Second quarter 2023

Vestas Wind Systems A/S
Copenhagen, August 2023

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Key highlights in Q2 2023

Order intake of 2.3 GW

Wind turbines orders in GW grew by 8 percent YoY with an Onshore ASP of EUR 0.97m/MW

Revenue of EUR 3.4bn

Growth of 4 percent YoY driven by 29 percent Service growth, higher average pricing on deliveries, partly offset by lower volume

EBIT margin of negative 2 percent

Profitability improving due to a strong Service business and increased pricing as we execute the backlog

Vestas continues to drive industry discipline and maturity

Stronger operational and commercial discipline across the industry imperative to ensure value capture and quality

Outlook maintained

On track to deliver on the outlook for 2023 with higher Service growth

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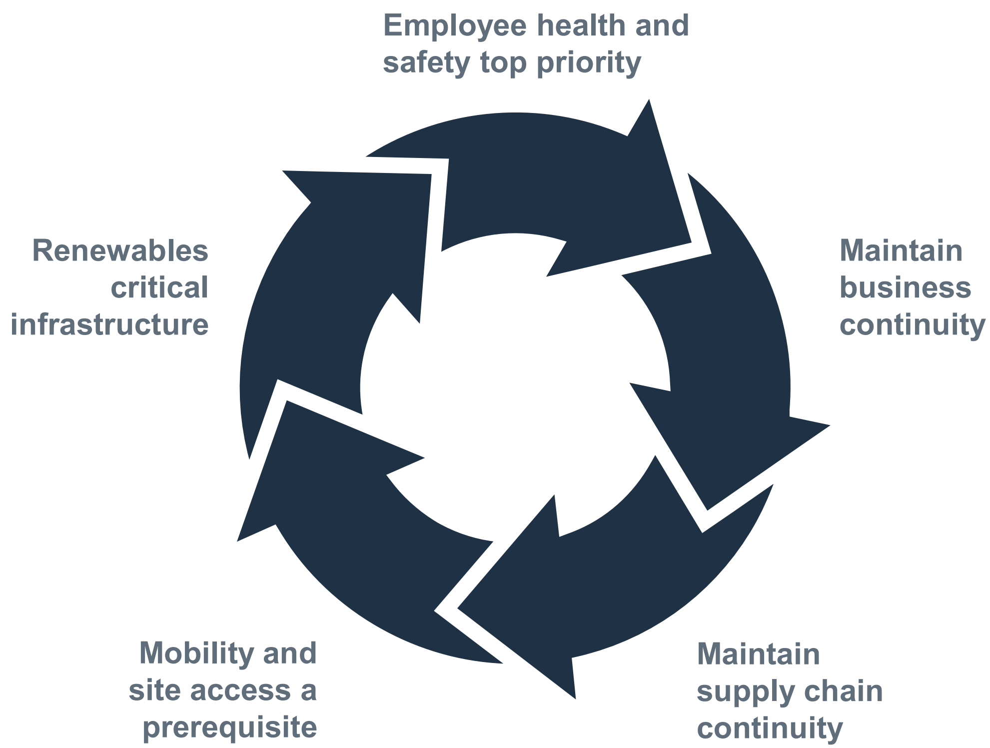
Global business environment

Global business environment expected to remain challenging throughout 2023



- Market **design and permitting** pose a barrier to new installations
- **Industry still needs to mature** to ensure operational efficiency, quality and scalability
- Supply chain **disruptions remain but a are easing,** while inflation still a concern

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Power Solutions – Q2 2023

Commercial discipline intact – order intake slowly improving

Highlights

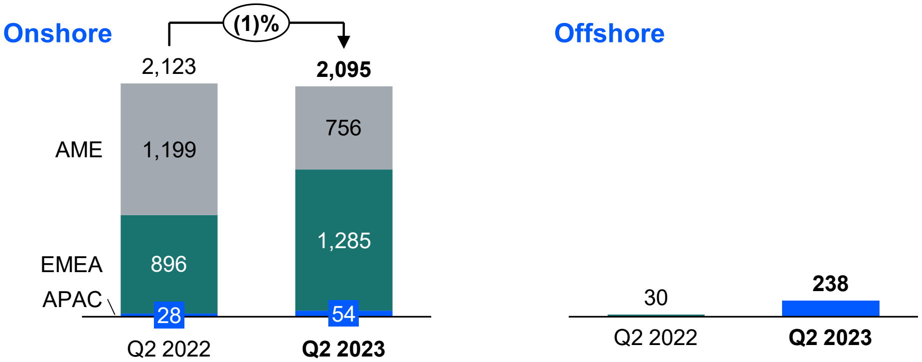
Order intake of 2.3 GW, up 8 percent YoY, driven by EMEA and the Hibiki Offshore project in Japan

