



Second quarter 2024

Vestas Wind Systems A/S
Copenhagen, August 2024

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Classification: Public

Key highlights in Q2 2024

Revenue of EUR 3.3bn

Revenue decreased 4 percent YoY, affected negatively from Service, offset by higher delivery ASP

Service impacted by adjustment to planned costs

Service EBIT negative EUR 107m in Q2 due to approx. EUR 300m in negative adjustment – no cash flow effect

Underlying earnings progressing as expected

Turnaround in Power Solutions is on track and has improved EBIT margin almost 8 percentage points YoY

Order intake of 3.6 GW

Order intake grew 54 percent YoY driven mainly by onshore projects in both Europe and Asia Pacific

Strong cash flow

Adjusted Free cash flow of EUR 0.5bn drives leverage down to 0.7x NIBD/EBITDA

Outlook narrowed

Turnover expected between EUR 16.5-17.5bn and EBIT margin of 4 to 5 percent

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Agenda



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Our current business environment

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

Global Environment

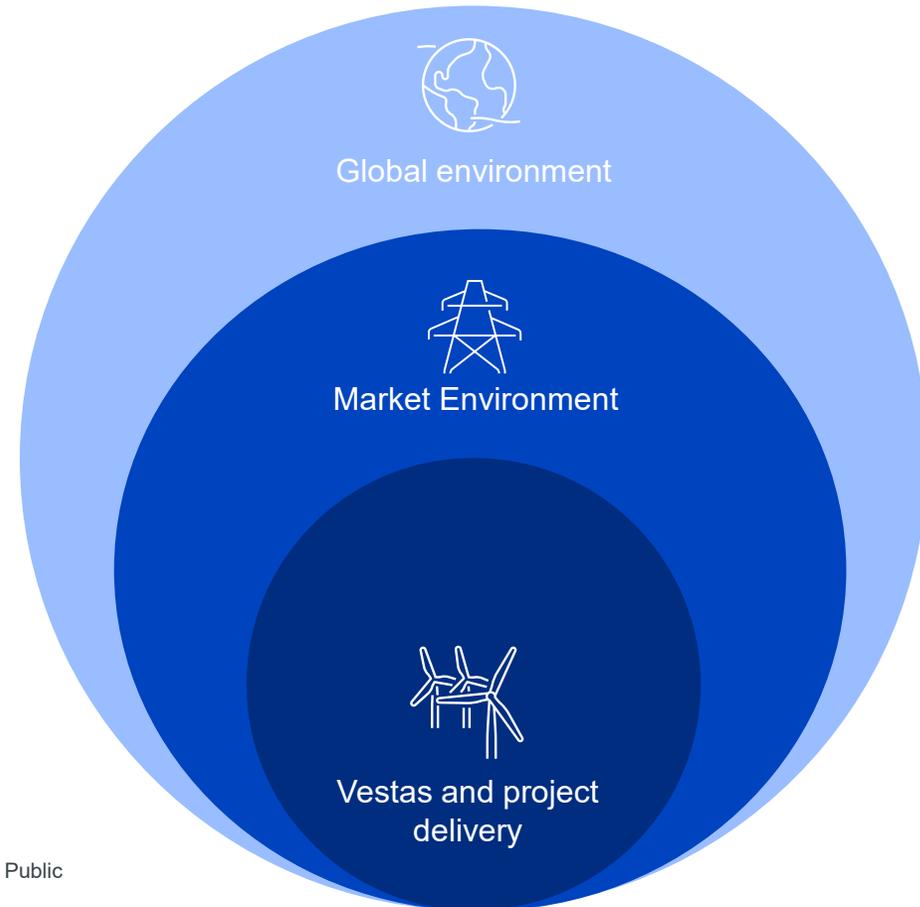
- Raw material and transport costs down
- Geopolitical volatility
- Overall inflation declining, but specific components rising. Interest rates remain high

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 normalising but with regional disruption
- Continued execution of low-margin projects



