Full year 2023

Vestas Wind Systems A/S
Copenhagen, February 2024

Vestas.

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Key highlights for full year 2023

Vestas returned to profitability and achieved upper end of guidance

EBIT margin b.s.i. of 1.5 percent enables Vestas to pay employee bonus for the first time in four years

Record order intake of 18.4 GW

Order intake driven by strong growth in both Offshore and Onshore, especially in the USA

Revenue of EUR 15.4bn

The increase in revenue was driven by higher pricing, as well as continued growth in Service

Low-emission steel towers announced in partnership with ArcelorMittal

New tower offering is a big step towards fully circular wind turbines and for customers and Vestas to achieve emission targets

Strategic path unchanged

Vestas will sustain strong commercial discipline and 'value over volume' attitude to reach long-term ambitions

Outlook for 2024

Revenue expected to range between EUR 16-18bn, EBIT margin b.s.i. expected to range between 4-6 percent

Agenda

Our current business environment

We drive industry maturity within our core circles of influence to power the energy transition

Global Environment

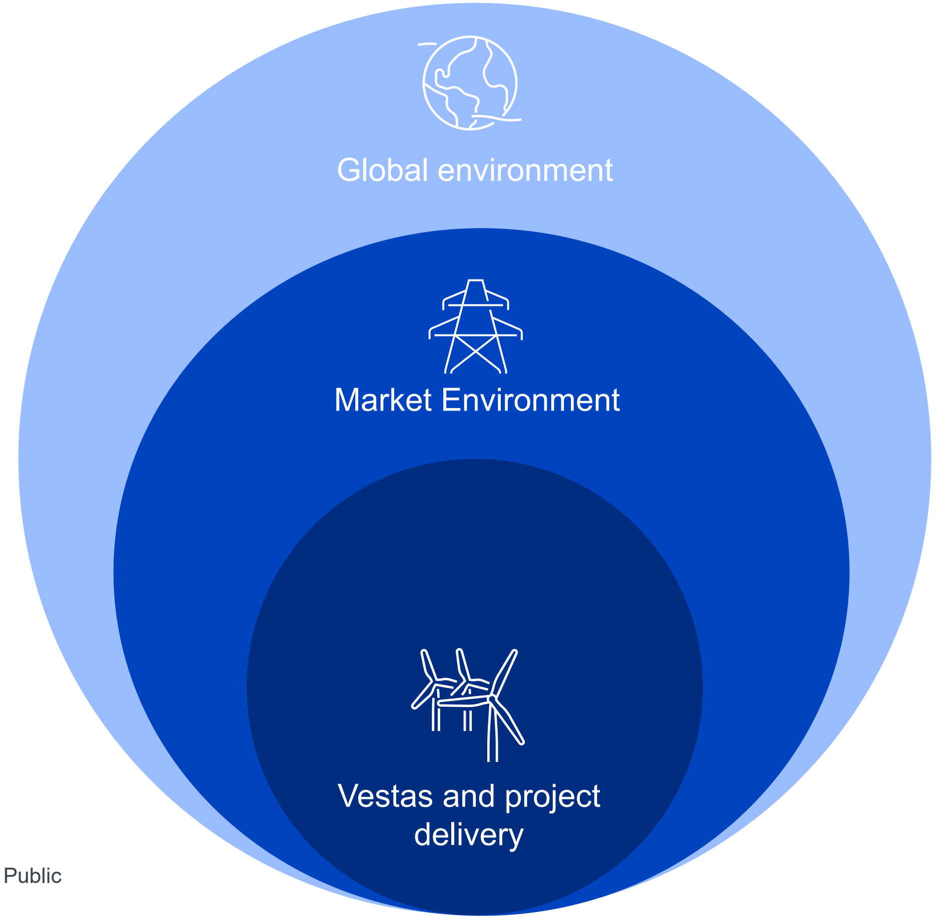
- (+) Raw material and transport costs down
- (−) Geopolitical volatility
- (−) Inflation and interest rates still high

Market Environment

- (+) Grid investment prioritised in key markets
- (−) Permitting improving in some markets e.g. Germany and UK, but overall permitting, auctions and grid still challenging

Project Level

- (+) Supply chain disruption improving
- (−) Continued execution of low-margin projects



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Power Solutions – Q4 2023

A record quarter and year and improved execution throughout the year

Highlights

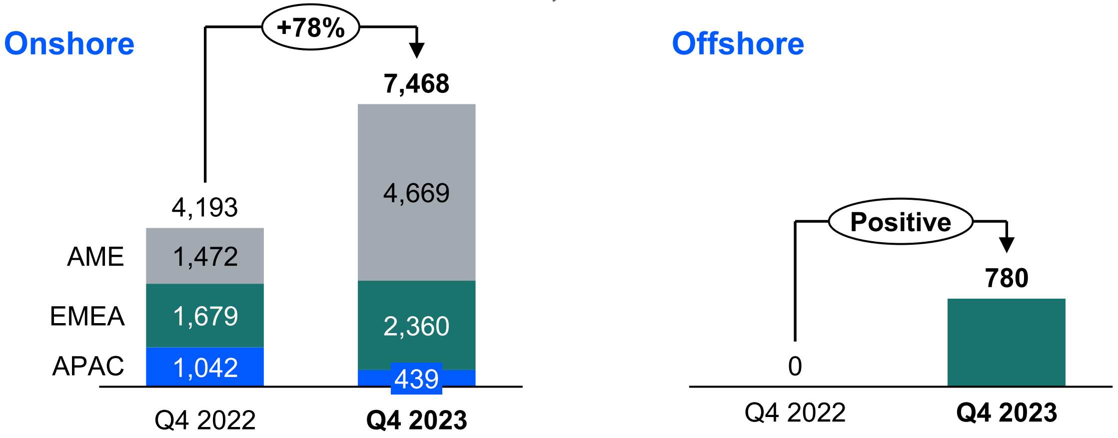
Order intake of 8.2 GW in a single quarter, a record for Vestas, driven by strong Onshore activity in the USA, but also positive momentum in EMEA