Onshore ASP returned to **EUR 0.97m/MW** in Q2, despite few EPC orders, from EUR 0.89m/MW in the prior quarter. Overall **mix was more typical** in the second quarter

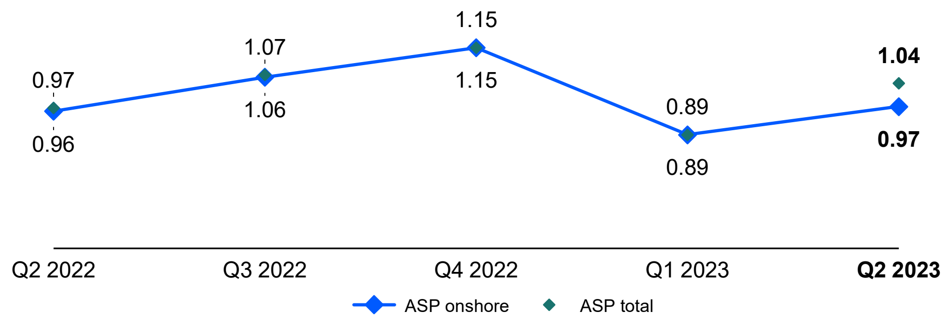
Permitting processes and regulatory uncertainty remains a challenge causing delays in order intake

At the end of Q2 Vestas had more than **12 GW of total preferred supplier agreements** for the V236-15.0 MW™ offshore turbine

Firm and unconditional order intake, MW



Average selling price of order intake, mEUR per MW



Service – Q2 2023

Strong position for further profitable growth

Highlights

Service **continued with high activity** and strong operational first half

Service order backlog increased to almost **EUR 32bn**, and **inflation indexation** continues to work as it should, protecting the backlog profitability

Service order backlog

EUR 31.6bn
(27.7 onshore)

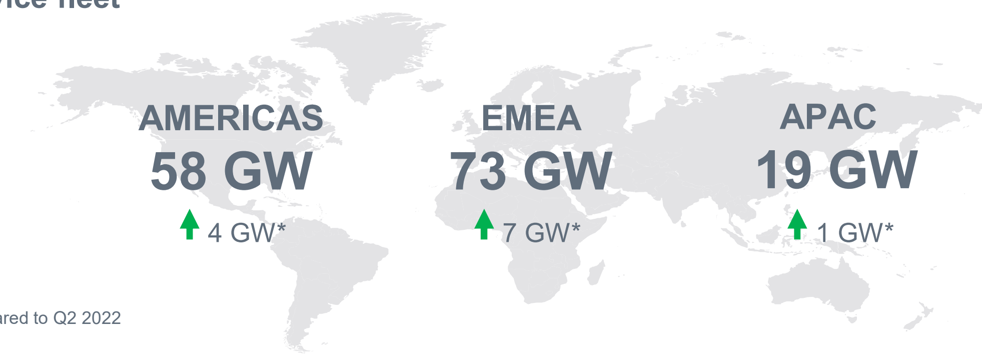
GW under **active service contracts**

150 GW
(141 onshore)

Average years contract duration

11 Years

Service fleet



*Compared to Q2 2022

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Vestas Development – Q2 2023

Selective pipeline additions in major energy markets

Highlights

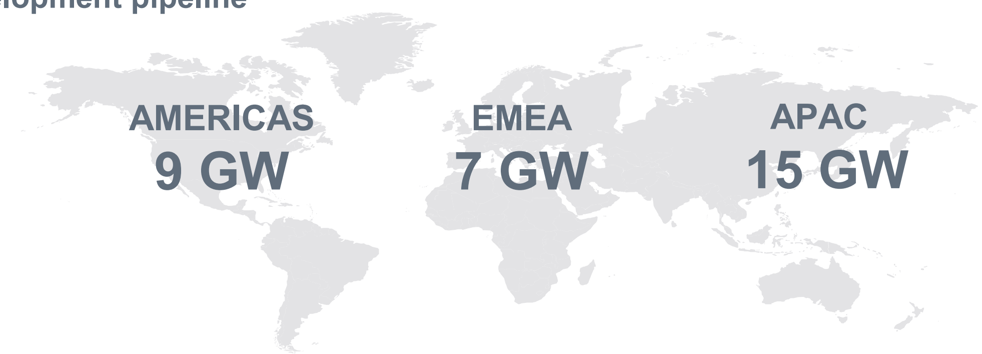
At the end of Q2 2023, Vestas' **pipeline** of development projects amounted to **30.5 GW** with Australia, the USA and Brazil being the countries with the largest pipeline