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Power Solutions – Q2 2024

Good order intake across markets

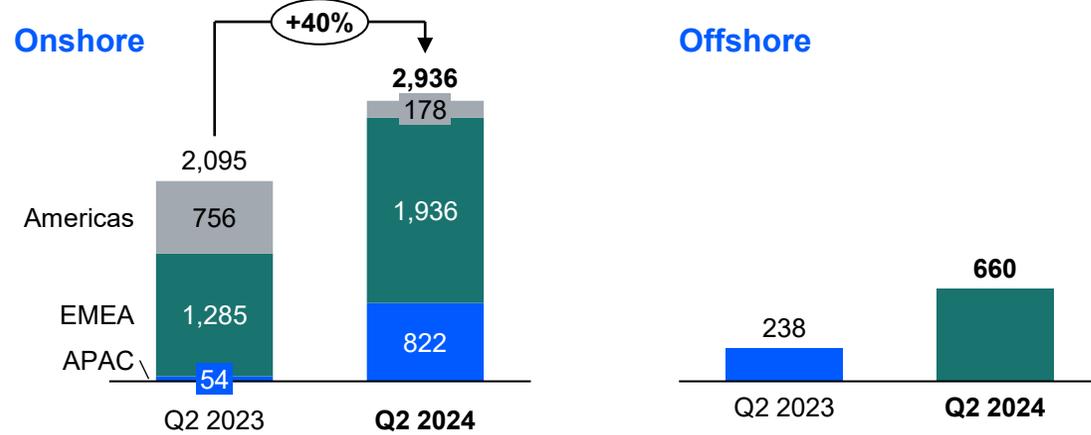
Highlights

Order intake of 3.6 GW, up 54 percent compared to last year. Good activity driven by onshore projects in both Europe and Asia Pacific, as well as the Nordseecluster offshore project with RWE

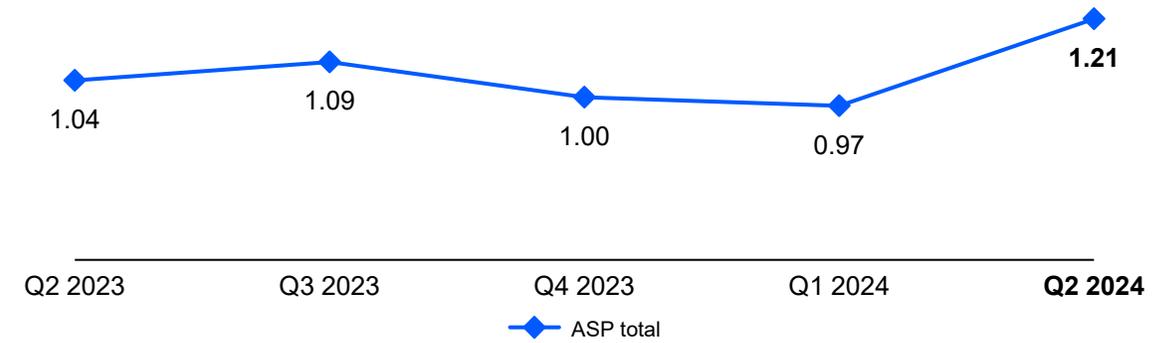
The largest onshore order in the quarter was the **577 MW Golden Plains Stage 2** wind farm in **Australia**, potentially marking a revival of this important market

ASP increased to **EUR 1.21m/MW** in Q2 helped by **mix effects from scope** with a higher share EPC orders in the quarter and continued good commercial discipline

Firm and unconditional order intake, MW



Average selling price of order intake, mEUR per MW



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Service – Q2 2024

Service remains a strong business area

Highlights

Service order backlog increased to almost **EUR 35bn** from 32bn a year ago

Inflation indexation remains a key mechanism to protect backlog profitability. However, adjustments to planned costs, impact current profitability. The revision has no significant effect on the Service backlog or cash flow

Enhanced focus on **operational excellence** and cost-out initiatives to mitigate higher operational costs

At the end of Q2, Vestas had **151 GW** under active service contracts

Service order backlog

EUR 34.9bn
(30.1 onshore)

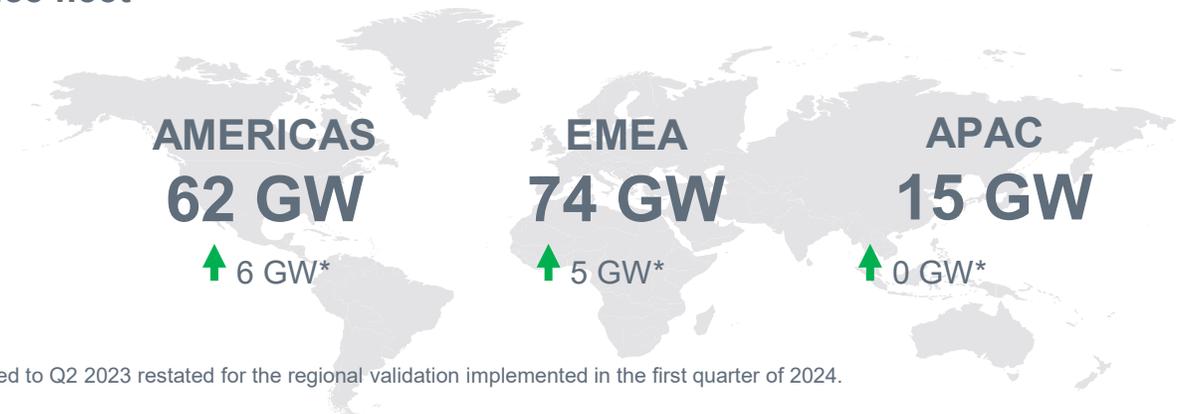
GW under active service contracts

151 GW
(144 onshore)

Average years contract duration

11 Years

Service fleet



*Compared to Q2 2023 restated for the regional validation implemented in the first quarter of 2024.

