

Press Release from Vestas Wind Systems A/S and Mitsubishi Heavy Industries, Ltd.

Aarhus, 29 October 2020

Vestas and Mitsubishi Heavy Industries strengthen partnership in sustainable energy

Vestas Wind Systems A/S (Vestas), a world leader in sustainable energy solutions, and Mitsubishi Heavy Industries, Ltd. (MHI), a leading global manufacturing and engineering firm, have signed an agreement to expand their partnership in sustainable energy. The strengthened partnership entails that Vestas will acquire MHI's shares in the MHI Vestas Offshore Wind (MVOW) joint venture, and MHI will acquire 2.5 percent in Vestas and be nominated to a seat in Vestas' Board of Directors, ref. Company Announcement no. 33/2020 of 29 October 2020.

Through the strengthened partnership, Vestas makes an emphatic long-term move in offshore wind energy to become a leading player in offshore wind by 2025 and to expand the two companies' overall leadership in sustainable energy. A new offshore wind turbine platform will also be imminently introduced to improve efficiency and drive the levelised cost of energy further down. The companies also aim to meet customer needs across a wider range of the value chain and increase their global leadership in sustainable energy solutions. To that end and underlining the long-term goal of the agreement, Vestas and MHI will also plan for collaborating in green hydrogen as well as a joint venture in Japan to secure accelerated growth for onshore and offshore wind energy.

Henrik Andersen, Group President and CEO of Vestas, said: *"Vestas is the leader in onshore wind, but to accelerate the energy transition and achieve our vision we must play a larger role in offshore wind. On behalf of all of Vestas, I'm therefore very excited that Mitsubishi Heavy Industries shares Vestas' vision to become a leading player in offshore wind energy in the long term and will strengthen our partnership by becoming a large shareholder and part of Vestas' Board of Directors. Offshore wind is key to creating a sustainable planet for future generations and offers unique growth, and with today's announcement we underline that we want to be an integral part of both".*

Seiji Izumisawa, President and CEO of MHI, commented: *"We are very pleased to be able to expand our cooperation and collaboration with Vestas, now more than ever, under the backdrop of increasing need for cleaner and more economical energy worldwide. We will continue to strengthen business cooperation by leveraging our respective strengths to support the growth of clean energy around the world, especially in Japan".*

In Japan, the two companies will establish a joint venture for sales of onshore and offshore wind power turbines and Vestas will as part of the collaboration plan for establishing parts of its regional supply chain and production in Japan should market volume and cost-competitiveness allow.

The demand for offshore wind energy has accelerated in recent years and is expected to reach around 25 GW per year by 2030¹. This development is driven by a 67 percent decline in levelised cost of offshore wind energy since 2012² and growing applicability of offshore wind energy, which is mainly driven by high system value, proximity to load centers, better permitting and public acceptance, as well as large-scale Power-to-X solutions, an area in which MHI has particular expertise and can contribute to across the value chain.

Through the agreement, the two companies seek to accelerate their overall growth journey by integrating onshore and offshore platforms and leveraging Vestas' strengths in both segments. Specifically, this entails a stronger integration between onshore and offshore technology and modular frameworks.

¹ Source: Wood Mackenzie Q3/2020 Offshore Market Outlook, 2016-2029e

² Source: Bloomberg New Energy Finance (2020): Colossal Six Months for Offshore Wind Support Renewable Energy Investment in First Half of 2020.



Henrik Andersen continued: *“On behalf of Vestas, I look forward to welcoming Kentaro Hosomi, CEO, Energy Systems, MHI, to our Board of Directors. We hope to benefit from his visionary and strategic mindset as we seek to create a more sustainable planet for future generations”.*

Vestas' planning of the expected integration of MVOW into the Vestas group will commence immediately and run until transaction closing, focusing on synergies in sales, technology, manufacturing footprint and procurement to sustain customer relationships, lower costs and build a strong shared Vestas culture. Until transaction closing, the executive management of MVOW will consist of Johnny Thomsen, CEO of MVOW, Tatsuichiro Honda, Co-Chief Executive Officer and Chief Financial Officer of MVOW, Kentaro Hosomi, Deputy Chairman of MVOW and CEO, Energy Systems, MHI, and Henrik Andersen, Chairman of MVOW and Group President and CEO of Vestas.

On a stand-alone basis, MVOW is expected to report a consolidated revenue for 2020 of approx. EUR 1.4bn, with an EBIT margin of around 4 percent.

As part of the agreement, Vestas will acquire MHI's 50 percent share of the MHI Vestas Offshore Wind (MVOW) joint venture against 5,049,337 shares in Vestas that will be issued at closing of the transaction, corresponding to 2.5 percent of Vestas nominal share capital after the capital increase. The transaction has a value of approx. EUR 709m, based on the volume-weighted average of the price for shares in Vestas as quoted on Nasdaq Copenhagen the last five days up to and including 28 October 2020. Following a decision made today by the Board of Directors of Vestas, and subject to completion of the transaction, the share capital of Vestas will be increased by a nominal value of DKK 5,049,337, divided into shares of DKK 1 each, pursuant to the authorisation in article 3(1)(b) of Vestas' Articles of association.

Closing of the transaction is expected to take place within either the fourth quarter of 2020 or the first quarter of 2021.

For further information

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About Vestas

Vestas is the energy industry's global partner on sustainable energy solutions. We design, manufacture, install, and service wind turbines across the globe, and with more than 117 GW of wind turbines in 81 countries, we have installed more wind power than anyone else. Through our industry-leading smart data capabilities and unparalleled more than 104 GW of wind turbines under service, we use data to interpret, forecast, and exploit wind resources and deliver best-in-class wind power solutions. Together with our customers, Vestas' more than 25,500 employees are bringing the world sustainable energy solutions to power a bright future.

We invite you to learn more about Vestas by visiting our website at www.vestas.com and following us on our social media channels:

- www.twitter.com/vestas
- www.linkedin.com/company/vestas
- www.facebook.com/vestas
- www.instagram.com/vestas
- www.youtube.com/vestas



About Mitsubishi Heavy Industries

Mitsubishi Heavy Industries, Ltd. (MHI), headquartered in Tokyo, is one of the world's leading industrial firms with 80,000 group employees and annual consolidated revenues of around 38 billion U.S. dollars. For more than 130 years, the company has channeled big thinking into innovative and integrated solutions that move the world forward. MHI owns a unique business portfolio covering land, sea, sky and even space. MHI delivers innovative and integrated solutions across a wide range of industries from commercial aviation and transportation to power plants and gas turbines, and from machinery and infrastructure to integrated defense and space systems.

For more information, please visit MHI's website: www.mhi.com/index.html

For Technology, Trends and Tangents, visit MHI's new online media SPECTRA: spectra.mhi.com

About MHI Vestas Offshore Wind

MHI Vestas Offshore Wind is a joint venture between Vestas Wind Systems A/S (50 percent) and Mitsubishi Heavy Industries (50 percent). The company's focus is to design, manufacture, install and service wind turbines for the offshore wind industry. The company aims to create sustainable value through offshore wind power by driving capital and operating savings and increasing the power output of wind turbines. An innovative force in offshore wind since its inception in 2014, the company is guided by its founding principles of collaboration, trust, technology and commitment. For more information, see www.mhivestasoffshore.com