During the quarter, Vestas secured **0.3 GW of new pipeline projects**

168 MW of order intake was generated in Q2 from two projects in the USA and in Brazil

Order intake generated	New secured pipeline	Total project pipeline
168 MW	0.3 GW	30.5 GW

Development pipeline



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Sustainability – Q2 2023

The most sustainable energy company in the world

Highlights

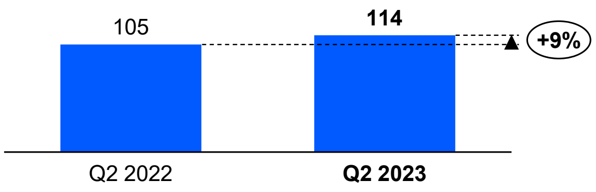
In the second quarter of 2023, Vestas and Ørsted, announced a partnership in which Ørsted will buy a minimum of 25 percent **low-emission steel towers** and blades made from **recycled materials** from Vestas in all joint offshore wind projects

Lifetime CO_2e avoided by produced and shipped capacity increased by 9 percent from Q2 2022, due to higher produced volumes

Carbon emissions from our own operations (scope 1+2) increased by 45 percent compared to the second quarter of 2022. This can be attributed to higher activity levels in offshore construction and service

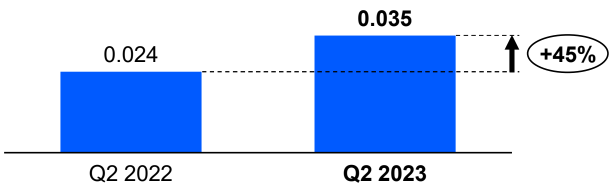
CO_2e avoided

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



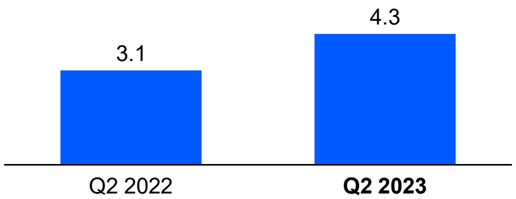
Carbon emissions

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



Safety

Total Recordable Injuries per million working hours (TRIR)



NOTE: *We have decided to return to the previously used methodology for calculating TRIR and LTIR for the remainder of 2023. Further details can be found in the interim report.*

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Income statement – Q2 2023

Gross margin continues to improve

Highlights

Revenue increased 4 percent YoY, driven by increasing service activity and higher value of turbine deliveries, partly offset by lower MW delivered

Gross margin was 6.4 percent, up from 2.9 percent last year. The improvement was driven by Power Solutions and increased pricing as well as continued growth in Service

Income from JVs and associates related to **Development activities** generated EUR 16m to EBIT in the quarter

EBIT margin b.s.i. was negative 2.0 percent, an improvement from minus 5.5 last year, driven by the above-mentioned factors

mEUR	Q2 2023	Q2 2022	% change
Revenue	**3,429**	3,305	4%
Production costs	**(3,208)**	(3,208)	0%
Gross profit	**221**	97	128%
SG&A costs*	**(307)**	(279)	10%
Sale of technology	**-**	-	-
Income from investments in JVs and associates	**16**	-	-
EBIT before special items	**(70)**	(182)	Positive
Special items	**2**	35	-
EBIT	**(68)**	(147)	Positive
Income from investments in joint ventures and associates	**(4)**	14	-
Net profit	**(115)**	(119)	Flat
Gross margin	**6.4**	2.9	3.5%-pts
EBITDA margin before special items	**3.8**	1.2	2.6%-pts
EBIT margin before special items	**(2.0)**	(5.5)	3.5%-pts