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Vestas Development – Q2 2024

Mississippi wind farm commissioned with Amazon as main offtaker

Highlights

In Q2, Vestas Development commissioned Mississippi's (USA) first-ever wind project, the **185 MW** Delta Wind project. Amazon will purchase most of the renewable electricity generated to power its nearby operations

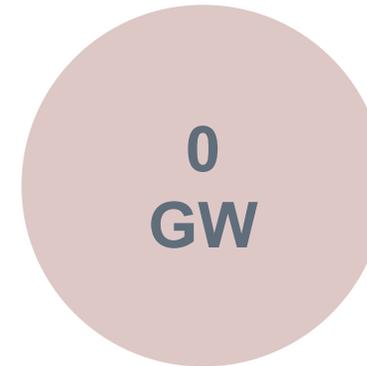
Vestas Development experiences strong political support for new renewable energy projects, but faster permitting processes and new grid investments remain bottlenecks

At the end of Q2 2024, Vestas' **pipeline** of development projects amounted to **29 GW** with Australia, USA, and Spain being the countries with the largest project pipeline

Order intake generated



New secured pipeline



Total project pipeline



Development pipeline



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Sustainability – Q2 2024

Vestas remains the most sustainable energy company in the world

Highlights

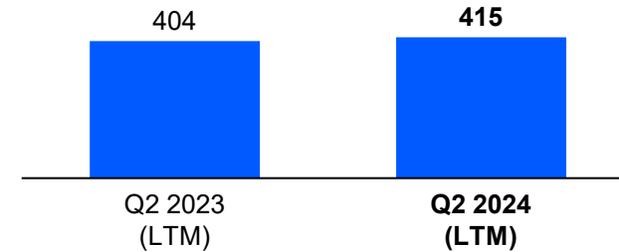
Lifetime CO₂e avoided by produced and shipped capacity increased by 11 million tonnes compared to a year ago

Carbon emissions from our own operations decreased by 7,000 tonnes YoY due to lower offshore activity, leading to reduced fuel usage

Number of recordable injuries per million working hours declined to 2.8. We tirelessly work to improve our safety performance across our entire value chain

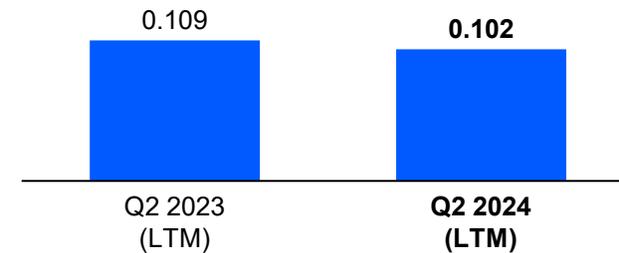
CO₂e avoided

Expected CO₂e avoided over the lifetime of the capacity produced and shipped during the period (million t)



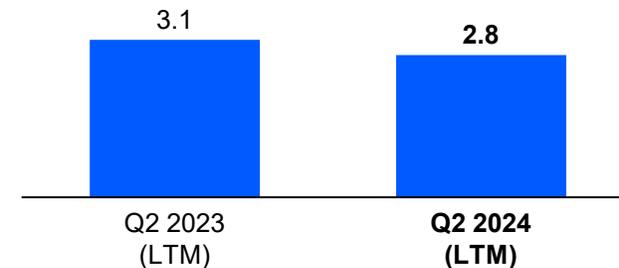
Carbon emissions

Direct and indirect emissions of CO₂e (scope 1&2)(million t)



Safety

Total Recordable Injuries per million working hours (TRIR)



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Agenda



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Income statement – Q2 2024

Underlying business still improving

Highlights

Revenue decreased 4 percent YoY, affected by the adjustment to planned costs in Service and lower volumes delivered. This was almost fully offset by higher average prices on turbine deliveries in Power Solutions

Gross profit was EUR 156m, equivalent to 4.7 margin, negatively affected by the adjustment in Service. However, the underlying Power Solutions business continues to perform better