We secured the **largest onshore project order to date,** with our partner Pattern Energy. The giga project, SunZia, will use our new V163-4.5 MW turbine, which has good commercial traction in the USA

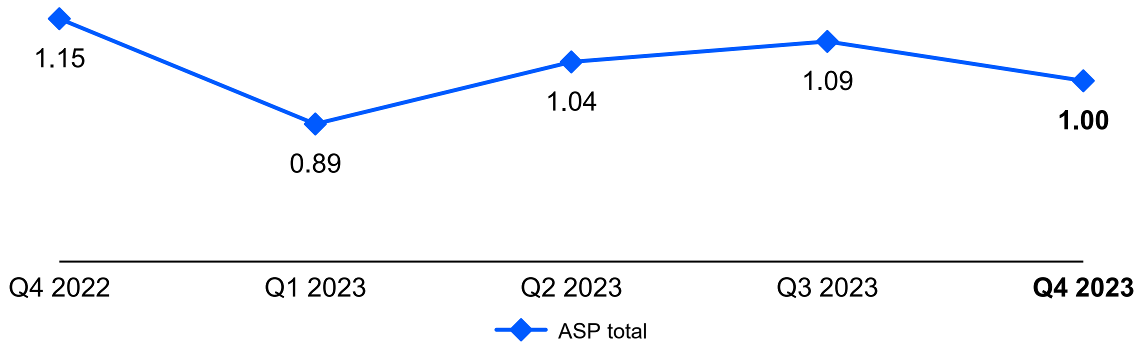
Total ASP decreased slightly to **EUR 1.00m/MW** in Q4 from EUR 1.09m/MW in the prior quarter. The decrease was due to scope mix with a higher share of supply-only orders in the quarter

For business reasons, Vestas now only discloses total ASP to avoid exposing individual Offshore project values

Firm and unconditional order intake, MW



Average selling price of order intake, mEUR per MW



Service – Q4 2023

Profitable backlog continues to grow

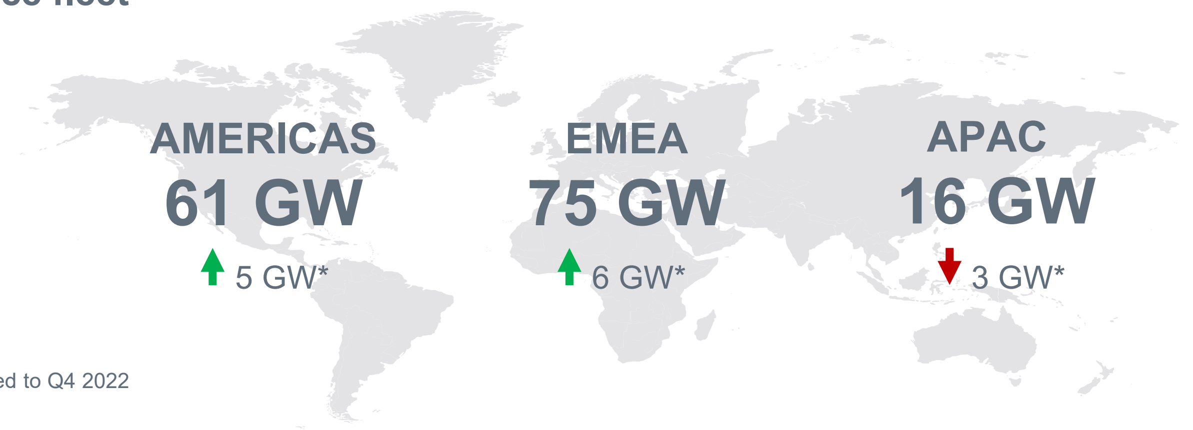
Highlights

Service reached **152 GW under service compared** to 144 GW a year ago, solidifying our position as the largest Service business in the industry

The service order backlog continues to grow, now more than **EUR 34bn** up from EUR 30bn in 2022. **Inflation indexation** has been, and continues to be, an important tool in protecting the profitability of the backlog

Service order backlog	GW under active service contracts	Average years contract duration
EUR 34.1bn (29.3 onshore)	152 GW (144 onshore)	11 Years

Service fleet



*Compared to Q4 2022

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Vestas Development – Q4 2023

Focus on pipeline quality

Highlights

135 MW of order intake was generated in Q4, and other successful transactions were completed in the USA and Italy

Our strategic focus on quality projects in core markets lead to several project exits and closures in Q4, which were offset by **5 GW of new secured pipeline**, mainly from Australia and the USA

At the end of 2023, Vestas' **pipeline** of development projects amounted to **30 GW** with Australia, the USA, Spain and Italy being the largest markets

Order intake generated	New secured pipeline	Total project pipeline
135 MW	5.1 GW	30 GW

Development pipeline

Sustainability – FY 2023

Low-emission steel offering to reduce carbon footprint of wind turbines towers

Highlights

Last month, we announced a partnership with ArcelorMittal to launch a **low-emission steel offering for towers**

Low-emission steel has **66 percent less** CO2e emissions per kg of steel than conventional steel. This equates to 10 to 30 percent reduction in emissions per turbine depending on project type and scope

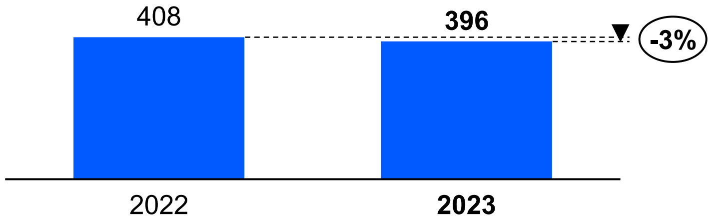
The low-emission steel is produced using 100 percent **scrap steel**, melted in an electric arc furnace, powered entirely by **wind energy** at ArcelorMittal's steel mill

For **customers**, this offering can help achieve their own emissions reduction targets, obtain sustainability-linked financing, and be a competitive advantage in auctions introducing non-price criteria

The **Baltic Power** project in Poland is the first offshore wind farm in the world to partly utilise low-emission steel