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

Vestas

Power Solutions – Q2 2023

Profitability improved

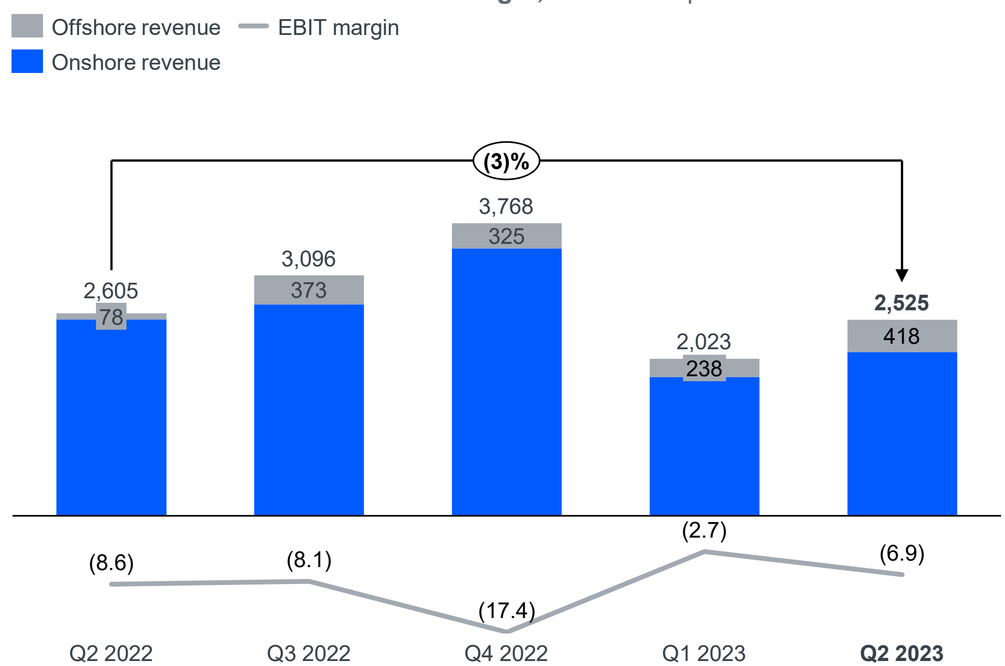
Highlights

Revenue decreased by 3 percent YoY, driven by lower activity in APAC partly offset by higher activity in South America and Offshore

EBIT margin b.s.i. **improved** by 2 percentage points to **negative 6.9 percent**. The improvement was primarily driven by improved project pricing and execution

Underlying **profitability continues to improve** but still hampered by execution of low-margin projects from the backlog

Power Solutions revenue and EBIT margin, mEUR and percent



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Service – Q2 2023

Strong growth and solid EBIT margin

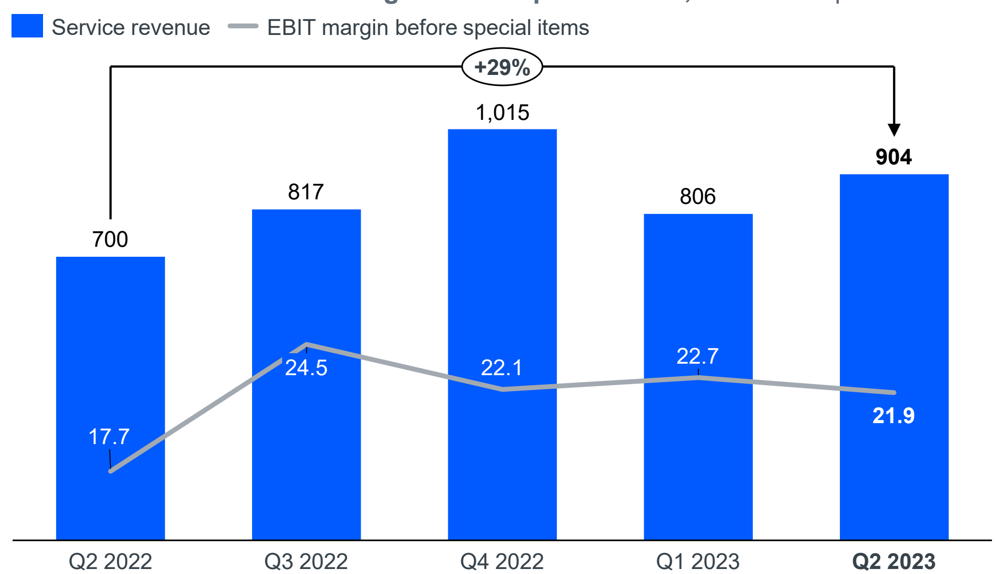
Highlights

Revenue increased 29 percent YoY again this quarter, driven by higher overall activity and inflation indexation.