EBIT margin b.s.i. was minus 5.6 percent. Disregarding the effect of planned cost adjustment, Service EBIT margin would have been positive

| mEUR | Q2 2024 | Q2 2023 | % change |
|---|---------|---------|------------|
| Revenue | 3,296 | 3,429 | (4)% |
| Gross profit | 156 | 221 | (29)% |
| SG&A costs* | (341) | (307) | 11% |
| Sale of technology | - | - | - |
| Income from investments in JVs and associates | - | 16 | - |
| EBIT before special items | (185) | (70) | Negative |
| Special items | 0 | 2 | - |
| EBIT | (185) | (68) | Negative |
| Net profit | (156) | (115) | Negative |
| Earnings per share** | (0.0) | (0.8) | Positive |
| Gross margin | 4.7% | 6.4% | (1.7)%-pts |
| EBITDA margin before special items | 1.2% | 3.8% | (2.6)%-pts |
| EBIT margin before special items | (5.6)% | (2.0)% | (3.6)%-pts |
| Return on Capital Employed (ROCE) (%)** | 0.4% | (10.8)% | 11.2%-pts |

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

**Last twelve months (LTM)

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Power Solutions – Q2 2024

Profitability significantly improved

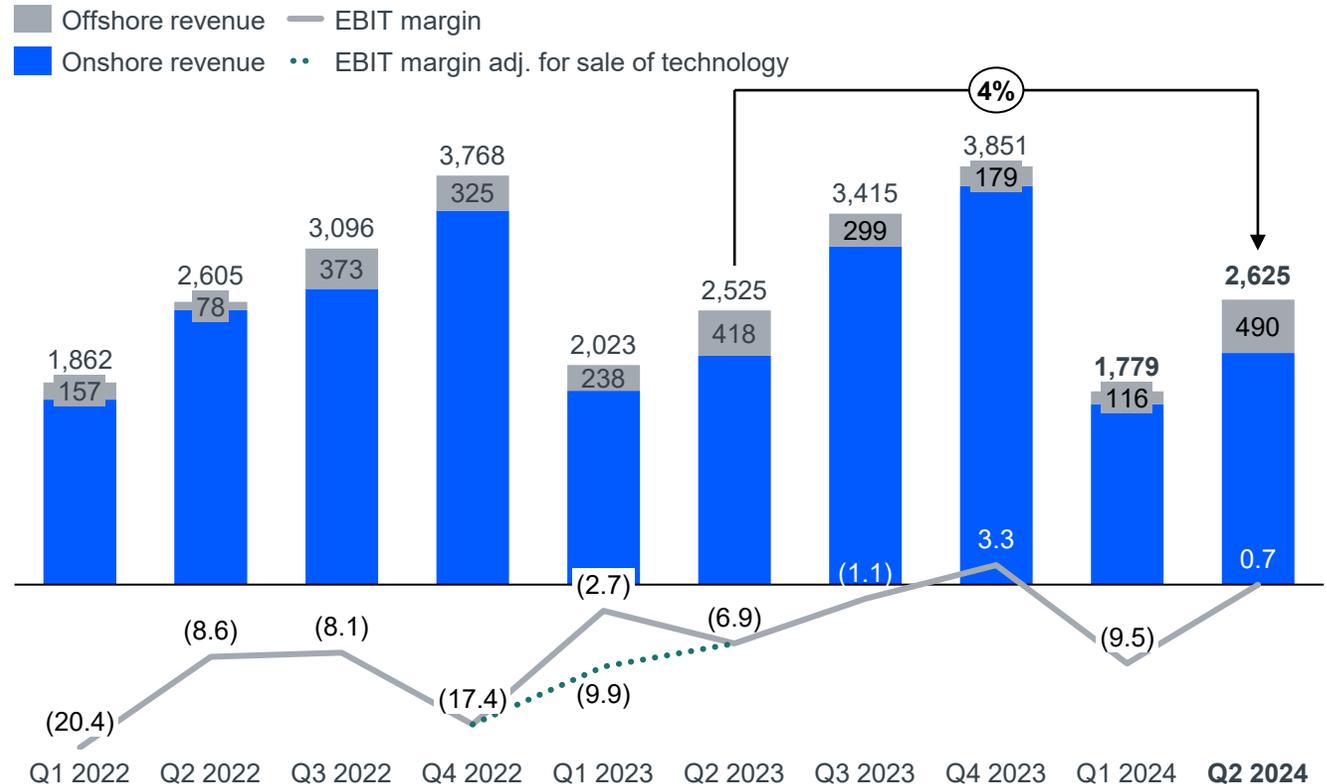
Highlights

Revenue increased by 4 percent YoY, as higher average pricing on deliveries more than offset the decline in volumes delivered