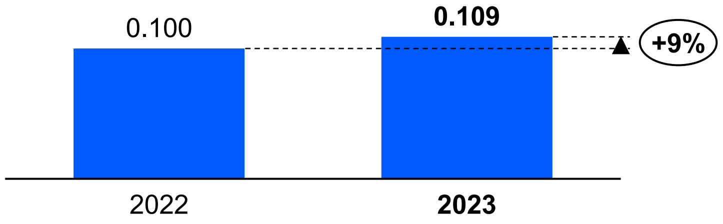
CO_2e avoided

Expected CO_2e avoided over the lifetime of the capacity produced and shipped during the period (million t)



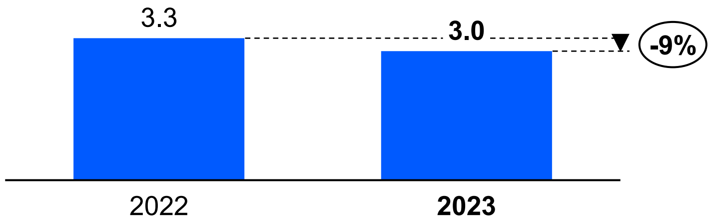
CO_2e emissions

Direct and indirect emissions of CO_2e (scope 1&2)(million t)



Safety

Total Recordable Injuries per million working hours (TRIR)



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Agenda

Market, orders and sustainability

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Income statement – Full year 2023

Vestas returned to profitability in 2023

Highlights

For the year, **revenue increased 6 percent YoY**, driven by turbines delivered at higher prices, stable volumes, as well as growth in Service

Gross margin was 8.3 percent, up from 0.8 percent last year. The improvement was driven by increased revenue in both segments as well as higher pricing in Power Solutions and easing of supply chain disruptions

EBIT margin b.s.i. ended up at 1.5 percent, a significant improvement from minus 8.0 last year, and in the upper end of our Outlook range. The increase was driven by the same factors as above, as well as the sale of our controls and converter business, and transactions in our Development business that contributed to EBIT.

Pleased to see our **ROCE turned positive at 2.9 percent**

mEUR	2023	2022	% change
Revenue	**15,382**	14,486	6%
Gross profit	**1,283**	118	Positive
SG&A costs*	**(1,247)**	(1,270)	Positive
Sale of technology	**147**	-	
Income from investments in JVs and associates	**48**	-	
EBIT before special items	**231**	(1,152)	Positive
Special items	**61**	(444)	Positive
EBIT	**292**	(1,596)	Positive
Income from investments in joint ventures and associates below EBIT	**(26)**	10	Negative
Net profit	**78**	(1,572)	Positive
Earnings per share	**0.1**	(1.6)	Positive
Gross margin (%)	**8.3**	0.8	7.5%-pts
EBITDA margin before special items (%)	**6.7**	(0.4)	7.1%-pts
EBIT margin before special items (%)	**1.5**	(8.0)	9.5%-pts
Return on Capital Employed (ROCE) (%)	**2.9**	(18.5)	21.4%-pts

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

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Income statement – Q4 2023

Gross margin continues to improve

Highlights

Revenue for Q4 was unchanged YoY. Lower delivery volumes and a decline in Service revenue was offset by higher prices of turbine deliveries

Gross margin was 11.0 percent, up from minus 3 percent last year. The improvement was predominantly driven by Power Solutions as our commercial discipline is coming through

EBIT margin b.s.i. was 4.0 percent in the quarter, a substantial improvement compared to last year

mEUR	Q4 2023	Q4 2022	% change
Revenue	**4,771**	4,783	0%
Gross profit	**523**	(162)	Positive
SG&A costs*	**(341)**	(352)	Positive
Sale of technology	**-**	-	
Income from investments in JVs and associates	**9**	-	
EBIT before special items	**191**	(514)	Positive
Special items	**34**	72	Negative
EBIT	**225**	(441)	Positive
Income from investments in joint ventures and associates below EBIT	**(12)**	(11)	Negative
Net profit	**149**	(541)	Positive
Earnings per share**	**0.1**	(1.6)	Positive
Gross margin	**11.0**	(3.4)	14.4%-pts
EBITDA margin before special items	**8.3**	(3.9)	12.2%-pts
EBIT margin before special items	**4.0**	(10.7)	14.7%-pts
Return on Capital Employed (ROCE) (%)**	**2.9**	(18.5)	21.4%-pts

*R&D, administration, and distribution, including depreciations and amortisations.
**Last twelve months (LTM)

