

Vestas Wind Systems A/S Interim financial report Third quarter 2016

Vestas Wind Systems A/S
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Company Reg. No. 10403782

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Information meeting (audiocast)

On Tuesday 8 November 2016 at 10 a.m. CET (9 a.m. GMT), Vestas will host an information meeting via an audiocast. The audiocast will be accessible via vestas.com/investor.

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

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

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Summary

Compared to the third quarter of 2015, earnings improved significantly, mainly driven by high activity levels in the quarter and to a lesser extent higher average project margins. Free cash flow was at the same level as in the third quarter of 2015. While order intake was satisfactory, the backlog decreased due to the higher activity levels. Outlook for 2016 upgraded.

In the third quarter of 2016, Vestas generated revenue of EUR 2,903m – an increase of 37 percent compared to the year-earlier period. EBIT before special items increased by EUR 201m to EUR 433m. The EBIT margin before special items was 14.9 percent compared to 10.9 percent in the third quarter of 2015 and the free cash flow amounted to EUR 155m compared to EUR 158m in the third quarter of 2015.

The intake of firm and unconditional wind turbine orders amounted to 1,769 MW in the third quarter of 2016. The value of the wind turbine order backlog amounted to EUR 7.2bn at 30 September 2016. In addition to the wind turbine order backlog, Vestas had service agreements with expected contractual future revenue of

EUR 9.9bn at the end of September 2016. Thus, the value of the combined backlog of wind turbine orders and service agreements stood at EUR 17.1bn – an increase of EUR 0.7bn compared to the year-earlier period.

Vestas upgrades the 2016 guidance on revenue from minimum EUR 9.5bn to EUR 10-10.5bn, EBIT margin before special items from minimum 12.5 percent to 13-14 percent, and free cash flow from minimum EUR 800m to minimum EUR 1,000m. The upgrades are based mainly on improved delivery visibility for the remainder of the year. Vestas also adjusts 2016 guidance on total investments from approx EUR 500m to approx EUR 600m.

Group President & CEO Anders Runevad said: *"I am very pleased with Vestas' solid third quarter performance. Revenue and earnings are up strongly, as are deliveries across all regions. Order intake is up 17 percent, while combined turbine and service order backlog declined this quarter, largely due to high turbine delivery activity. With better visibility toward the end of the year, we are also upgrading the full-year guidance."*

Key highlights

High activity levels

Deliveries up by 44 percent in third quarter of 2016 – driven by all regions.

Strong earnings

EBIT margin before special items of 14.9 percent – up by 4.0 percentage points compared to third quarter of 2015.

Solid free cash flow

Free cash flow amounted to EUR 155m in third quarter of 2016 – on a par with third quarter of 2015.

Combined order backlog remains high

Combined order backlog at EUR 17.1bn. Wind turbine order backlog impacted by high activity levels in third quarter of 2016.

Outlook 2016

2016 has proven to be an extraordinary year and based mainly on better visibility for the remainder of the year, guidance for 2016 is increased on all parameters.

Highlights for the Group

mEUR	Q3 2016 ¹⁾	Q3 2015 ¹⁾	9 months 2016 ¹⁾	9 months 2015 ¹⁾	FY 2015
Financial highlights					
Income statement					
Revenue	2,903	2,120	6,924	5,388	8,423
Gross profit	591	389	1,459	930	1,505
Profit before financial income and costs, depreciation and amortisation (EBITDA) before special items	527	320	1,225	711	1,212
Operating profit (EBIT) before special items	433	232	917	456	860
Profit before financial income and costs, depreciation and amortisation (EBITDA) after special items	527	320	1,225	711	1,258
Operating profit (EBIT) after special items	433	232	917	456	906
Net financial items	(2)	34	(32)	23	(15)
Profit before tax	411	279	829	523	925
Profit for the period	309	206	622	387	685
Balance sheet					
Balance sheet total	9,337	8,322	9,337	8,322	8,587
Equity	3,073	2,813	3,073	2,813	2,899
Provisions ²⁾	569	427	569	427	458
Average interest-bearing cash / (debt)	2,160	1,808	2,059	1,666	1,721
Net working capital	(787)	(783)	(787)	(783)	(1,383)
Investments in property, plant and equipment	79	46	191	136	220
Cash flow statement					
Cash flow from operating activities	268	237	580	708	1,472
Cash flow from investing activities	(113)	(79)	(391)	(221)	(425)
Free cash flow	155	158	189	487	1,047
Cash flow from financing activities	(122)	(19)	(339)	(227)	(360)
Change in cash and cash equivalent less current portion of bank debt	33	139	(150)	260	687
Financial ratios³⁾					
Financial ratios					
Gross margin (%)	20.4	18.3	21.1	17.3	17.9
EBITDA margin before special items (%)	18.2	15.1	17.7	13.2	14.4
EBIT margin before special items (%)	14.9	10.9	13.2	8.5	10.2
EBITDA margin after special items (%)	18.2	15.1	17.7	13.2	14.9
EBIT margin after special items (%)	14.9	10.9	13.2	8.5	10.8
Return on invested capital (ROIC) (%) before special items ⁴⁾	162.5	71.3	162.5	71.3	117.2
Solvency ratio (%)	32.9	33.8	32.9	33.8	33.8
Net interest-bearing debt/EBITDA before special items ⁴⁾	(1.4)	(1.7)	(1.4)	(1.7)	(1.9)
Return on equity ⁴⁾ (%)	31.9	23.6	31.9	23.6	26.2
Gearing (%)	16.1	17.6	16.1	17.6	17.1
Share ratios					
Earnings per share ⁵⁾ (EUR)	3.7	2.6	3.7	2.6	3.1
Book value per share (EUR)	13.8	12.6	13.8	12.6	12.9
Price/book value	5.3	3.7	5.3	3.7	5.0
P/E ratio	19.7	17.9	19.7	17.9	21.2
Cash flow from operating activities per share (EUR)	1.2	1.1	2.6	3.2	6.6
Proposed dividend per share (EUR)	-	-	-	-	0.91
Payout ratio (%)	-	-	-	-	29.9
Share price at the end of the period (EUR)	73.2	46.5	73.2	46.5	64.8
Average number of shares (million)	222	224	223	224	224
Number of shares at the end of the period (million)	222	224	222	224	224

1) Neither audited nor reviewed.