EBIT margin before special items of 0.7 percent, increased substantially, **up almost 8 percentage points YoY**, evidence that project profitability is improving and our commercial discipline sticks

Nonetheless, in the quarter, **profitability is still hampered** by execution and completion of low-margin projects from before mid-year 2022, which should largely be completed by the end of the year

Power Solutions revenue and EBIT margin before special items, mEUR and percent



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Service – Q2 2024

Adjustment to planned costs impact profitability

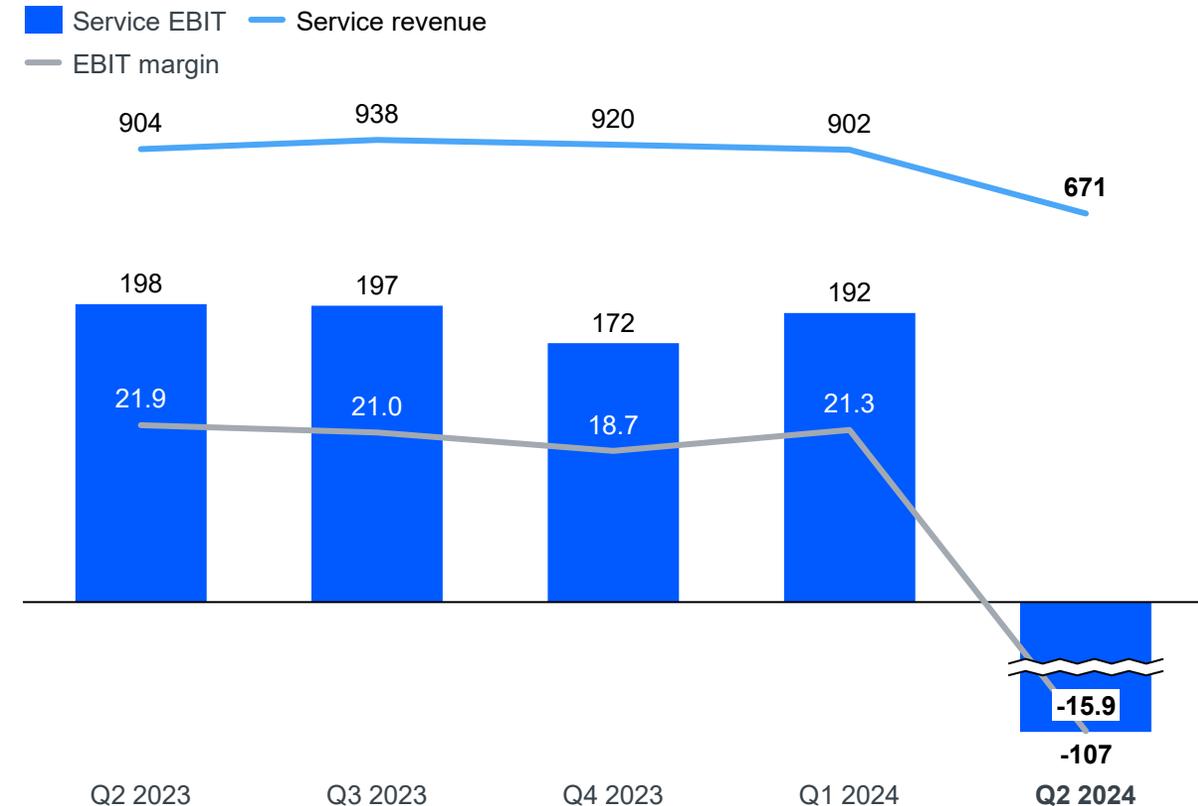
Highlights

Service generated **negative EBIT of EUR 107m**, as a consequence of adjustment to planned costs, which due to percentage-of-completion accounting, affects EBIT in the quarter

This **adjustment** had a negative accounting effect of approx. EUR 300m on Service EBIT in Q2. There is no cash flow effect of this adjustment. Disregarding the impact of the adjustment, earnings were flat YoY

Service revenue declined 26 percent driven by the impact of the above-mentioned adjustment. Transactional sales increased in the quarter, and we had a currency headwind of 1 percent

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



Classification: Public

Cash flow statement – Q2 2024

Strong cash flow in the quarter

Highlights

Operating cash flow was EUR 831m in the quarter, a considerable improvement compared to Q2 last year. The improvement (EUR 783m) was driven by a reduction in net working capital and improved underlying profitability

Adjusted free cash flow amounted to EUR 524m, also a significant improvement compared to last year

| mEUR | Q2 2024 | Q2 2023 | Abs. change |
|--|---------|---------|-------------|
| Cash flow from operating activities before change in net working capital | 83 | 137 | (54) |
| Change in net working capital* | 748 | (89) | 837 |
| Cash flow from operating activities | 831 | 48 | 783 |
| Cash flow from investing activities | (332) | (158) | (174) |
| Free cash flow | 499 | (110) | 609 |
| Adjusted free cash flow** | 524 | (144) | 668 |
| Cash flow from financing activities | (151) | (86) | (65) |
| Interest-bearing position (net) | (557) | (1,283) | 726 |

* Change in net working capital impacted by non-cash adjustments and exchange rate adjustments with a total amount of net EUR (137)m.

