

MASTER IN FINANCE

MASTERS FINAL WORK PROJECT

EQUITY RESEARCH: VESTAS WIND SYSTEMS A/S

JAKOV DRUGOVIC

**SUPERVISOR:
PROFESSOR JOÃO ESTEVÃO**

JUNE 2026

Abstract

This Master's Final Work is an equity research report on Vestas Wind Systems A/S (VWS.CO), the world's largest wind turbine manufacturer and servicer listed on Nasdaq Copenhagen. Vestas has installed over 203 GW of capacity to date in 88 countries, while generating combined revenues of around €18.8 billion across two different segments, a Power Solutions segment that produces and installs wind turbines and a Service segment that services installed capacity under long-term contracts. The purpose of this report was to find the intrinsic value of Vestas's business and whether the current market price reflects the company's fundamental value. The analysis was made from the perspective of a sell-side equity analyst initiating coverage as of 30 April 2026.

The valuation was executed using five methodologies: a discounted cash flow model applied to unlevered free cash flows under two terminal value approaches (a Gordon Growth Model and an exit EV/EBITDA multiple), a Sum-of-the-Parts decomposition, a trading comparable analysis against a peer group of wind energy and industrial companies, a precedent transaction analysis, and a Dividend Discount Model. All methodologies are tied to a three-statement financial model covering the forecast period from 2026 to 2030, built from publicly available financial disclosures and industry data.

The price target of €36.09 is estimated from a weighted average of the two DCF approaches, implying upside of 38.1% from the reference price of €26.13. The report concludes with a Buy recommendation at a High-Risk rating, driven by the markets' failure to price the fundamental difference in Vestas's two segments, a favorable demand environment in Vestas's core markets driven by policy support, and a margin recovery that is still unpriced in the markets.

JEL classification: G12; G14; G32; Q42

Keywords: Equity Research; Valuation; Wind Energy; Discounted Cash Flow; Sum-of-the-Parts

Resumo

Este Trabalho Final de Mestrado consiste num relatório de research de ações sobre a Vestas Wind Systems A/S (VWS.CO), a maior fabricante e prestadora de serviços de turbinas eólicas do mundo, cotada na Nasdaq Copenhaga. A Vestas instalou mais de 203 GW de capacidade em 88 países, gerando receitas combinadas de aproximadamente 18,8 mil milhões de euros em dois segmentos distintos: o segmento Power Solutions, que produz e instala turbinas eólicas, e o segmento Service, que presta serviços de manutenção à capacidade instalada ao abrigo de contratos de longo prazo. O objetivo deste relatório foi determinar o valor intrínseco do negócio da Vestas e avaliar se o preço de mercado atual reflete o valor fundamental da empresa. A análise foi conduzida na perspetiva de um analista de research do lado da venda, iniciando cobertura a 30 de abril de 2026.

A avaliação foi executada recorrendo a cinco metodologias: um modelo de fluxos de caixa descontados aplicado a fluxos de caixa livres não alavancados sob duas abordagens de valor terminal (um Modelo de Gordon e um múltiplo de saída EV/EBITDA), uma decomposição por Soma das Partes, uma análise de comparáveis de mercado com base num grupo de empresas do setor de energia eólica e industrial, uma análise de transações precedentes e um Modelo de Desconto de Dividendos. Todas as metodologias estão ancoradas num modelo financeiro de três demonstrações cobrindo o período de previsão de 2026 a 2030, construído a partir de informação financeira publicamente disponível e dados setoriais.

O preço-alvo de €36,09 é estimado a partir de uma média ponderada das duas abordagens DCF, implicando um potencial de valorização de 38,1% face ao preço de referência de €26,13. O relatório conclui com uma recomendação de Compra com classificação de Risco Elevado, justificada pela incapacidade do mercado em precificar a diferença fundamental entre os dois segmentos da Vestas, por um ambiente de procura favorável nos mercados centrais da Vestas sustentado por apoio regulatório, e por uma recuperação de margens que permanece ainda não refletida nas avaliações de mercado.

Classificação JEL: G12; G14; G32; Q42

Palavras-Chave: Equity Research; Avaliação; Energia Eólica; Discounted Cash Flow; Sum-of-the-Parts

Acknowledgements

I would like to express my sincere gratitude to everyone who supported me throughout this master's journey.