2) Incl. non-current deferred tax liability.

3) The ratios have been calculated in accordance with the guidelines from "Den Danske Finansanalytikerforening" (The Danish Society of Financial Analysis) (Recommendations and Financial ratios 2015).

4) Calculated over a 12-month period.

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

	Q3 2016 ¹⁾	Q3 2015 ¹⁾	9 months 2016 ¹⁾	9 months 2015 ¹⁾	FY 2015
Operational key figures					
Order intake (bnEUR)	1.6	1.5	5.2	5.8	8.2
Order intake (MW)	1,769	1,508	5,962	6,275	8,943
Order backlog – wind turbines (bnEUR)	7.2	8.2	7.2	8.2	7.9
Order backlog – service (bnEUR)	9.9	8.2	9.9	8.2	8.9
Produced and shipped wind turbines (MW)	2,697	2,477	7,413	5,798	7,948
Produced and shipped wind turbines (number)	1,197	1,048	3,158	2,422	3,330
Deliveries (MW)	2,782	1,934	6,487	4,806	7,486
Social and environmental key figures²⁾					
Occupational health & safety					
Total recordable injuries (number)	65	82	227	254	335
- of which lost time injuries (number)	22	11	58	40	56
- of which fatal injuries (number)	0	0	0	0	1
Consumption of resources					
Consumption of energy (GWh)	128	126	412	382	516
- of which renewable energy (GWh)	78	79	225	214	283
- of which renewable electricity (GWh)	76	75	206	195	257
Consumption of fresh water (1,000 m ³)	136	130	332	320	427
Waste disposal					
Volume of waste (1,000 tonnes)	17	15	56	45	67
- of which collected for recycling (1,000 tonnes)	7	7	26	22	33
Emissions					
Direct emission of CO ₂ (1,000 tonnes)	12	11	40	35	49
Indirect emission of CO ₂ (1,000 tonnes)	6	6	20	19	25
Local community					
Environmental accidents (number)	0	0	0	0	0
Breaches of internal inspection conditions (number)	0	0	1	0	0
Employees					
Average number of employees	21,864	19,273	21,525	18,597	18,986
Number of employees at the end of the period	21,907	19,585	21,907	19,585	20,507
- of which outside EMEA	10,078	8,816	10,078	8,816	9,121
Social and environmental indicators²⁾					
Occupational health and safety					
Incidence of total recordable injuries per one million working hours	6.0	9.1	7.0	9.4	8.7
Incidence of lost time injuries per one million working hours	2.0	1.2	1.8	1.5	1.5
Absence due to illness among hourly-paid employees (%)	2.1	1.8	2.2	1.9	1.9
Absence due to illness among salaried employees (%)	1.1	1.0	1.1	1.1	1.1
Products					
CO ₂ savings over the lifetime on the MW produced and shipped (million tonnes of CO ₂)	76	70	209	163	224
Utilisation of resources					
Renewable energy (%)	61	63	55	56	55
Renewable electricity for own activities (%)	100	100	100	100	100
Employees					
Women in Board of Directors ³⁾ and Executive Management (%)	23	23	23	23	23
Women at management level (%) ⁴⁾	19	18	19	18	18
Non-Danes at management level (%) ⁴⁾	59	55	59	55	57

1) Neither audited nor reviewed.

2) Accounting policies for social and environmental key figures for the Group, see page 130-132 of the annual report 2015.

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

4) Employees at management level comprise employees at level IPE54+ according to Mercer's International Position Evaluation System.

Financial performance

Order backlog and activities

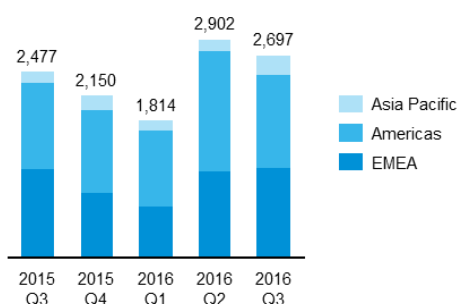
Projects

The quarterly order intake was 1,769 MW, of which 76 percent was announced. The quarterly order intake increased by 261 MW equal to 17 percent compared to the third quarter of 2015. The order intake came from a total of 18 countries.

The order backlog amounted to 8,268 MW at the end of September 2016 and, due to high activity levels in the third quarter, declined by 685 MW compared to the backlog at 30 September 2015. Europe, Middle East, and Africa (EMEA) accounted for 56 percent of the backlog, and Americas and Asia Pacific accounted for 35 and 9 percent, respectively. The value of the order backlog was EUR 7.2bn at 30 September 2016 compared to EUR 8.2bn at 30 September 2015; a decrease of 12 percent.