** Free cash flow adjusted for net acquisitions in businesses/activities, payment of lease liabilities, special items and investments in financial assets

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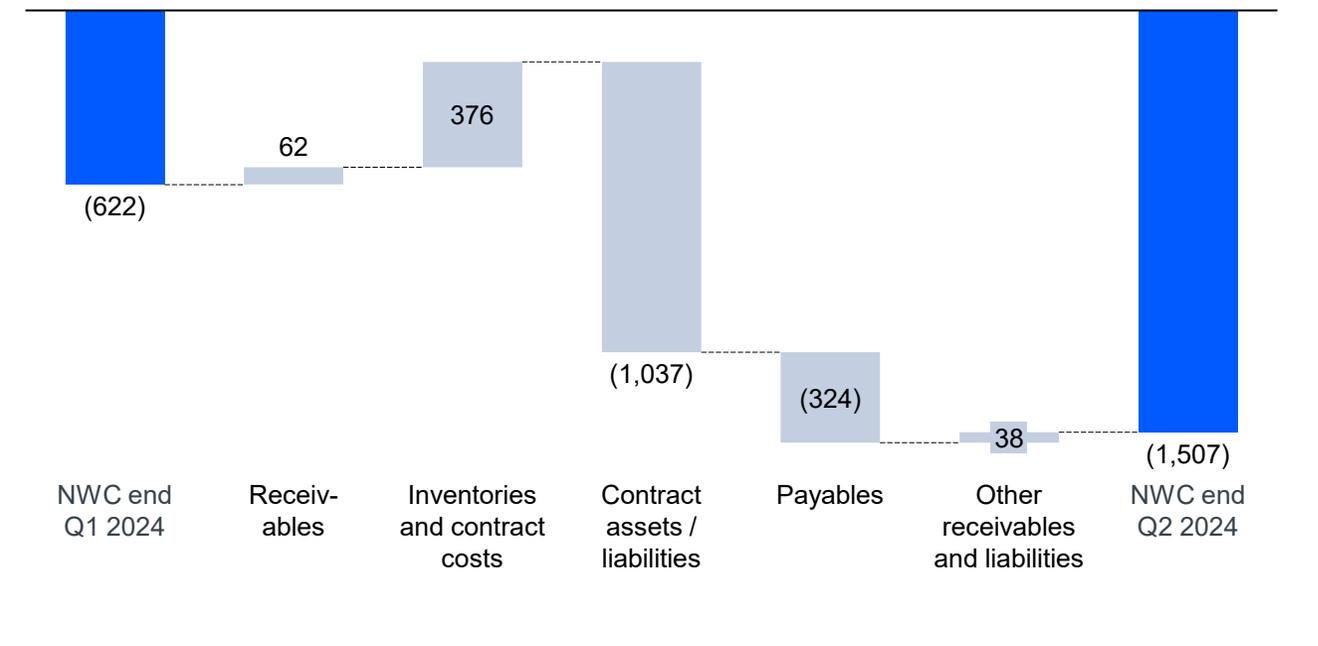
Net working capital – Q2 2024

Improved working capital despite preparing for a busy second half

Highlights

Net working capital decreased in Q2 due to a decrease net contract assets driven by **customer down- and milestone payments** in Power Solutions, partly offset by higher inventories as we prepare for **higher activity** in the remainder of the year