Transactional sales were slightly down for the first time in several quarters, and currency translation was a 4 percent drag on growth

Service generated EBIT of **EUR 198m** corresponding to a margin of **21.9 percent**

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



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SG&A costs – Q2 2023

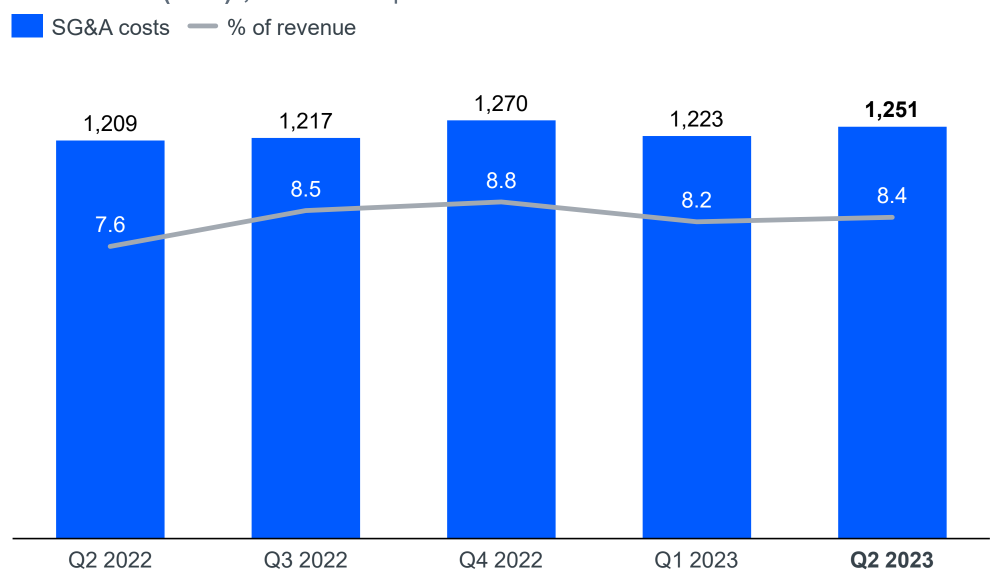
Fixed capacity costs at same level

Highlights

Relative to activity levels, SG&A costs amounted to **8.4 percent** on a trailing 12-month basis

The increase compared to Q2 last year is mainly driven by lower revenue and additional IT and employee-related costs, offset by lower R&D costs

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



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

Net working capital – Q2 2023

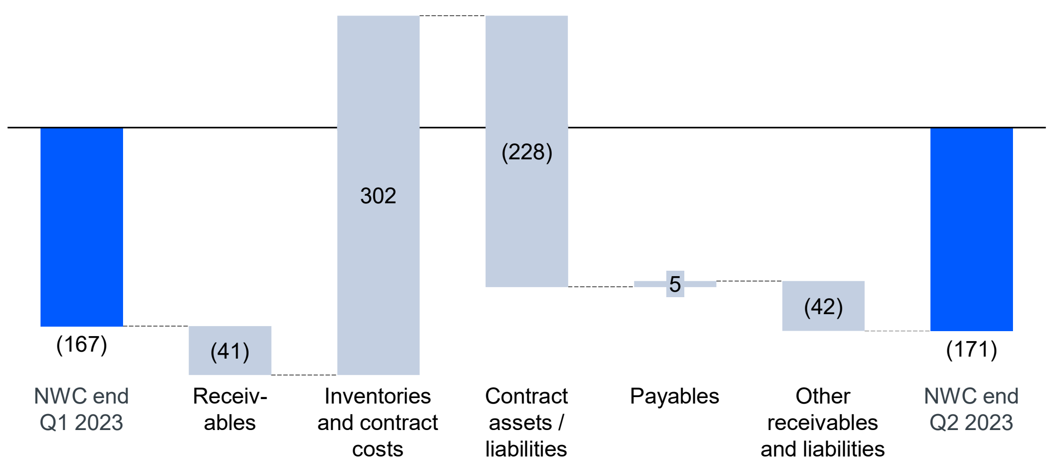
Stable NWC over the quarter

Highlights

Net working capital was stable over the quarter. An increase in the level of **inventories** was largely offset by **down- and milestone payments** from customers as well as a decrease in **receivables**