Produced and shipped

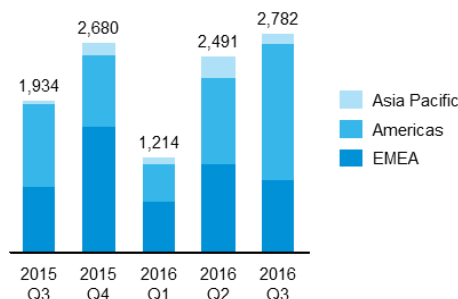
MW



In the third quarter of 2016, Vestas produced and shipped wind turbines with an aggregate output of 2,697 MW (1,197 wind turbines) against 2,477 MW (1,048 wind turbines) in the third quarter of 2015, reflecting the higher activity level in the supply chain in the quarter.

Deliveries (Transfer of Risk)

MW



Final capacity delivered (transfer of risk) to customers amounted to 2,782 MW; an increase of 848 MW (equal to 44 percent) compared to the third quarter of 2015.

The improvement was mainly driven by increased deliveries in USA.

Overview per region as per Q3 2016

MW

	EMEA	Americas	Asia Pacific	Total
Under completion, 30 June 2016	1,294	1,578	78	2,950
Delivered (TOR) to customers during the period	(909)	(1,733)	(140)	(2,782)
Produced and shipped during the period	1,203	1,236	258	2,697
Under completion, 30 September 2016	1,588	1,081	196	2,865

At the end of September 2016, wind turbine projects with a total output of 2,865 MW were under completion compared to 2,469 MW at the end of September 2015. The amount of MW under completion is reflected in the level of prepayments and inventories as a large share of these MW has not yet been recognised as revenue. The revenue recognition of these MW will take place when the projects are finally delivered to the customers.

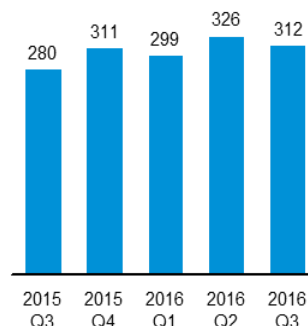
Revenue in the project segment increased by 41 percent to EUR 2,591m compared to EUR 1,840m in third quarter of 2015, primarily driven by the increase in MW deliveries. Vestas improved the EBIT margin of the project segment from 13.1 percent in third quarter 2015 to 16.9 percent in the third quarter of 2016, an increase of 3.8 percentage points.

Service

At the end of September 2016, Vestas had service agreements with expected contractual future revenue of EUR 9.9bn compared to EUR 8.2bn at 30 September 2015; an increase of 21 percent.

Service revenue

mEUR



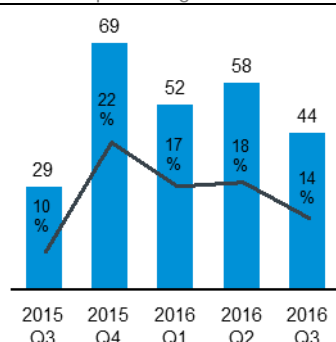
Service revenue amounted to EUR 312m in the third quarter of 2016 – an increase of 11 percent compared to the third quarter of 2015. The increase was primarily driven by the acquisitions of the US independent service provider UpWind Solutions, Inc. in December

2015 and the German independent service provider Availon Holding GmbH in March 2016 and to a lesser extent by organic growth.

Service EBIT margin amounted to 14.1 percent – an increase of 3.7 percentage points compared to the third quarter of 2015. In the third quarter of 2015, the service EBIT margin before special items was negatively impacted by impairments and write-offs on service inventories of EUR 19m. Even though revenue and earnings from the service business are more stable than from the wind turbine business, the activities that generate revenue and earnings in the various types of service contracts may vary from quarter to quarter.

Service EBIT before special items

mEUR and percentage



By the end of September 2016, Vestas had installed more than 78 GW in 75 countries. A high level of installed capacity and carefully planned service visits are key prerequisites for generating profit from the service business. Consequently, more than 36,000 wind turbines under service equivalent to approx 68 GW is one of the foundations of Vestas' service business' growth strategy.

At the end of September 2016, the average duration in the service order backlog was approx six years, at the same level as compared to end of September 2015.

Income statement

Result for the period

In the third quarter of 2016, revenue amounted to EUR 2,903m – an increase of 37 percent compared to the third quarter of 2015, primarily driven by higher MW deliveries in the project segment.

The gross profit in the third quarter of 2016 amounted to EUR 591m - an increase of 52 percent compared to the third quarter of 2015. The increase in gross profit was mainly driven by higher MW deliveries and to a lesser extent improved average project margins due to favourable mix, amongst others. The gross profit was negatively impacted by a write-down of EUR 54m on inventory relating to development and construction activities in prior years. Gross margin increased by 2.1 percentage points to 20.4 percent compared to 18.3 percent in the previous year period.

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

Operating profit (EBIT) before and after special items amounted to EUR 433m – an increase of 87 percent compared to the third quarter of 2015. The increase in EBIT was mainly driven by the higher gross profit. Consequently, the EBIT margin increased by 4.0 percentage points to 14.9 percent compared to the third quarter of 2015.

Income from investments accounted for using equity method

Income from investments accounted for using the equity method amounted to a loss of EUR 20m compared to an income of EUR 13m in the third quarter of 2015. This was mainly driven by Vestas' share of loss from MHI Vestas Offshore Wind on a standalone basis and elimination of margin on MW sold to MHI Vestas Offshore Wind not yet sold to end customer, which increased compared to the third quarter of 2015.