Vestas

Power Solutions – Q4 2023

Positive earnings in Power Solutions for the first time since 2021

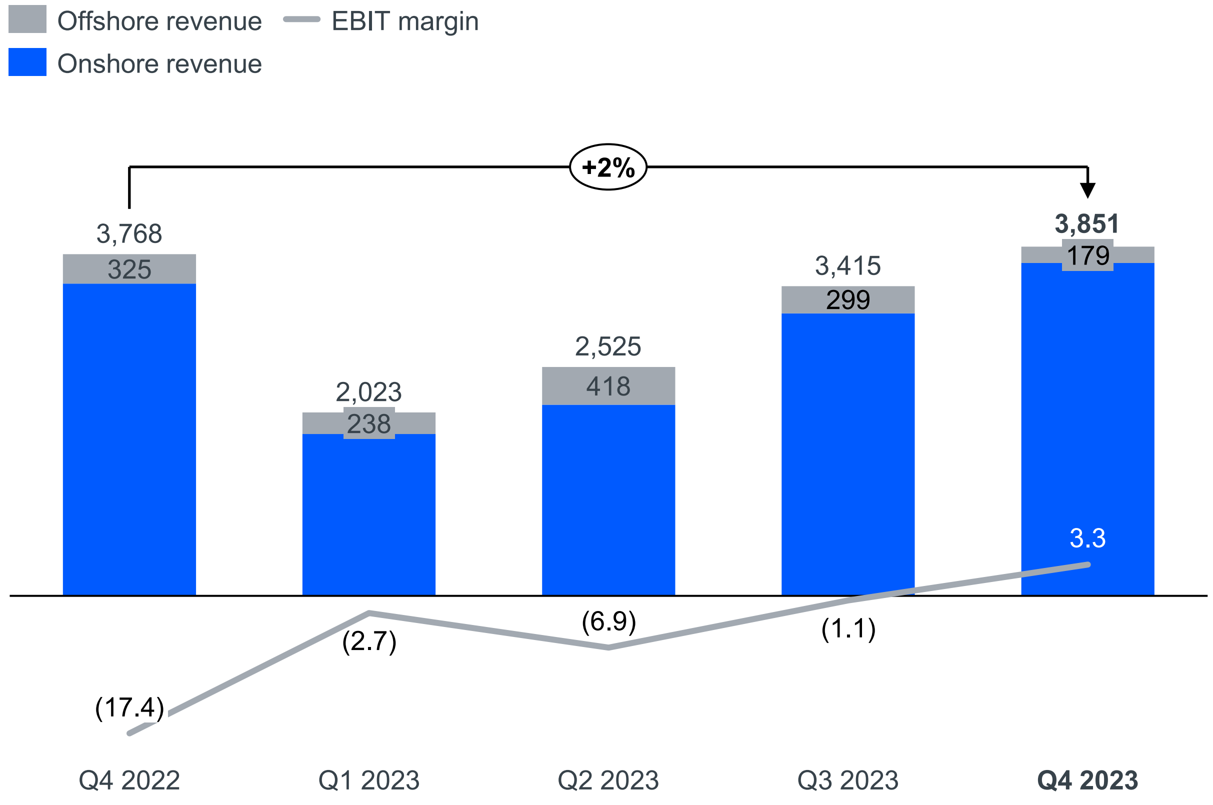
Highlights

Revenue increased by 2 percent YoY. A decline in Offshore revenue was more than offset by higher Onshore revenue, driven by South America and Australia. There was a 5 percent currency headwind in the quarter.

EBIT margin b.s.i. **returned to positive territory with 3.3 percent** in the quarter. The increase was primarily driven by better project pricing and execution, contributions from our Development business, and lower warranty provisions compared to last year

Profitability continues gradual improvement but is still held back by execution and completion of low-margin projects from the backlog

Power Solutions revenue and EBIT margin, mEUR and percent



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Service – Q4 2023

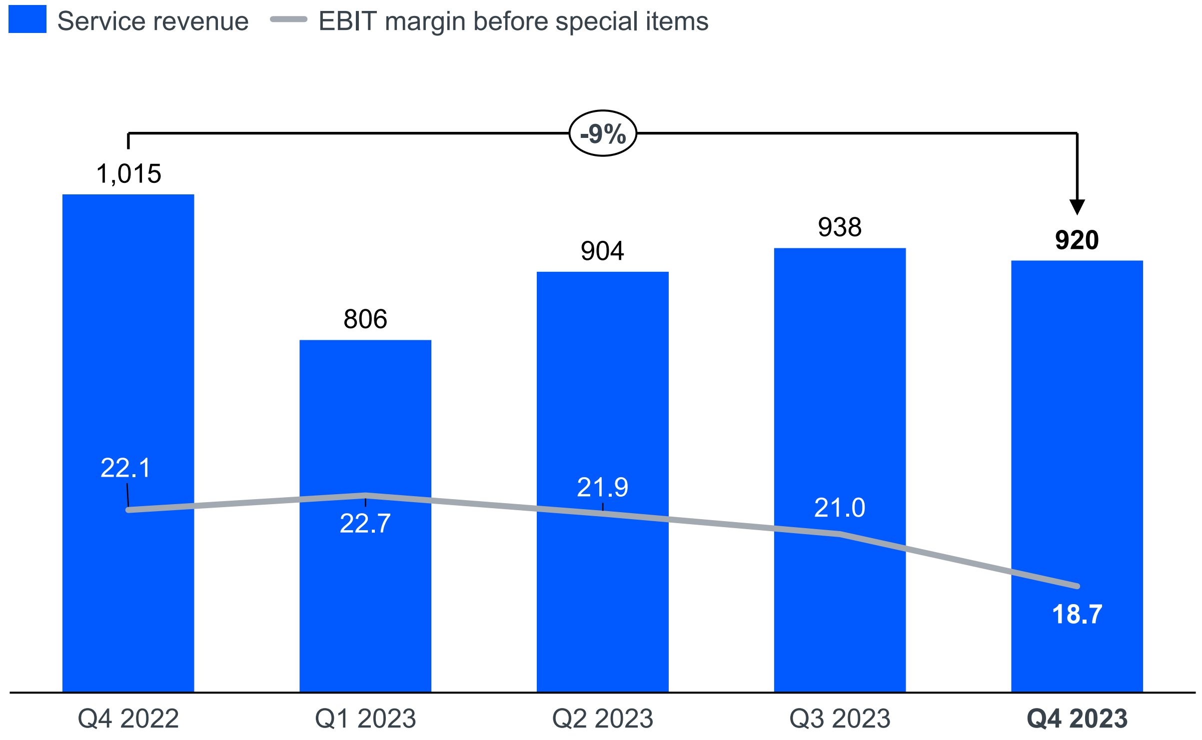
Revenue declined and profitability impacted by employee incentives

Highlights

In Service, **revenue decreased 9 percent YoY** in Q4, driven by lower transactional sales against a tough comparison, as well as 6 percent currency headwind. Underlying service activity continued to grow

Service generated EBIT of **EUR 172m**, equivalent to an EBIT margin of 18.7 percent, impacted mainly by end-of-year employee bonus costs as Vestas returns to profitability