Net working capital reflects the typical seasonality of our business in the first half of the year, as we **build inventory for a busier second** half

NWC change over the quarter, mEUR



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Cash flow statement – Q2 2023

Positive operating cash flow in the quarter

Highlights

Operating cash flow increased to **EUR 48m** driven by improved profitability and lower warranty consumption compared to Q2 last year

Negative free cash flow of EUR 140m, also an improvement on last year

mEUR	Q2 2023	Q2 2022	Abs. Change
Cash flow from operating activities before change in net working capital	**137**	(90)	227
Change in net working capital*	**(89)**	(98)	9
Cash flow from operating activities	**48**	(188)	236
Cash flow from investing activities**	**(188)**	(174)	(14)
Free cash flow before financial investments**	**(140)**	(362)	222
Free cash flow	**(110)**	(381)	271
Cash flow from financing activities	**(86)**	(90)	4
Net interest-bearing debt	**1,283**	415	868

* Change in net working capital impacted by non-cash adjustments and exchange rate adjustments with a total amount of net EUR 93m.
** Before acquisitions of subsidiaries, joint ventures, associates and financial investments.

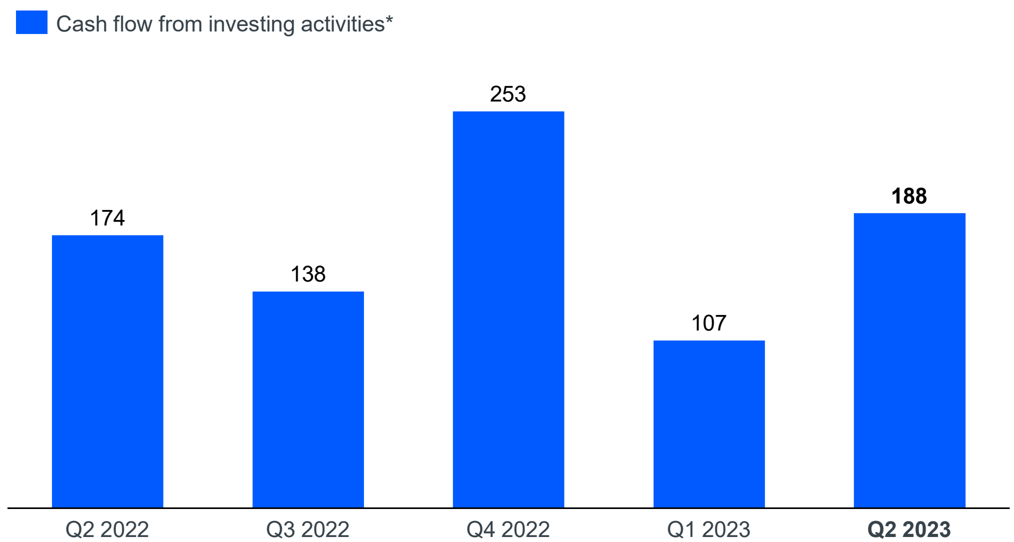
Total investments – Q2 2023

Investment level remains stable

Highlights

Investments of **EUR 188m in Q2** were slightly up compared to Q2 last year, driven by higher capex for our V236-15.0 MW™ offshore turbine, offset by lower investments in intangible assets

Total net investments*, mEUR



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

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Provisions and LPF – Q2 2023

Warranty provisions remain elevated but LPF showing signs of improvement

Highlights

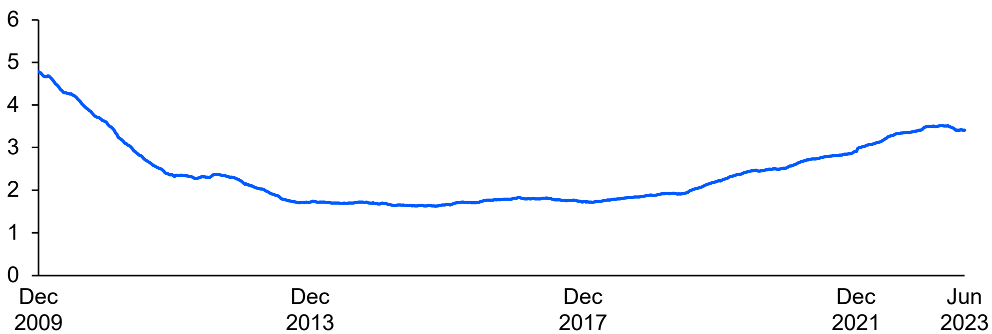
LPF* showing signs of improvement, but remains at high level mainly from extraordinary repair and upgrades