Financial items

In the third quarter of 2016, net financial items amounted to a net loss of EUR 2m against a net gain of EUR 34m in the third quarter of 2015. The development in net financials was mainly driven by reduced currency effects due to lower currency fluctuations.

Profit before and after tax

Profit before tax amounted to EUR 411m in the third quarter of 2016 compared to EUR 279m in the third quarter of 2015. In the third quarter of 2016, the income tax expense was EUR 102m, compared to EUR 73m in the third quarter of 2015. The profit after tax amounted to EUR 309m – an improvement of 50 percent compared to the third quarter of 2015.

Balance sheet

Vestas had total assets of EUR 9,337m as of 30 September 2016 – 12 percent higher than 30 September 2015. The increased balance sheet was mainly driven by working capital movements attributable to the increased activity level and the increased cash position.

Net working capital

At the end of September 2016, Vestas' net working capital amounted to EUR (787)m, largely in line with the level at the end of September 2015 (EUR (783)m). The development in net working capital was primarily driven by higher receivables, but offset by an increase in payables – all largely driven by higher activity levels.

Other operating assets and liabilities

Warranty provisions

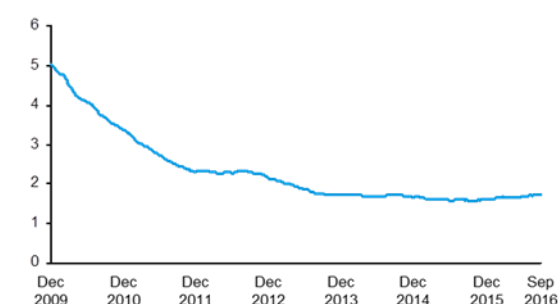
In the third quarter of 2016, warranty provisions charged to the income statement amounted to EUR 52m, equivalent to 1.8 percent of revenue. Warranty

consumption amounted to EUR 27m – compared to EUR 26m in the third quarter of 2015. Over the last 12 months, warranty consumption as a percentage of revenue amounted to 0.9 percent.

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

Lost Production Factor*

Percentage



* Data calculated across 31,527 Vestas wind turbines under full-scope service.

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

Capital structure

Total equity

Vestas' equity amounted to EUR 3,073m at 30 September 2016 – an increase of 9 percent compared to 30 September 2015. The positive development has mainly been driven by profit for the period, partly offset by dividends and share buy-back programme.

The solvency ratio decreased by 0.9 percentage points to 32.9 percent compared to 30 September 2015. The development in solvency ratio was impacted by the approved dividend and the share buy-back programme in combination with net working capital effects.

Acquisitions

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

Cash flow

In the third quarter of 2016, cash flow from operating activities increased by EUR 31m to EUR 268m compared to the third quarter of 2015. The development was mainly driven by improved earnings, which was largely offset by a change in net working capital.

Cash flow from investing activities amounted to EUR (113)m in the third quarter of 2016, which is an increase of EUR 34m compared to the same period last year. The development was driven by higher R&D activity and a transfer of the blades facility in Lauchhammer, Germany from leased to owned.

In the third quarter of 2016, the free cash flow was EUR 155m, which was in line with the same period last year.

At the end of September 2016, Vestas had a net cash position of EUR 2,116m, representing an improvement of EUR 307m compared to the end of September 2015, mainly driven by improved underlying earnings.

Share buy-back programme for 2016

Under the share buy-back programme initiated by the Board of Directors, Vestas have executed share buy-back of EUR 204m out of the approx EUR 400m (DKK 2,984m) as per 31 October 2016. The remainder is expected to be executed before 30 December 2016.

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

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

Market development

Deliveries and wind turbine backlog per region

Vestas' total wind turbine backlog decreased by 685 MW compared to the third quarter of 2015. The development was driven by relatively higher MW deliveries not fully offset by the increase in order intake.

Order intake and wind turbine backlog per region

MW

	EMEA	Americas	Asia Pacific	Total
Order intake Q3 2016	599	965	205	1,769
Backlog as per 30 Sep 2016	4,574	2,926	768	8,268

Europe, Middle East, and Africa (EMEA)

Deliveries in EMEA in the quarter totalled 909 MW compared to 838 MW in the previous year. Deliveries were distributed in several different parts of the region, with Germany being the country in the region where most capacity was delivered followed by Belgium, which was impacted by offshore deliveries of 3 MW platform turbines to the JV.

The order intake for the region amounted to 599 MW, down from 683 MW in the third quarter of 2015. The decrease was driven by minor changes across the various markets in the region partly offset by high activity levels in Norway and Morocco. The order backlog comprised 4,574 MW as of 30 September 2016.

Americas

Deliveries in the Americas region amounted to 1,733 MW compared to 1,044 MW in the third quarter of 2015. A large part of the absolute increase was attributable to the USA, whereas the relative share of deliveries to Latin America increased.

In the quarter, order intake amounted to 965 MW for the Americas region, of which 874 MW came from USA. The order backlog for the region amounted to 2,926 MW as of 30 September 2016, of which the majority relates to orders in the USA. As a consequence of the current PTC cycle in the USA, activity levels are expected to build up towards 2020 from a lower level in 2017. Year-to-date 2016, Vestas has secured 660 MW of PTC component orders in the USA.

Asia Pacific

Vestas received orders for a total of 205 MW for the Asia Pacific region, mainly coming from China. In the third quarter of 2016, Vestas also received its first ever order in Mongolia.