Service revenue and EBIT margin before special items, mEUR and percent



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SG&A costs – Q4 2023

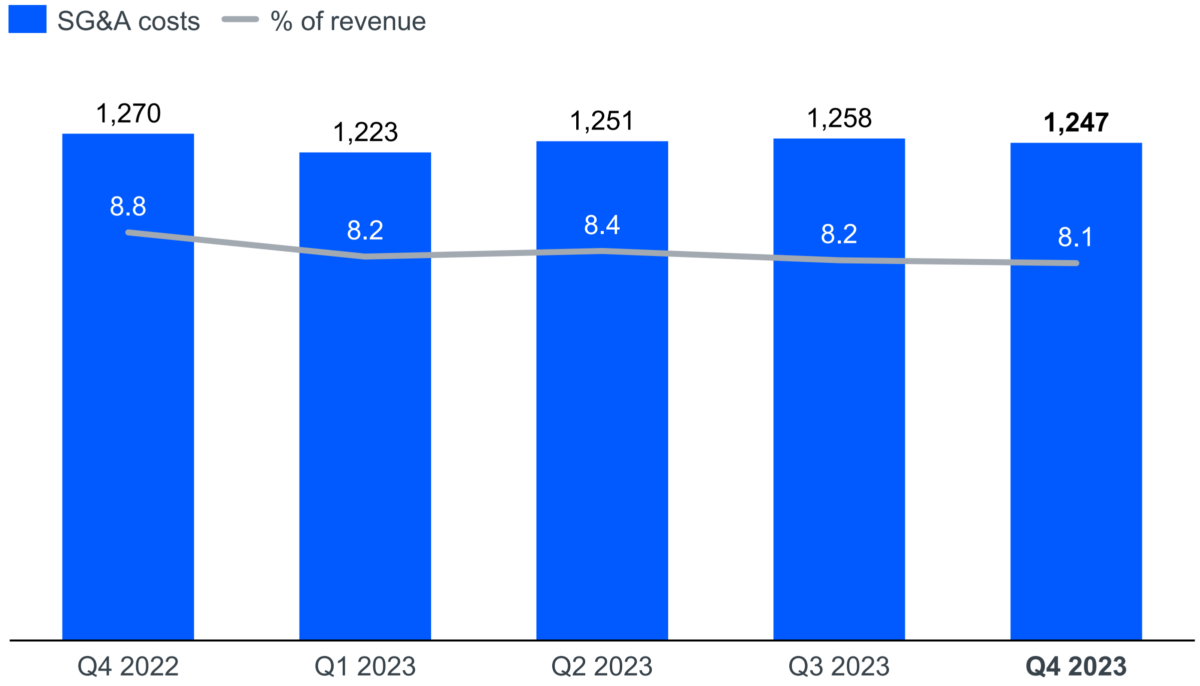
Fixed capacity costs remain fairly stable

Highlights

Relative to activity levels, SG&A costs amounted to **8.1 percent** on a trailing 12-month basis

The slight improvement compared to last year is mainly driven by lower R&D costs, partly offset by higher administration costs

SG&A costs (LTM)*, mEUR and percent



*R&D, administration and distribution costs on last twelve months basis.

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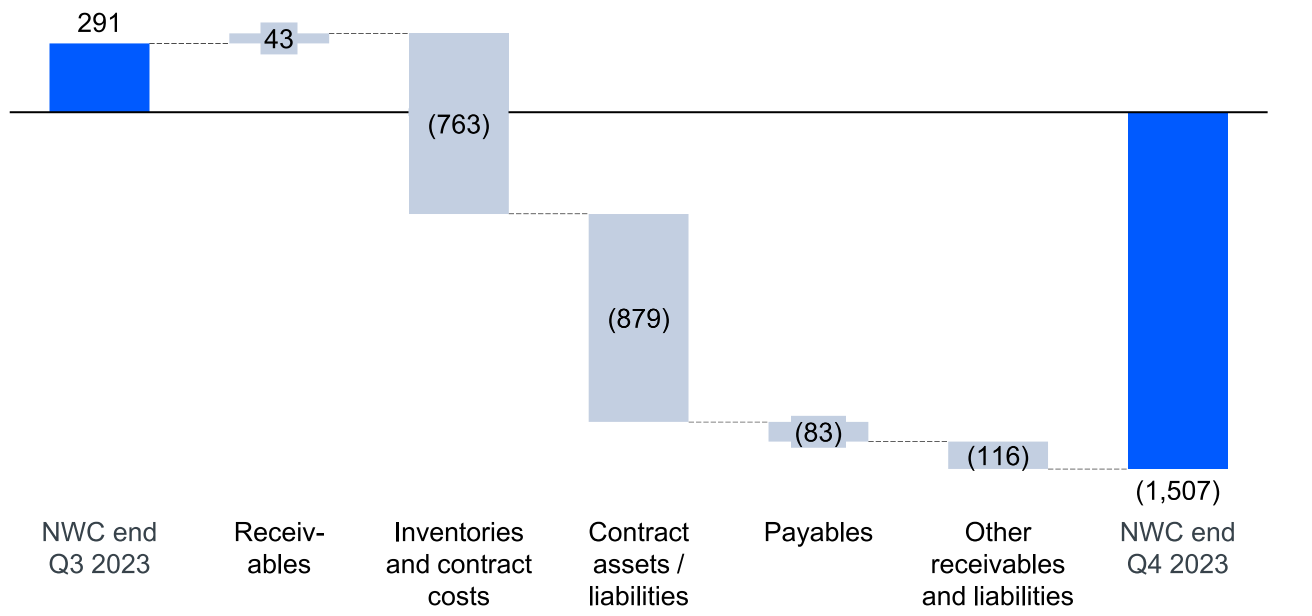
Net working capital – Q4 2023

Working capital decreased in a busy fourth quarter

Highlights

Net working capital decreased substantially during the fourth quarter. The **decrease in inventories** was driven by good project execution, and a **high amount of down- and milestone** payments in part due to the record order intake in the fourth quarter

NWC change over the quarter, mEUR



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Cash flow statement – Q4 2023

Strong finish to the year

Highlights

Operating cash flow was EUR 2.0bn in the quarter, an increase compared to last year. The increase was driven by better profitability and improvements in net working capital as mentioned on the previous slide

EUR 1.7bn of free cash flow in the quarter, an improvement compared to Q4 last year, despite the higher investment level

For the **full year**, free cash flow amounted to positive **EUR 245m**

mEUR	Q4 2023	Q4 2022	Abs. change
Cash flow from operating activities before change in net working capital	**272**	325	(53)
Change in net working capital*	**1,712**	1,210	502
Cash flow from operating activities	**1,984**	1,535	449
Cash flow from investing activities**	**(308)**	(253)	(55)
Free cash flow before financial investments**	**1,676**	1,282	394
Free cash flow	**1,679**	1,274	405
Cash flow from financing activities	**(41)**	7	(48)
Interest-bearing position (net)	**32**	46	(14)

* Change in net working capital impacted by non-cash adjustments and exchange rate adjustments with a total amount of net EUR (86)m.
** Before acquisitions of subsidiaries, joint ventures, and associates, and financial investments.