Warranty provisions of EUR 171m in Q2 2023 corresponding to **5.0 percent of revenue**; an increase from 3.7 percent in Q2 2022

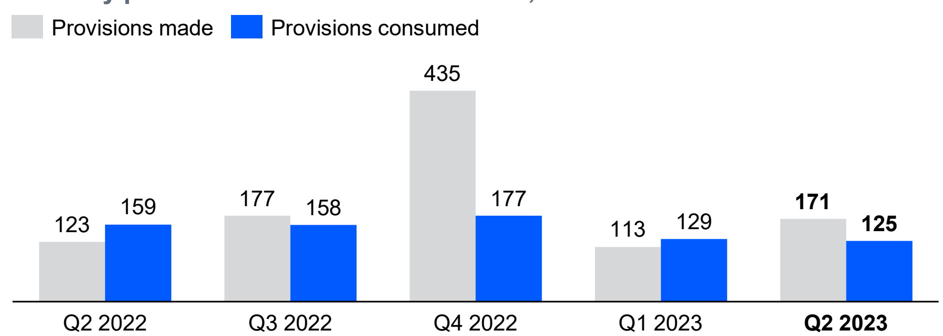
Warranty **provisions consumed** in the first half was EUR 254m a decrease from EUR 313m in H1 2022

* 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 – Q2 2023

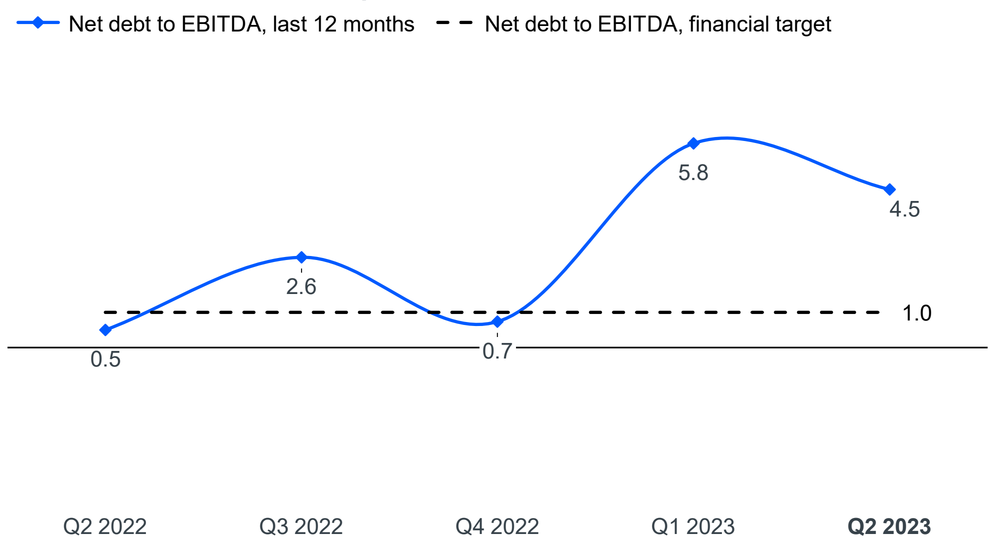
Financial leverage decreased as earnings slowly recover

Highlights

Net debt to EBITDA decreased to **4.5x** in Q2 due to higher EBITDA on a trailing 12-month basis, as the earnings recovery continues

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

Net debt to EBITDA before special items



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- Financials
- **Outlook**
- Q&A

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Outlook 2023

	Outlook
Revenue (bnEUR) - Service is expected to grow around 10 percent (previously min. 5 percent)	**14 – 15.5**
EBIT margin before special items (%) - Service margin is expected to be approx. 22 percent	**(2) – 3**
Total investments (bnEUR) Excl. acquisitions of subsidiaries, joint ventures, associates and financial investments	**approx. 1**

- Important to note that basic assumptions behind the guidance are more uncertain than normal
- The 2023 outlook is based on current foreign exchange rates

Q&A

Financial calendar 2023:

- Disclosure of Q3 2023 (8th November)