First and foremost, to my Brother, Mom, and Dad. Thank you for your continuous and non-stop support and encouragement, not just during my studies, but throughout my entire life. It was because of you guys all of this was made possible. To my Mom, thank you for always checking up on me and giving me advice whenever I need it. A special thank you to my Dad for all his hard work, to be able to give me the chance to pursue my goals and dreams.

To my Girlfriend, thank you for all of your encouragement, and your continuous support.

To all of my friends, those that were with me before my master began (especially the ones that came to visit me in Lisbon), and those that I made along the way, thank you for making this experience feel so much richer. I always remember the amount of time we spent at the library, but with the best possible company, even then you have fun. I know the friendships I made during this master will stick with me for life.

To all of my professors at ISEG, thank you, your dedication has made a real impact.

Finally, to my supervisor, Professor João Estevão, I appreciate all of your help and guidance during this process. Thank you for all the valuable feedback and suggestions.

I could not have done this without any of you, so thank you all.

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Abbreviations

AI – Artificial Intelligence	IRA – Inflation Reduction Act
ASP – Average Selling Price	LCOE – Levelized Cost of Energy
CAPM – Capital Asset Pricing Model	M&A – Mergers and Acquisitions
CCC – Cash Conversion Cycle	MFW – Master's Final Work
D&A – Depreciation and Amortization	MHI – Mitsubishi Heavy Industries
DCF – Discounted Cash Flow	MSCI – Morgan Stanley Capital International
DDM – Dividend Discount Model	MW – Megawatt
DMA – Double Materiality Assessment	NYU – New York University
EBIT – Earnings Before Interest and Taxes	OEM – Original Equipment Manufacturer
EBITDA – Earnings Before Interest, Taxes, Depreciation, and Amortization	PESTEL – Political, Economic, Social, Technological, Environmental, Legal
EMEA – Europe, Middle East and Africa	PPA – Power Purchase Agreement
EPS – Earnings Per Share	R&D – Research and Development
ERP – Equity Risk Premium	ROE – Return on Equity
ESG – Environmental, Social, and Governance	ROIC – Return on Invested Capital
ESRS – European Sustainability Reporting Standards	SBTi – Science Based Targets initiative
EU – European Union	SDGs – Sustainable Development Goals
EV – Enterprise Value	SGRE – Siemens Gamesa Renewable Energy
FCFF – Free Cash Flow to Firm	SOTP – Sum of the Parts
FY – Financial Year	SWOT – Strengths, Weaknesses, Opportunities, Threats
GDP – Gross Domestic Product	TRIR – Total Recordable Injury Rate
GGM – Gordon Growth Model	TSR – Total Shareholder Return
GHG – Greenhouse Gas	UK – United Kingdom
GW – Gigawatt	UNFCCC – United Nations Framework Convention on Climate Change
GWEC – Global Wind Energy Council	US – United States
GWh – Gigawatt-hour	WACC – Weighted Average Cost of Capital
IEA – International Energy Agency	WEO – World Economic Outlook
IMF – International Monetary Fund	
IPP – Independent Power Producer	

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TARGET PRICE: €36.09 **UPSIDE POTENTIAL:** 38.1% **RECOMMENDATION:** BUY **RISK:** HIGH

1. Research Snapshot

We initiate a **BUY** recommendation for Vestas Wind Systems A/S ("Vestas") with a YE2026 **price target of €36.09**, implying an **upside** of approximately **38.1%** from the closing price of **€26.13 on 30 April 2026** (see Figure 1), at a **High-Risk** level. We rate the stock as High-Risk due to the ongoing margin recovery in Vestas's Power Solutions segment and the contract renewal risk in the Service Segment.

Vestas is the world's largest wind turbine manufacturer and servicer, with over **203 GW of installed capacity across 88 countries**, a combined order backlog of **€71.9 billion**, and a market capitalization of approximately **€26.1 billion**. The company operates two distinct businesses: a **Power Solutions** segment that designs, manufactures, and installs wind turbines, and a **Service** segment that maintains over 155 GW of installed capacity under long-term contracts across 72 countries.