Total investments – Q4 2023

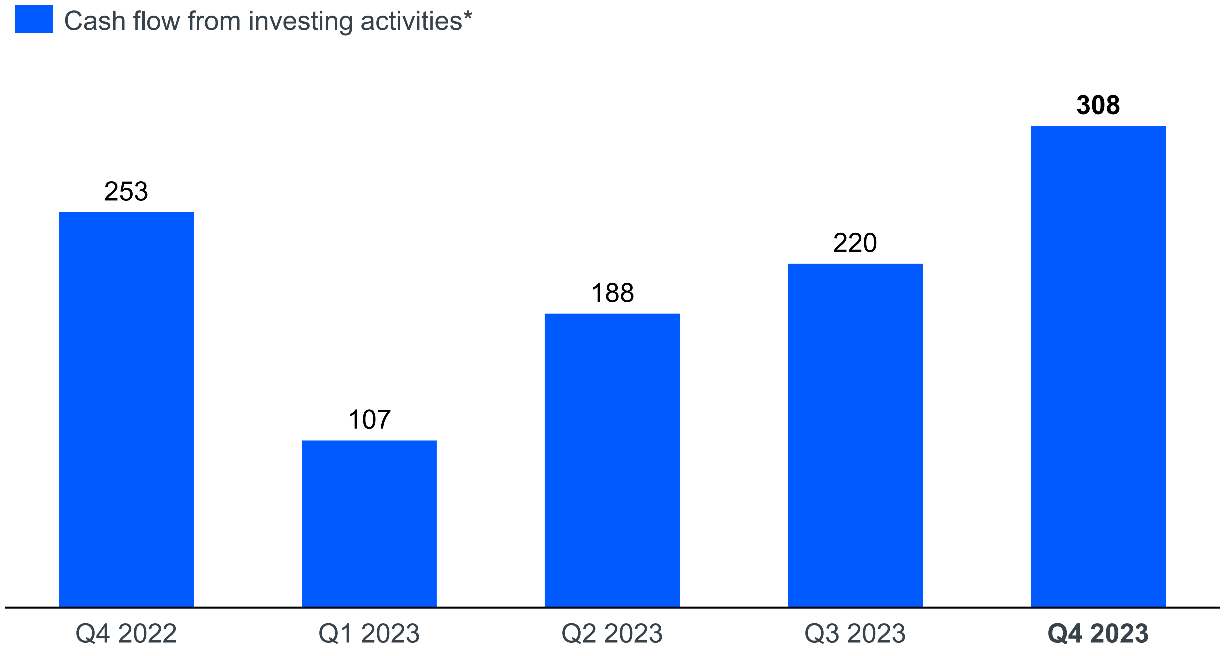
Investments in offshore manufacturing continue

Highlights

Investments of **EUR 308m in Q4** increased compared to last year, driven by higher investments for our V236 offshore manufacturing footprint, as well as new tools and equipment for our 4 MW platform

The new offshore nacelle **manufacturing facility in Poland** is planned to start operating in early 2025 while the recently announced blade facility is scheduled for 2026 operations

Total net investments*, mEUR



* Before acquisitions of subsidiaries, joint ventures, and associates, and financial investments.

Classification: Public

Provisions and LPF – Q4 2023

Warranty provisions remain elevated but LPF has started to decline

Highlights

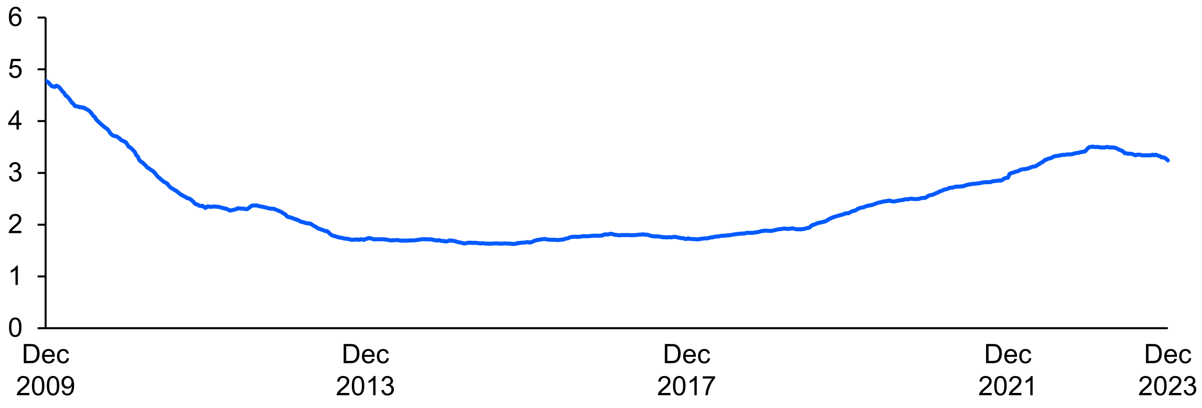
LPF*, although still at an unsatisfactory level, has **improved throughout 2023**

Warranty costs amounted to **EUR 268m** in the quarter corresponding to 5.6 percent of revenue