Deliveries to the markets in Asia Pacific were 140 MW, almost three times as high as in the third quarter of 2015, and the order backlog amounted to 768 MW as of 30 September 2016.

Deliveries (Transfer of Risk)

MW

	Q3 2016	Q3 2015	FY 2015
Germany	181	138	763
Belgium	125	22	54
Finland	109	36	221
France	97	108	347
United Kingdom	67	32	136
Sweden	64	26	194
Turkey	63	89	341
Denmark	49	29	114
Italy	32	52	214
Spain	27	-	6
Greece	26	-	25
South Africa	20	24	117
Netherlands	14	9	142
Switzerland	13	-	-
Portugal	8	2	2
Serbia	7	-	10
Ukraine	7	-	3
Austria	-	-	27
Croatia	-	36	42
Jordan	-	87	114
Norway	-	-	13
Poland	-	146	774
Romania	-	2	13
Total EMEA	909	838	3,672
USA	1,544	1,009	2,999
Chile	85	9	76
Brazil	68	-	-
Mexico	26	-	-
Uruguay	10	23	102
Canada	-	-	22
Costa Rica	-	-	33
Dominican Rep.	-	3	49
Guatemala	-	-	76
Total Americas	1,733	1,044	3,357
China	130	52	296
India	10	-	20
Australia	-	-	83
South Korea	-	-	22
Thailand	-	-	36
Total Asia Pacific	140	52	457
TOTAL WORLD	2,782	1,934	7,486

Strategy and financial and capital structure targets

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

Strategic objectives

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

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

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

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

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

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

1. Grow profitably in mature and emerging markets

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

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

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

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

2. Capture full potential of the service business

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

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

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

3. Reduce levelised cost of energy

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

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

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

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

4. Improve operational excellence

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

Launched at the end of 2012, the first Accelerated Earnings programme was concluded by the end of 2014

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

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

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

Financial and capital structure targets and priorities

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

Mid-term financial targets

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

Capital structure targets

As a player in a market where projects, customers, and wind turbine investors become larger, Vestas aims to be a strong financial counterpart. In line with the prudent balance sheet approach, the target for the net debt/EBITDA ratio remains unchanged at below 1 at any point in the cycle. In addition, the target is a solvency ratio in the range of 30-35 percent by the end of each financial year.

Dividend policy and priorities for excess cash allocation

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

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

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

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

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

Social and environmental performance

Standards, goals and priorities

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

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

- The lowest possible incidence of recordable injuries.
- CO₂ impact from wind power must excel against other energy forms.
- The lowest possible percentage of waste from the wind turbines.

Employees

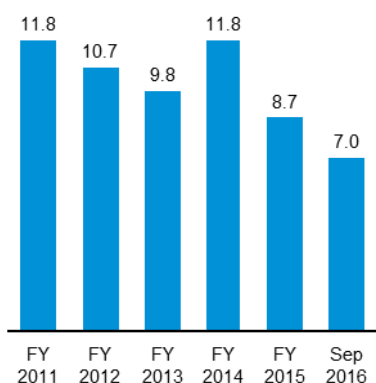
During the third quarter of 2016, Vestas increased the number of employees by 126 to 21,907, mainly driven by ramp-up at the factories.

Safety

In the third quarter of 2016, the number of total recordable injuries decreased to 65 from 82 in the third quarter of 2015. The incidence of total recordable injuries decreased from 9.1 in the third quarter of 2015 to 6.0 in the third quarter of 2016. The target for 2016 is maximum 8.0.

Incidence of total recordable injuries

Per one million working hours



Environmental performance

Vestas' environmental impacts increased from the third quarter of 2015 to the third quarter of 2016 due to increased production, mainly affecting the waste generation in the manufacturing units in assembly and blades.

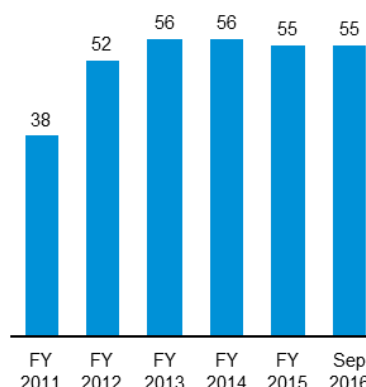
Renewable energy

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

In the first nine months of 2016, 55 percent of all energy consumption came from renewable energy sources, unchanged compared to the same period in 2015.

Renewable energy

Percentage of total energy consumption



Outlook 2016

Based mainly on the improved delivery visibility for the remainder of the year, Vestas upgrades guidance on revenue, EBIT margin before special items, and free cash flow. At the same time, Vestas also adjusts guidance on total investments primarily due to higher activity levels.

- Revenue is expected to range between EUR 10bn and EUR 10.5bn (compared to minimum EUR 9.5bn previously) including service revenue, which is expected to grow.
- Vestas expects to achieve an EBIT margin before special items of 13-14 percent (compared to minimum 12.5 percent previously) with the service EBIT margin remaining stable.
- The free cash flow is expected to be minimum EUR 1,000m (incl. the acquisition of Availon Holding GmbH and excl. investments in marketable securities) in 2016 (compared to minimum EUR 800m previously).
- Total investments are expected to amount to approx EUR 600m (incl. the acquisition of Availon Holding GmbH and excl. investments in marketable securities) in 2016 (compared to approx EUR 500m previously).

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

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

Outlook 2016

Revenue (bnEUR)	10-10.5
EBIT margin before special items (%)	13-14
Total investments (mEUR)*	approx 600
Free cash flow (mEUR)*	min. 1,000

* Incl. the acquisition of Availon Holding GmbH and excl. investments in marketable securities.