NWC change over the quarter, mEUR



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Investments – Q2 2024

Preparing to ramp up production in both Europe and USA

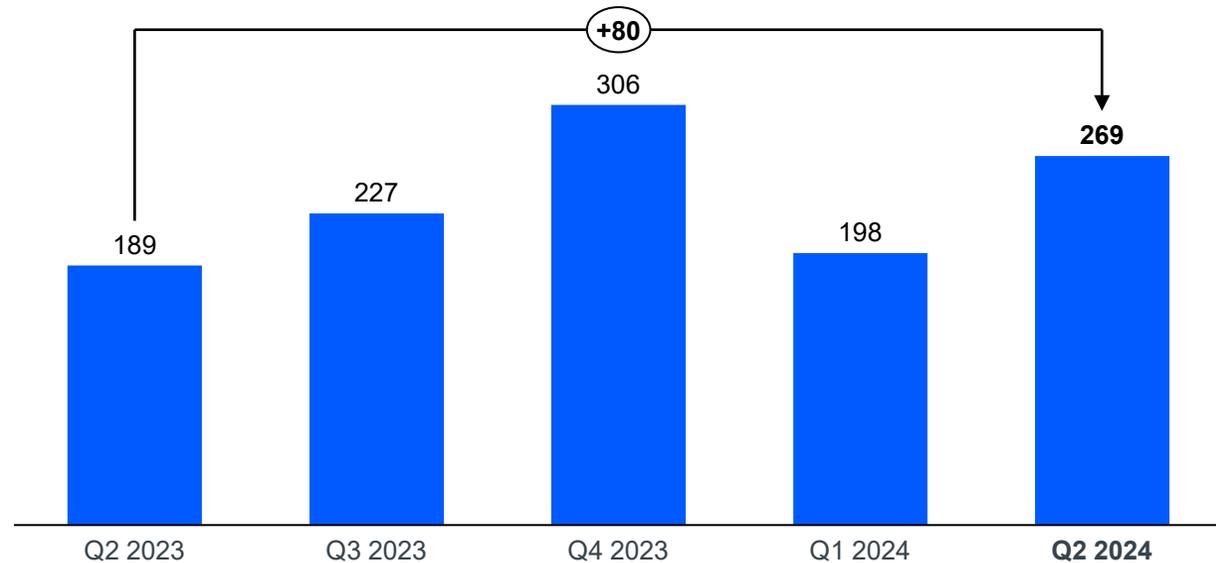
Highlights

Total net investments amounted to **EUR 269m in Q2**.

We continue to invest in our **V236 offshore manufacturing platform** in Europe, as we prepare for first deliveries in 2025

We are also investing into onshore USA, where we expect to ramp up production and deliveries in the coming quarters

Total net investments*, mEUR



* Total net investments in intangible assets and property, plant and equipment.

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Provisions and LPF – Q2 2024

Warranty costs improving further

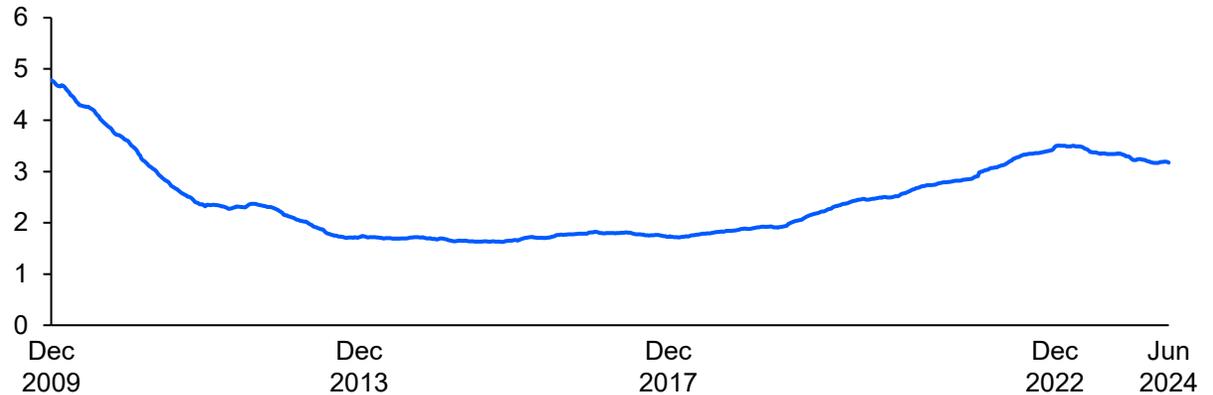
Highlights

LPF*, although still at an unsatisfactory level, **continues to improve steadily**. Concerted efforts to address the most challenged sites is beginning to pay off