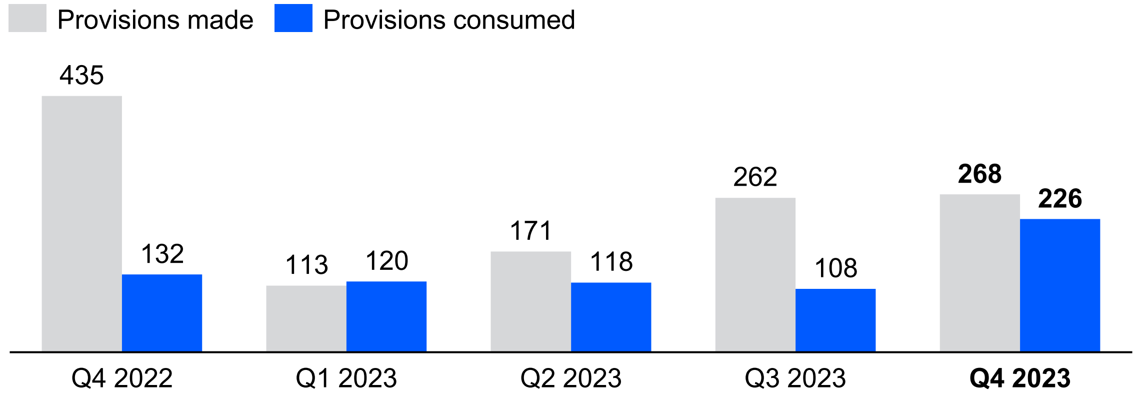
For the whole of 2023 warranty costs ended up at **5.3 percent of revenue**. While still elevated, it is an improvement compared to 6.4 percent last year

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

Lost Production Factor (LPF), Percent



Warranty provisions made and consumed, mEUR



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Capital structure – Q4 2023

Financial leverage decreased as earnings recover

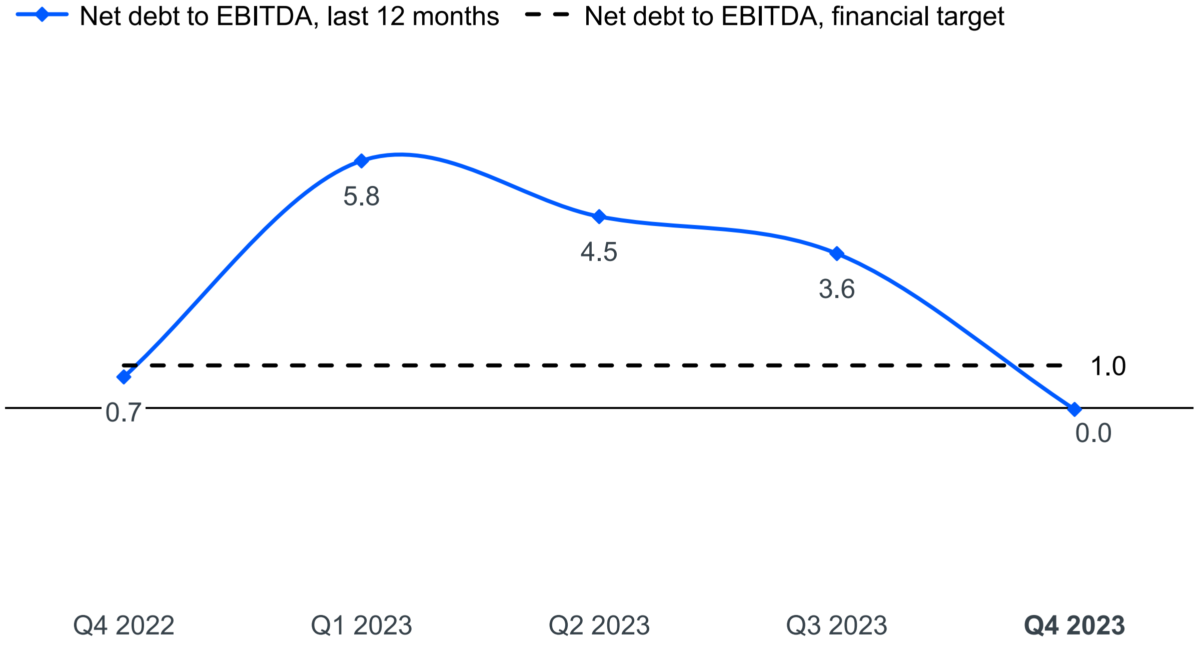
Highlights

Net debt to EBITDA decreased to **0.0x** at the end of 2023 due to the strong cash flow in the quarter and higher EBITDA on a trailing 12-month basis

Investment grade rating of Baa2 from Moody's with stable outlook

In November, Vestas issued a EUR 500m **sustainability-linked bond** maturing in 2031

Net debt to EBITDA before special items



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Agenda

- Market, orders and sustainability
- Financials
- **Strategy Update**
- Outlook
- Q&A