Financial calendar 2017

08.02.2017	Disclosure of annual report 2016 and outlook for 2017
03.03.2017	Convening for Annual General Meeting
06.04.2017	Annual General Meeting in Copenhagen, Denmark
05.05.2017	Disclosure of Q1 2017
17.08.2017	Disclosure of Q2 2017
09.11.2017	Disclosure of Q3 2017

The financial calendar lists the expected dates of publication of financial announcements and the Annual General Meeting in the 2017 financial year for Vestas Wind Systems A/S.

Consolidated financial statements 1 January - 30 September

Condensed income statement 1 January - 30 September

mEUR	Note	Q3 2016	Q3 2015	9 months 2016	9 months 2015
Revenue	1.1	2,903	2,120	6,924	5,388
Production costs		(2,312)	(1,731)	(5,465)	(4,458)
Gross profit		591	389	1,459	930
Research and development costs		(54)	(45)	(184)	(147)
Distribution costs		(41)	(45)	(143)	(136)
Administration costs		(63)	(67)	(215)	(191)
Operating profit (EBIT) before special items	1.1	433	232	917	456
Special items		-	0	(0)	0
Operating profit (EBIT)		433	232	917	456
Income from investments accounted for using the equity method		(20)	13	(56)	44
Net financial items		(2)	34	(32)	23
Profit before tax		411	279	829	523
Income tax		(102)	(73)	(207)	(136)
Profit for the period		309	206	622	387
Earnings per share (EPS)					
Earnings per share for the period (EUR), basic		1.41	0.93	2.83	1.75
Earnings per share for the period (EUR), diluted		1.40	0.92	2.82	1.73

Condensed statement of comprehensive income 1 January - 30 September

mEUR	Q3 2016	Q3 2015	9 months 2016	9 months 2015
Profit for the period	309	206	622	387
Items that may be subsequently reclassified to the income statement:				
Exchange rate adjustments relating to foreign entities	(16)	(26)	(45)	38
Fair value adjustments of derivative financial instruments for the period	(37)	145	(132)	240
Fair value adjustments of derivative financial instruments transferred to the income statement (cost of sales)	6	(62)	14	(78)
Share of other comprehensive income of joint venture	3	7	18	3
Tax on items that may be subsequently reclassified to the income statement	8	(20)	30	(42)
Other comprehensive income after tax for the period	(36)	44	(115)	161
Total comprehensive income for the period	273	250	507	548

Condensed balance sheet – Assets

mEUR	Note	30 September 2016	30 September 2015	31 December 2015
Goodwill		307	215	252
Completed development projects		173	278	261
Software		67	27	32
Other intangible assets		56	-	20
Development projects in progress		181	97	122
Total intangible assets		784	617	687
Land and buildings	2.1	835	711	763
Plant and machinery		249	207	219
Other fixtures, fittings, tools and equipment		188	168	191
Property, plant and equipment in progress		78	92	106
Total property, plant and equipment		1,350	1,178	1,279
Investments accounted for using the equity method		185	235	225
Other investments		21	18	20
Tax receivables		91	-	109
Deferred tax		101	75	149
Other receivables		25	35	39
Total other non-current assets		423	363	542
Total non-current assets		2,557	2,158	2,508
Inventories		2,374	2,340	1,899
Trade receivables		1,320	747	795
Construction contracts in progress		27	74	15
Tax receivables		85	51	60
Other receivables	3.3	362	545	442
Cash and cash equivalents		2,612	2,304	2,765
Total current assets		6,780	6,061	5,976
Non-current assets held for sale	2.1	-	103	103
Total assets		9,337	8,322	8,587

Condensed balance sheet – Equity and liabilities

mEUR	Note	30 September 2016	30 September 2015	31 December 2015
Share capital	3.1	30	30	30
Other reserves		23	659	138
Retained earnings		3,020	2,124	2,731
Total equity		3,073	2,813	2,899
Provisions	2.2	402	277	314
Deferred tax		34	20	20
Financial debts	3.3	496	495	495
Tax payables		44	-	44
Other liabilities		10	10	10
Total non-current liabilities		986	802	883
Prepayments from customers		2,452	2,499	2,258
Construction contracts in progress		26	34	17
Trade payables		1,935	1,598	1,760
Provisions	2.2	133	130	124
Tax payables		275	88	147
Other liabilities	3.3	457	358	499
Total current liabilities		5,278	4,707	4,805
Total liabilities		6,264	5,509	5,688
Total equity and liabilities		9,337	8,322	8,587

Condensed statement of changes in equity – 9 months 2016

mEUR	Share capital	Premium	Trans-lation reserve	Cash flow hedging reserve	Other reserves	Total other reserves	Retained earnings	Total
Equity at 1 January 2016	30	-	99	37	2	138	2,731	2,899
Profit for the period	-	-	-	-	-	-	622	622
Other comprehensive income for the period	-	-	(45)	(88)	18	(115)	-	(115)
Total comprehensive income for the period	-	-	(45)	(88)	18	(115)	622	507
Transaction with owners:								
Dividend approved	-	-	-	-	-	-	(205)	(205)
Dividend, treasury shares	-	-	-	-	-	-	4	4
Acquisition(-) /disposal (+) of treasury shares	-	-	-	-	-	-	(140)	(140)
Share based payments	-	-	-	-	-	-	8	8
Equity at 30 September 2016	30	-	54	(51)	20	23	3,020	3,073