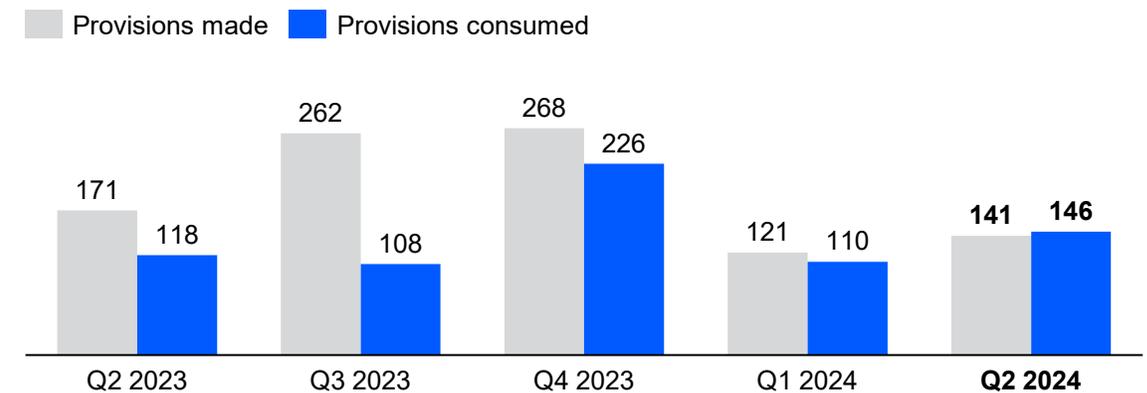
Warranty costs amounted to **EUR 141m** in the quarter corresponding to 4.3 percent of revenue, compared to 5.0 percent a year ago

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

Lost Production Factor (LPF), Percent



Warranty costs and consumed provisions, mEUR



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Capital structure – Q2 2024

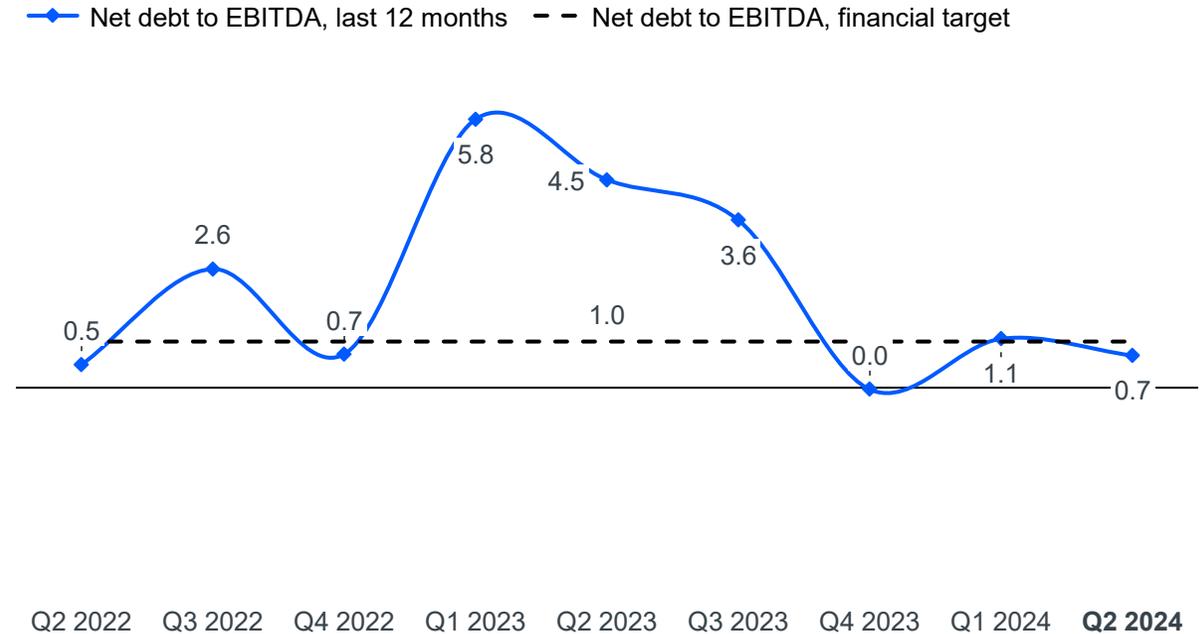
Financial leverage back within target

Highlights

Combination of better profitability and cash flow is the main driver for our **net debt to EBITDA** ending the quarter at **0.7x**, compared to 4.5x a year ago

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

Net debt to EBITDA before special items



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Outlook 2024

| | Outlook | Previous Outlook |
|---|--------------------|--------------------|
| Revenue (bnEUR) | 16.5 – 17.5 | 16 – 18 |
| EBIT margin before special items (%) - Service is expected to generate EBIT b.s.i. of around EUR 500m (prev. 800-880m) | 4 – 5 | 4 – 6 |
| Total investments (bnEUR) Total net investments in intangible assets and property, plant and equipment | Approx. 1.2 | Approx. 1.2 |

- The 2024 outlook is based on current foreign exchange rates

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Q&A

Financial calendar 2024:

- Disclosure of Q3 2024 (5th November)

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