



Vestas – Interim Financial Report, Third Quarter 2021

Vestas Wind Systems A/S, Aarhus, 3 November 2021
Company announcement no. 18/2021

Summary: Revenue increased compared to third quarter 2020, while EBIT decreased as a consequence of supply chain challenges. Combined order backlog of more than EUR 47bn. Full-year guidance updated.

In the third quarter of 2021, Vestas generated revenue of EUR 5,538m – an increase of 16 percent compared to the year-earlier period. EBIT before special items decreased by EUR 87m to EUR 325m. This resulted in an EBIT margin before special items of 5.9 percent, compared to 8.6 percent in the third quarter of 2020. Free cash flow* amounted to EUR 300m compared to EUR 547m in the third quarter of 2020.

The quarterly intake of firm and unconditional wind turbine orders amounted to 3,727 MW. The value of the wind turbine order backlog was EUR 19.3bn as at 30 September 2021. In addition to the wind turbine order backlog, at the end of September 2021, Vestas had service agreements with expected contractual future revenue of EUR 28.0bn. Thus, the value of the combined backlog of wind turbine orders and service agreements stood at EUR 47.3bn – an increase of EUR 13.4bn compared to the year-earlier period.

The supply chain instability and cost inflation caused by the pandemic is continuing to impact the wind power industry. Based on these circumstances, and the impact these are expected to have for the remainder of the year, Vestas is updating its full-year guidance on EBIT margin before special items, which is now expected to be around 4 percent (previously 5-7 percent). Vestas still expects revenue of EUR 15.5-16.5bn, including Service, and total investments* below EUR 1,000m in 2021.

Group President & CEO Henrik Andersen said: *"During the third quarter of 2021, everyone at Vestas did an outstanding job to ensure record-high revenue and activity levels in spite of an increasingly challenging global business environment for renewables. The quarter was thus characterised by supply chain instability and rising energy prices as well as accelerated cost inflation from raw materials, transport, and turbine components, which severely impacted profitability and limits visibility. In this environment, and with additional warranty provisions of EUR 50m to cover the execution of previously announced blade repairs and upgrades, we achieved revenue of EUR 5.5bn, order intake of 3.7 GW, 23 percent growth in Service, an EBIT margin of 5.9 percent, and the largest preferred supplier agreement in our history for a 2.1 GW offshore project in the USA. Based on how 2021 has evolved and how we expect to finish the year, we are adjusting our EBIT margin guidance to around 4 percent with revenue expectations unchanged. With supply chain instability and high component, material and transport costs expected to last throughout 2022 as well as the growing climate and energy crises making our solutions ever more important, our full focus is to mitigate impact from external factors to protect profitability and execute on our strategy without compromising on safety or quality."*

Key highlights

Organisational update

Marika Fredriksson to step down as CFO effective 1 March 2022; Hans Martin Smith, CFO of Vestas Northern & Central Europe, to succeed.

Vestas' largest preferred supplier agreement to date secured

Vestas as preferred supplier for the 2.1 GW Empire Wind project in the USA; onshore order intake of 3.7 GW.

Revenue of EUR 5.5bn

Highest ever quarterly revenue secured despite continued supply chain challenges.

EBIT margin of 5.9 percent

EBIT impacted by further cost inflation and higher level of warranty provisions.

Circularity roadmap launched, raising the bar

New targets introduced to achieve full circularity by 2040, and targets to increase rotor recyclability accelerated.

Outlook for full year updated

Guidance on EBIT margin updated to reflect accelerated cost inflation and supply chain challenges.

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

Information meeting (audiocast)

Today, Wednesday 3 November 2021 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.

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

Europe: +44 3333 000 804

USA: +1 6319 131 422

Denmark: +45 3544 5577

Conference PIN code: 46050492#

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

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