Condensed statement of changes in equity – 9 months 2015

mEUR	Share capital	Premium	Trans-lation reserve	Cash flow hedging reserve	Other reserves	Total other reserves	Retained earnings	Total
Equity at 1 January 2015	30	439	39	13	7	498	1,851	2,379
Profit for the year	-	-	-	-	-	-	387	387
Other comprehensive income for the period	-	-	38	120	3	161	-	161
Total comprehensive income for the period	-	-	38	120	3	161	387	548
Transaction with owners:								
Dividend to shareholders	-	-	-	-	-	-	(116)	(116)
Acquisition(-) /disposal (+) of treasury shares	-	-	-	-	-	-	(3)	(3)
Share based payments	-	-	-	-	-	-	5	5
Equity at 30 September 2015	30	439	77	133	10	659	2,124	2,813

Condensed cash flow statement

mEUR	Q3 2016	Q3 2015	9 months 2016	9 months 2015
Profit for the period	309	206	622	387
Adjustments for non-cash transactions	299	203	681	424
Income tax received/(paid)	(41)	(11)	(5)	(17)
Interest received/(paid)	(4)	0	(14)	(29)
Cash flow from operating activities before change in net working capital	563	398	1,284	765
Change in net working capital	(295)	(161)	(704)	(57)
Cash flow from operating activities	268	237	580	708
Investments in intangible assets	(47)	(33)	(137)	(83)
Investments in property, plant and equipment	(66)	(46)	(178)	(136)
Sale of property, plant and equipment	-	-	7	1
Acquisition of subsidiaries, net of cash	-	-	(83)	-
Other	-	-	-	(3)
Cash flow from investing activities	(113)	(79)	(391)	(221)
Free cash flow	155	158	189	487
Disposal/(acquisition) of treasury shares	(122)	(15)	(134)	(3)
Dividend paid	-	-	(201)	(116)
Repayment of financial debts	-	(4)	(4)	(604)
Raising of financial debts	-	-	-	496
Cash flow from financing activities	(122)	(19)	(339)	(227)
Change in cash and cash equivalents less current portion of bank debt	33	139	(150)	260
Cash and cash equivalents less current portion of bank debt at the beginning of period	2,579	2,208	2,765	2,014
Exchange rate adjustments of cash and cash equivalents	0	(43)	(3)	30
Cash and cash equivalents less current portion of bank debt at the end of the period	2,612	2,304	2,612	2,304
The amount can be specified as follows:				
Cash and cash equivalents without disposal restrictions	2,283	2,114	2,283	2,114
Cash and cash equivalents with disposal restrictions	329	190	329	190
Total cash and cash equivalents	2,612	2,304	2,612	2,304

Notes

1 Result for the period

1.1 Segment information

mEUR	Project	Service	Not allocated	Total Group
Q3 2016				
External revenue	2,591	312	-	2,903
Total revenue	2,591	312	-	2,903
Total costs	(2,153)	(268)	(49)	(2,470)
Operating profit (EBIT) before special items	438	44	(49)	433
Special items	-	-	-	-
Operating profit (EBIT)	438	44	(49)	433
Income from investments accounted for using equity method				(20)
Net financial items				(2)
Profit before tax				411
Amortisation and depreciation included in total costs	(81)	(7)	(6)	(94)

In third quarter of 2016, a write-down on inventory relating to development and construction activities in prior years of EUR 54m has been recognised and consequently negatively impacted the project EBIT before special items.

mEUR	Project	Service	Not allocated	Total Group
Q3 2015				
External revenue	1,840	280	-	2,120
Total revenue	1,840	280	-	2,120
Total costs	(1,599)	(251)	(38)	(1,888)
Operating profit (EBIT) before special items	241	29	(38)	232
Special items	-	-	0	0
Operating profit (EBIT)	241	29	(38)	232
Income from investments accounted for using equity method				13
Net financial items				34
Profit before tax				279
Amortisation and depreciation included in total costs	(79)	(4)	(5)	(88)

In third quarter of 2015, an impairment loss and write-offs on service inventory of EUR 19m has been recognised and consequently negatively impacted the service EBIT before special items.

1.1 Segment information (continued)

mEUR	Project	Service	Not allocated	Total Group
9 months 2016				
External revenue	5,987	937	-	6,924
Total revenue	5,987	937	-	6,924
Total costs	(5,062)	(783)	(162)	(6,007)
Operating profit (EBIT) before special items	925	154	(162)	917
Special items	-	-	(0)	(0)
Operating profit (EBIT)	925	154	(162)	917
Income from investments accounted for using equity method				(56)
Net financial items				(32)
Profit before tax				829
Amortisation and depreciation included in total costs	(250)	(20)	(23)	(293)

In second quarter of 2016, an impairment loss of EUR 15m has negatively impacted the Group EBIT before special items, related to R&D activities (EUR 10m in Project) and declassification of properties held for sale (EUR 5m in Not allocated).

In third quarter of 2016, a write-down on inventory relating to development and construction activities in prior years of EUR 54m has been recognised and consequently negatively impacted the project EBIT before special items.

mEUR	Project	Service	Not allocated	Total Group
9 months 2015				
External revenue	4,561	827	-	5,388
Total revenue	4,561	827	-	5,388
Total costs	(4,110)	(695)	(127)	(4,932)
Operating profit (EBIT) before special items	451	132	(127)	456
Special items	-	-	0	0
Operating profit (EBIT)	451	132	(127)	456
Income from investments accounted for using equity method				44
Net financial items				23
Profit before tax				523
Amortisation and depreciation included in total costs	(229)	(12)	(14)	(255)

In third quarter of 2015, an impairment loss and write-offs on service inventory of EUR 19m has been recognised and consequently negatively impacted the service EBIT before special items.

