>	<b>1,174</b>	<b>227</b>	<b>2,855</b>	
<b>Reportable segments' operating results (EBIT)<sup>1)</sup></b>	<b>(3)</b>	<b>13</b>	<b>5</b>	<b>(69)</b>	<b>27</b>	<b>(27)</b>	
<b>Total assets</b>	<b>1,667</b>	<b>551</b>	<b>256</b>	<b>1,664</b>	<b>372</b>	<b>4,510</b>	
<b>Q3 2012</b>							
External revenue	755	949	51	0	233	<b>1,988</b>	
Internal revenue	136	21	9	1,267	0	<b>1,433</b>	
<b>Total segment revenue</b>	<b>891</b>	<b>970</b>	<b>60</b>	<b>1,267</b>	<b>233</b>	<b>3,421</b>	
<b>Reportable segments' operating results (EBIT)</b>	<b>(11)</b>	<b>17</b>	<b>(25)</b>	<b>84</b>	<b>33</b>	<b>98</b>	
<b>Total assets</b>	<b>2,083</b>	<b>1,345</b>	<b>833</b>	<b>2,412</b>	<b>439</b>	<b>7,112</b>	
<b>Reconciliation</b>						<b>Q3 2013</b>	<b>Q3 2012</b>
Reportable segments' EBIT						(27)	98
Unallocated net expenses <sup>2)</sup>						30	(238)
<b>Consolidated operating profit (EBIT)</b>						<b>3</b>	<b>(140)</b>

1) Service EBIT of EUR 27m is after allocation of Group costs of EUR 17m. Before allocation of Group costs, service EBIT amounts to EUR 44m (2012: EUR 48m).

2) Inclusive of parent company income (management fee, service, royalty and other rental income from Group companies) reduced by costs related to Turbines R&D and Group staff functions.

## Segment information

mEUR

	Europe and Africa sales units	Americas sales units	Asia Pacific sales units	Production units	Service	Total reportable segments	
<b>9 months 2013</b>							
External revenue	1,683	897	427	22	694	<b>3,723</b>	
Internal revenue	418	69	14	2,468	0	<b>2,969</b>	
<b>Total segment revenue</b>	<b>2,101</b>	<b>966</b>	<b>441</b>	<b>2,490</b>	<b>694</b>	<b>6,692</b>	
<b>Reportable segments' operating results (EBIT)<sup>1)</sup></b>	(26)	(11)	16	(22)	112	<b>69</b>	
<b>Total assets</b>	<b>1,667</b>	<b>551</b>	<b>256</b>	<b>1,664</b>	<b>372</b>	<b>4,510</b>	
<b>9 months 2012</b>							
External revenue	1,780	2,048	200	13	663	<b>4,704</b>	
Internal revenue	350	87	21	3,666	0	<b>2,124</b>	
<b>Total segment revenue</b>	<b>2,130</b>	<b>2,135</b>	<b>221</b>	<b>3,679</b>	<b>663</b>	<b>8,828</b>	
<b>Reportable segments' operating results (EBIT)</b>	(62)	20	(37)	107	77	<b>105</b>	
<b>Total assets</b>	<b>2,083</b>	<b>1,345</b>	<b>833</b>	<b>2,412</b>	<b>439</b>	<b>7,112</b>	
<b>Reconciliation</b>					<b>9 months 2013</b>	<b>9 months 2012</b>	
Reportable segments' EBIT						69	105
Unallocated net expenses <sup>2)</sup>						(197)	(472)
<b>Consolidated operating profit (EBIT)</b>						<b>(128)</b>	<b>(367)</b>

1) Service EBIT of EUR 112m is after allocation of Group costs of EUR 57m. Before allocation of Group costs, service EBIT amounts to EUR 169m (2012: EUR 137m).

2) Inclusive of parent company income (management fee, service, royalty and other rental income from Group companies) reduced by costs related to Turbines R&D and Group staff functions.