We believe that the market is currently **valuing two different businesses** at their core as one. There is a **cyclical OEM** (original equipment manufacturing) business that returned to positive EBIT (Earnings before interest and taxes) in FY2024 (financial year) and delivered a 5.4% margin in FY2025, and currently has a backlog of **€33.2 billion**, alongside a recurring revenue Service segment that has **155 GW** under long-term contract, a service backlog of **€38.7 billion**, and a management EBIT margin ambition of 25%. The blended multiple that the market applies combines these two businesses and compresses them both into a **single figure**. It continuously underprices the Service segment and applies almost zero value to the Power solutions segment that is already far into its recovery. This disconnect is visible in our **Sum of the Parts (SOTP)** analysis that shows that applying peer-consistent multiples to the Service segment alone implies an enterprise value (EV) equivalent to approximately **69% of Vestas's total EV at the current price**. Which leaves the Power Solutions segment, that we forecast to earn **€618 million EBIT** in 2026F (see figure 5), at roughly **13x EBIT multiple**. That seems low when management has set a long-term EBIT margin of 10%.

The demand environment is more supportive of Vestas's business than the share price implies. In Vestas's core markets we see favorable policy frameworks in Vestas's core markets like the EU (European Union) and the US (United States), along with much higher market demands in Asia. All pointing to an onshore market that can reach 65 GW per year by 2030 (GWEC, 2024). The currently active energy security concerns across Europe, triggered by the fossil fuel supply chain disruption, made a perfect case domestic, weather-independent renewable generation, and Vestas, as the world's largest wind OEM and servicer, is the primary industry beneficiary.

The main **triggers for re-rating** identified are the continued total EBIT margin improvements toward the 10% goal, and a growing backlog in both the Power Solutions and Service segments. This would strengthen the revenue visibility, and show the durability, especially of the Service Segment. If order intakes grow higher than revenues, it would show that demand is resilient and sustainable (Vestas, Q1 2026)

The **key risks** to the recommendation are the cost inflation in rare earth minerals and steel, the increasing competition from large OEMs from the Chinese markets which are not yet active in western markets, but are currently expanding globally. The most immediate downside Vestas could see would be the underperformance of the recovery plan, which would hurt both their stock price and the loss of market confidence.

Figure 1 – Company information on 30th April 2026

Ticker - VWS.CO
Type - Stock
Market - Nasdaq Copenhagen
Previous Close - €26.13
Market Cap (€mil) - 26,093
Number of shares (mil) - 998.6
52-Week Range (€) 12.47 - 27.16
Float~95%

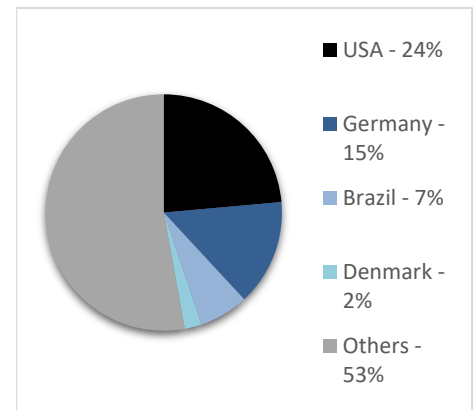
Source: Yahoo Finance

Figure 2 – Key Financials

	2025A	2026F	2027F
Income Statement			
Revenue	18,822	20,635	22,417
EBITDA	2,098	2,481	2,807
EBITDA Margin	11.1%	12.0%	12.5%
EBIT	1,015	1,410	1,644
Net Income	780	998	1,173
Balance Sheet			
Assets	25,732	27,241	29,271
Liabilities	21,851	22,761	24,087
Equity	3,881	4,480	5,183
Cash Flow			
CFO	2,286	2,456	3,048
CAPEX	(1,278)	(1,200)	(1,236)
FCF	1,122	1,271	1,827
Key Ratios			
ROA	3.03%	3.66%	4.01%
ROE	20.10%	22.28%	22.63%
Debt to Equity	0.87x	0.57x	0.45x

Source: Annual Report 2025, Author analysis

Figure 3–Revenue per Region 2025



Source: Annual Report 2025

2. Business Description and Management

Vestas Wind Systems A/S is the **world's largest manufacturer, installer, and servicer of wind turbines**, headquartered in Aarhus, Denmark. The company has the largest **installed capacity** with over 203 GW, and a presence in 88 countries (see Figure 3).

The company's Market Capitalization is over €26.1 billion, it has 37,000 employees, and Total Assets of €25,732 million in Financial Year (FY) 2025 (Yahoo Finance, 2026).