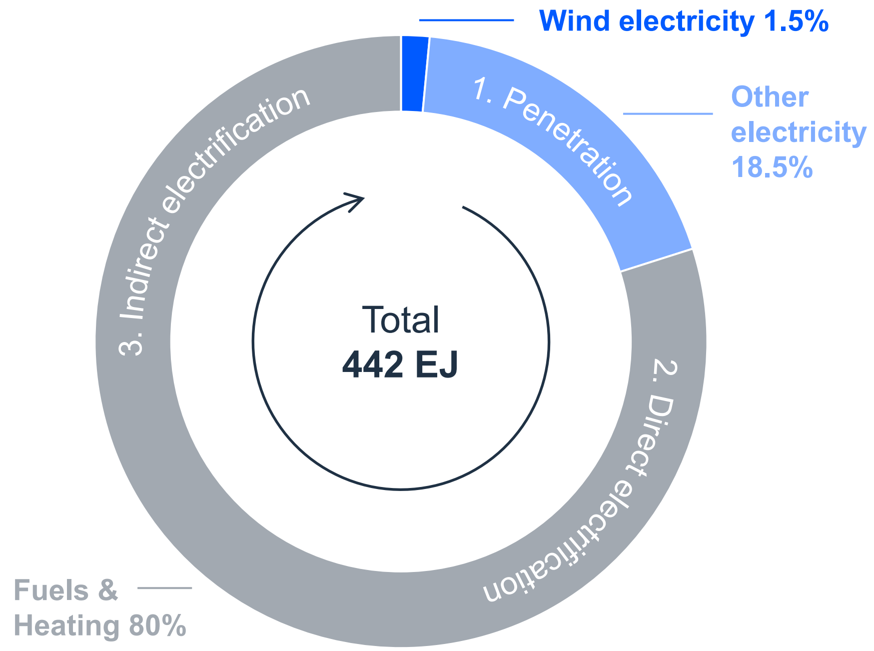
Vestas

Market outlook

The green transition holds tremendous growth potential for wind

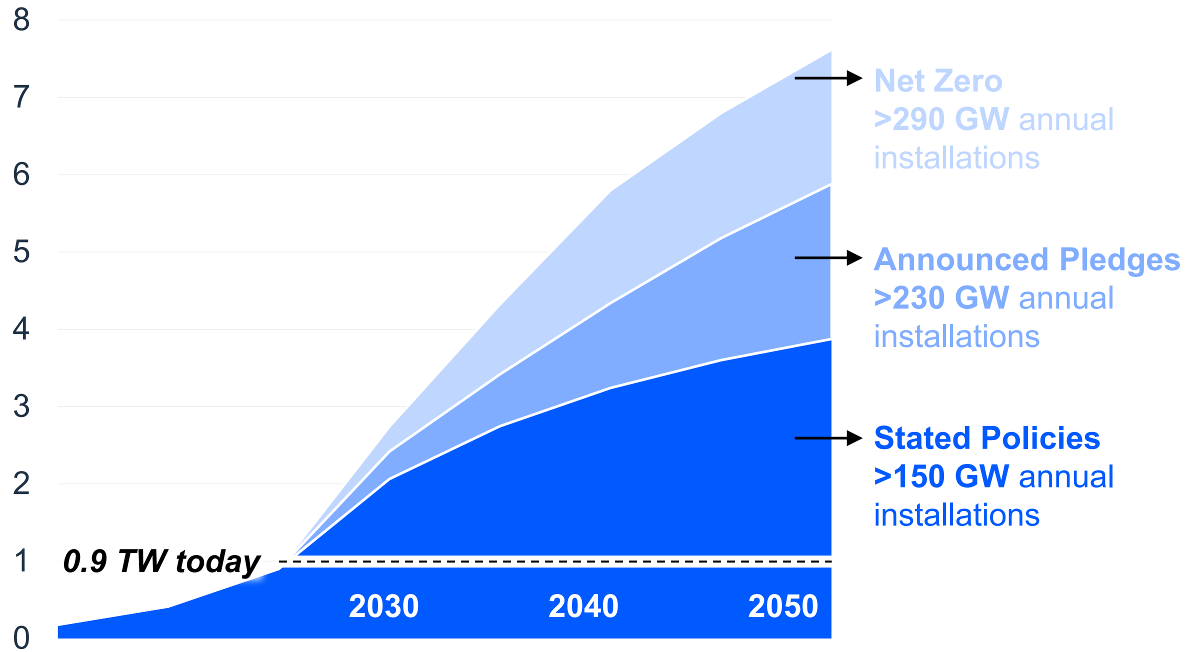
Global energy consumption by source

In exajoule (EJ) and percent (%), 2022



Global wind generation capacity scenarios

In TW



Sources: IEA World Energy Outlook (2023); Global Wind Energy Council, Global Wind Report (2023)

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Market growth by business area

Vestas' four business areas make up our core

Onshore

Market expectation 2023-2030
New installations (GW)

CAGR:

↑7-9%

Restarting growth

- Increasing activity expected in 2024 driven by the USA and Europe
- Further increase in activity in 2025 driven by all major wind markets

Offshore

Market expectation 2023-2030
New installations (GW)

CAGR:

↑20-25%

Global expansion

- Expansion in Europe and new markets such as the USA, South Korea and Japan
- Growth to accelerate post 2025

Service

Market expectation 2023-2030
Market value (EUR)

CAGR:

↑8-10%

Solid growth

- Solid growth driven by installed base and higher share of offshore
- Power price increases and electricity shortage to drive higher need for output optimisation

Development

Vestas' expectation 2023-2025
Order intake generated (GW)

CAGR:

>10%

Foundation in place

- Ambition to outgrow the total onshore market in firm order intake generated
- Strategic focus on converting quality project pipeline to firm order intake

Source: Adapted from Wood Mackenzie: Global wind power market outlook update, Q4 2023

Vestas' strategic priorities

Six strategic priorities for getting back on track

2023
Back in Black

Ensure profitability in 2023

2024-2025
Back on Track

Onshore Grow onshore while restoring profitability	**Quality** Ensure the right quality across our solutions	**Offshore** Ramp-up offshore
Cash Free up cash and improve cash control	**Efficiency** Strengthen operational efficiency and scalability	**Talent** Retain and attract right talent and capabilities

2026-2030
Sustainable Growth

Global Leader in sustainable energy solutions

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Long-term ambitions

Our financial and ESG ambitions remain unchanged

REVENUE	EBIT	ROCE	FCF	ESG
Grow faster than the market and be market leader in revenue	Best-in class earnings, at least 10% EBIT margin	20% return on investment over the cycle	Free cash flow positive	Carbon neutrality across our own operations and 45% scope 3 reduction by 2030

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Outlook 2024

	Outlook
Revenue (bnEUR)	**16 – 18**
EBIT margin before special items (%) - Service is expected to generate EBIT b.s.i. of EUR 800-880m	**4 – 6**
Total investments (bnEUR) Excl. acquisitions of subsidiaries, joint ventures, associates and financial investments	**Approx. 1.2**

- The 2024 outlook is based on current foreign exchange rates

Q&A

Financial calendar 2024:

- Disclosure of Q1 2024 (2nd May)
- Disclosure of Q2 2024 (14th August)
- Disclosure of Q3 2024 (5th November)

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