## Company announcements from Vestas Wind Systems A/S

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### Disclosed during the first quarter of 2013

03.01.2013	01	Vestas signs 90 MW purchase agreement
11.01.2013	02	Vestas obtains final credit approval of credit facilities
14.01.2013	03	Vestas receives request for scrutiny
16.01.2013	04	Vestas to supply towers for third parties for North American wind power projects
17.01.2013	05	Major shareholder announcement – BlackRock, Inc.
21.01.2013	06	Information in the market regarding Dutch offshore project
06.02.2013	07	Annual report 2012 – Vestas is prepared for a tough 2013
01.03.2013	08	Information in the market regarding project in the Philippines
21.03.2013	09	Vestas Wind Systems A/S' Annual General Meeting on 21 March 2013
22.03.2013	10	Share based incentive programme 2013
29.03.2013	11	Vestas receives 105 MW order in Ukraine

### Disclosed during the second quarter of 2013

05.04.2013	12	Information in the market regarding order in Uruguay
08.04.2013	13	Vestas receives 299 MW order in Canada
08.04.2013	14	Major shareholder announcement – Marathon Asset Management LLP
15.04.2013	15	Vestas appoints new Chief Financial Officer
23.04.2013	16	Vestas receives a 10-year service contract renewal for 120 MW
24.04.2013	17	Vestas receives 110 MW order in Chile
08.05.2013	18	Interim financial report – first quarter 2013
15.05.2013	19	Information in the market regarding delay of Vestas contract in Mexico
22.05.2013	20	Information in the market regarding order in Mexico
23.05.2013	21	Vestas receives 155 MW order in Mexico
24.05.2013	22	Vestas has handed over case concerning former CFO to the Fraud Squad
28.05.2013	23	Information in the market regarding order in Jordan
30.05.2013	24	Vestas receives 90 MW order in Uruguay
11.06.2013	25	Vestas receives 94 MW order in South Africa
21.06.2013	26	Vestas sells two wind power plants in Romania and Bulgaria
23.06.2013	27	Information in the market regarding order in the Philippines
27.06.2013	28	Vestas receives 99 MW order in Sweden
28.06.2013	29	Vestas receives 87 MW order in the Philippines
28.06.2013	30	Vestas receives 107 MW order in Australia

### Disclosed during the third quarter of 2013

03.07.2013	31	Vestas receives 93 MW order in South Africa
01.08.2013	32	Vestas receives 105 MW order in South Africa
02.08.2013	33	Information in the market regarding projects in the USA
06.08.2013	34	Vestas receives notice of potential lawsuit from Deminor
16.08.2013	35	Vestas receives notification in connection with claim from 87 individual investors
21.08.2013	36	Vestas appoints Anders Runevad as Group President & CEO
21.08.2013	37	Interim financial report – second quarter 2013
13.09.2013	38	Vestas receives 80 MW order together with master supply agreement for a potential of up to 750 MW in the USA

## Company announcements from Vestas Wind Systems A/S

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20.09.2013	39	Vestas receives 60 MW order in the USA as part of turbine supply agreements with a potential of up to 610 MW
26.09.2013	40	Vestas receives 400 MW order in the USA
27.09.2013	41	Vestas and Mitsubishi Heavy Industries form a joint venture dedicated to offshore wind energy
27.09.2013	42	Vestas receives 129 MW offshore order in the Netherlands

### **Disclosed during the fourth quarter of 2013**

09.10.2013	43	Vestas sells its machining and casting units to VTC
10.10.2013	44	Vestas receives 108 MW order in Romania
04.11.2013	45	Information in the market regarding offshore project in the UK
04.11.2013	46	Information in the market regarding project in the USA

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## 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 September 2013.

The interim financial report has been prepared in accordance with IAS 34 on interim financial reporting as adopted by the EU 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 interim financial report gives a true and fair view of the Group's assets, liabilities and financial position at 30 September 2013 and of the results of the Group's operations and cash flow for the period 1 January to 30 September 2013.

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.

Aarhus, Denmark, 6 November 2013

### 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 Araluze  
*Executive Vice President & CSO*

### Board of Directors

Bert Nordberg  
*Chairman*

Lars Josefsson  
*Deputy Chairman*

Carsten Bjerg

Eija Pitkänen

Henrik Andersen

Henry Sténson

Jørgen Huno Rasmussen

Jørn Ankær Thomsen

Kim Hvid Thomsen

Knud Bjarne Hansen

Michael Abildgaard Lisbjerg

Sussie Dvinge Agerbo

### 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. 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 2012 (available at [vestas.com/investor](http://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.



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