It was founded in 1945 and focused exclusively on wind energy since 1980. Since then, Vestas has become a global leader in onshore wind and an emerging player in offshore wind through its joint venture **MHI (Mitsubishi Heavy Industries) Vestas** (now fully integrated into Vestas Offshore Wind, since early 2021) (Vestas, 2025).

Vestas operates across the entire value chain for wind energy, everything from designing and engineering of wind turbines, manufacturing of blades and towers, to the project development and installation of wind farms, and the long-term service and maintenance of their turbines (Vestas, 2024).

Business Segments

Vestas divides its operations into four main business segments: 1) Onshore Power Solutions, 2) Offshore Power Solutions, 3) Service, 4) Development (Vestas, 2024).

1. Power Solutions (Onshore)

Vestas is the market leader with more than 40 years of experience in onshore wind. Based on their own onshore wind turbine product design and development, they offer customers wind power solutions, and they take care of everything from finding sites, manufacturing, construction, and installation to final commissioning in cooperation with their partners (Vestas, 2024).

In FY2025 the power solutions segment (both onshore and offshore) reported **revenues of €15,052 million** (see Figure 4, Figure 5) which is a 10.7% increase compared to 2024. The segment also **delivered 14,537 Mega watts (MW)**, a 12.7% increase compared to 2024. The increases were primarily driven by higher deliveries in EMEA (Europe, Middle East, and Africa) and Americas. (Vestas, 2025).

The main revenue and margin drivers of the Onshore Power Supply are **the volume of wind turbine deliveries, and the average size of the order (MW)**, the **technological improvement** of the turbines, the scale and localization affecting logistics and tariffs, and the efficiency of the project's execution.

The key risks associated with Onshore Power Supply are the **volatility in the prices of steel, and rare earth materials**, the **project delays and supply chain disturbances**, the **competition** with low-cost regional manufacturers, and **policy risks** (Vestas, 2025).

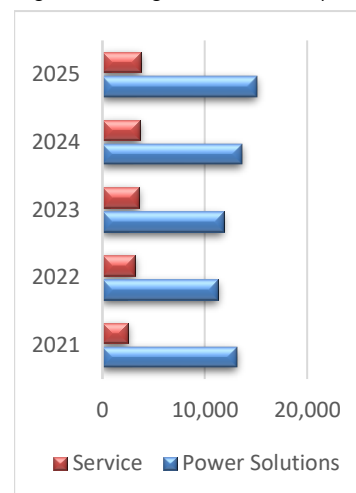
2. Power Solutions (Offshore)

Vestas is becoming a leading player in Offshore wind with almost **30 years of experience**. Based on their own offshore wind turbine product design and development, they offer customers wind power solutions, and they take care of **all stages** from siting through final commissioning (Vestas, 2024).

The main revenue and margin drivers of the Offshore Power Supply are the **scale and complexity** of each project (floating, fixed bottom), good integration with installation services, longer project cycles and higher capex (Vestas, 2024).

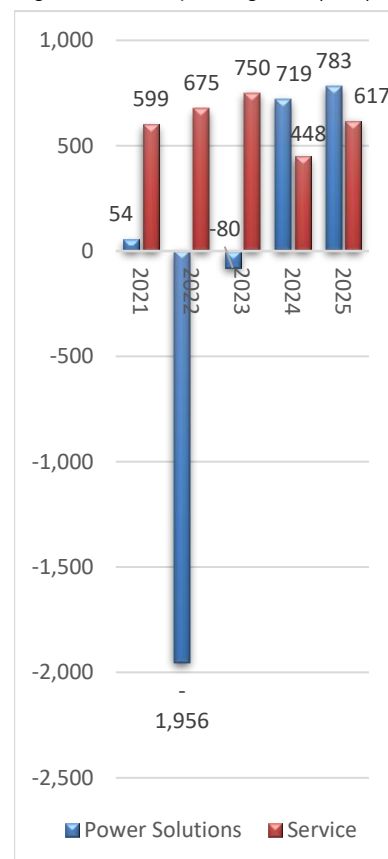
The key risks associated with Offshore Power Supply are the **high capital intensity** of the projects, the dependence on the **specialized installation logistics**, and the **regulatory complexity** of maritime zones (Vestas, 2024).