2 Other operating assets and liabilities

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

During second quarter of 2016, properties held for sale was declassified to property, plant and equipment, due to significant uncertainty about whether the properties will be sold within the next year. The declassification has impacted Administration costs with EUR 12m, due to catch-up depreciations and impairment.

2.2 Warranty provisions (included in provisions)

mEUR	30 September 2016	30 September 2015	31 December 2015
Warranty provisions, 1 January	386	321	321
Provisions for the period	128	104	160
Warranty provisions consumed during the period	(64)	(67)	(95)
Warranty provisions	450	358	386
The provisions are expected to be payable as follows:			
< 1 year	99	115	103
> 1 year	351	243	283

3 Capital structure and financing items

3.1 Share capital

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

3.2 Financial risks

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

3.3 Financial instruments

The book value of the Eurobond was EUR 496m with a corresponding fair value of EUR 532m at 30 September 2016. The fair value of derivative financial instruments at 30 September 2016 amounts to a negative market value of EUR 66m, included in other liabilities, which equals book value.

4 Other disclosures

4.1 Related party transactions

Transactions with joint venture:

mEUR	Q3 2016	Q3 2015	9 months 2016	9 months 2015
Revenue for the period	116	29	206	278
Receivable / (Payable) at 30 September	118	(11)	118	(11)

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

4.2 Business combinations

Acquisition of Availon

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

The goodwill of EUR 56m arising from the acquisition is attributable to synergies expected from combining the operations of the Group and Availon. None of the goodwill recognised is expected to be deductible for income tax purposes.

mEUR	Availon
Cash	84
Total consideration	84

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

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

4.2 Business combinations (continued)

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

Had Availon been consolidated from 1 January 2016, the consolidated income statement would have been impacted with revenue of approx. EUR 45m and profit after tax of approx EUR 0m.

5 Other disclosures

5.1 Subsequent events

Between the end of the quarter and the publication of this interim financial report, the Group has made investment in marketable securities of nominal EUR 196m to be presented as 'Securities' under Total other non-current assets.

6 Basis for preparation

6.1 General accounting policies

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

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

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

6.2 Key accounting estimates and judgements

When preparing the interim financial reporting of the Group, management makes a number of accounting estimates and assumptions which form the basis of the recognition and measurement of the Group's assets and liabilities. The estimates and assumptions made are based on experience and other factors that management considers reasonable in the circumstances. There have been no changes to the accounting estimates in third quarter of 2016 or the first nine months, except for declassification of asset held for sale in second quarter of 2016, ref. note 2.1. Reference is made to the consolidated financial statements in the annual report 2015, note 7.2, page 124.

6.3 Changes in accounting policies and disclosures

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

Management's statement

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

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

In our opinion the accounting policies used are appropriate and the interim financial report gives a true and fair view of the Group's assets, liabilities, and

financial position at 30 September 2016 and of the results of the Group's operations and cash flow for the period 1 January to 30 September 2016.

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

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

Aarhus, Denmark, 8 November 2016

Executive Management

Anders Runevad
Group President & CEO

Marika Fredriksson
Executive Vice President & CFO

Anders Vedel
Executive Vice President & CTO

Jean-Marc Lechêne
Executive Vice President & COO

Juan Araluce
Executive Vice President & CSO

Board of Directors

Bert Nordberg
Chairman

Lars Josefsson
Deputy Chairman

Carsten Bjerg

Eija Pitkänen

Henrik Andersen

Henry Sténson

Kim Hvid Thomsen

Peter Lindholst

Lykke Friis

Michael Abildgaard Lisbjerg

Sussie Dvinge Agerbo

Torben Ballegaard Sørensen

Disclaimer and cautionary statement

This document contains forward-looking statements concerning Vestas' financial condition, results of operations and business. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements.

Forward-looking statements include, among other things, statements concerning new potential accounting standards and policies, and Vestas' potential exposure to market risks and statements expressing management's expectations, beliefs, estimates, forecasts, projections, and assumptions. There are a number of factors that could affect Vestas' future operations and could cause Vestas' results to differ materially from those expressed in the forward-looking statements included in this document, including (without limitation): (a) changes in demand for Vestas' products; (b) currency and interest rate fluctuations; (c) loss of market share and industry competition; (d) environmental and physical risks; (e) legislative, fiscal and regulatory developments, including changes in tax or accounting policies; (f) economic and

financial market conditions in various countries and regions; (g) political risks, including the risks of expropriation and renegotiation of the terms of contracts with governmental entities, and delays or advancements in the approval of projects; (h) ability to enforce patents; (i) product development risks; (j) cost of commodities; (k) customer credit risks; (l) supply of components from suppliers and vendors; and (m) customer readiness and ability to accept delivery and installation of products and transfer of risk.

All forward-looking statements contained in this document are expressly qualified by the cautionary statements contained or referenced to in this statement. Undue reliance should not be placed on forward-looking statements. Additional factors that may affect future results are contained in Vestas' annual report for the year ended 31 December 2015 (available at vestas.com/investor) and these factors should also be considered. Each forward-looking statement speaks only as of the date of this document. Vestas does not undertake any obligation to publicly update or revise any forward-looking statement as a result of new information or future events others than required by Danish law. In light of these risks, results could differ materially from those stated, implied or inferred from the forward-looking statements contained in this document.