Figure 4 – Segment Revenue (€mil)



Source: Annual Report 2025

Figure 5 – EBIT per Segment (€mil)



Source: Annual Report 2025

3. Service

Vestas is the global market leader in Service within wind power with **around 16,000 employees across 71 countries**. The employees service **155 GW** for the customers on long-term subscription-based contracts, making their assets operate more effectively. The service contracts cover more than 56,000 wind turbines, across 72 countries (Vestas, 2024).

In FY2025 this segment reported revenues of **€3,770 million** (see Figure 4, Figure 5) which corresponds to a **2% increase** compared to 2024. (Vestas, 2025). Because of this small increase Vestas has implemented a **Service recovery plan** running through 2026, focused on operational excellence, cost reductions, contract renegotiations, lowering the Lost Production Factor, and improving cash flow across the value chain (Vestas, 2025).

The margin and revenue drivers of the Service segment are the installed base size and age of the wind farms, meaning more older turbines lead to higher service revenue. Another driver is the share of long-term contracts vs. ad-hoc contracts (Vestas, 2024). The key risks of the Service segment are the cost of obtaining skilled technicians and logistics of accessing remote sites, warranty claims and underperformance penalties, and the competition from independent service providers (Vestas, 2024).

4. Development

Development helps our customers grow their business, which in turn generates order intake for Vestas. More than 100 employees across 16 countries secure **land rights and permits, design sites, ensure grid connection, and secure project offtake agreements** to create quality projects for the company's partners' investments (Vestas, 2024).

In FY2025, the Development segment delivered **revenues of €11 million**, down from €50 million in 2024. However, this decline is not concerning, due to the change in the business model. Development earnings are inherently lumpy, mainly because of the timing of project sales and milestone payments rather than a deterioration in the pipeline itself (Vestas, 2025).

The main drivers of margins and revenue are the ability to capture value from the sales of projects, the benefits of using Vestas's pipeline from start till the end of the project (Vestas, 2024).

The key risks are the high pre-construction risk and sunk costs if permits fail, and the merchant power price exposure if projects are retained (Vestas, 2024).

Executive management

Vestas's Executive Management team is led by **CEO Henrik Andersen** (see Figure 6), who is responsible for executing the strategic direction set by the Board and overseeing global operations across manufacturing, development, and service activities (Vestas, 2025).

The Executive Committee, consisting of senior leaders across finance, technology, manufacturing, and service, including the CFO Jakob Wegge-Larsen and heads of key business units (Vestas, 2025).

The Board of Directors (see Figure 7) consists of twelve people, eight appointed by the shareholders and four appointed by the employees. The Board operates under the Danish Corporate Governance Standards. The total remuneration of the board of directors was €1,5 million in 2025 (Vestas Remuneration Report, 2025).

According to the 2025 Remuneration Report, management has a pay that is split between fixed salary, an annual bonus, and a long-term incentive plan. This payment structure is standard under the Danish corporate governance. The CEO has a base salary of €1,8 million, while the CFO has a base salary of €500 thousand (CFO from 1st June 2025) (Vestas Remuneration Report, 2025).

Figure 6 – CEO & CFO

Henrik Andersen (CEO)
Born: 1960
Nationality: Danish
CEO: since 2020

Jakob Wegge-Larsen (CFO)
Born: 1976
Nationality: Danish
CFO & Executive Vice President: since 2025

Source: Annual Report 2025

Figure 7 – Board of Directors

Anders Runevad (Chair)
Chair Nomination & Compensation Committee, Member Technology & Manufacturing Committee

Karl-Henrik Sundstrom (Deputy Chair)
Chair Audit Committee Member Nomination & Compensation Committee

Bruno Bensasson
Member Technology & Manufacturing Committee

Claudio Facchin
Member Technology & Manufacturing Committee

Eva Merte Sofelde Berneke
Member Nomination & Compensation Committee, Member Audit Committee

Lena Olving
Chair Technology & Manufacturing Committee

Helle Thorning-Schmidt
Member Nomination & Compensation Committee

Henriette H. Thygesen
Member Audit Committee

Claus Skov Christensen
Board Member

Sussie Dvinge
Board Member

Michael Abildgaard Lisbjerg
Board Member

Louise B. Schmidt Nielsen
Board Member

Source: Annual Report 2025

Ownership Structure

The company's shares are listed on the Nasdaq Copenhagen stock exchange (ticker VWS.CO) with more than 200,000 individual shareholders. There are shareholders from over 100 different countries, most commonly from the US, Denmark, and the UK (United Kingdom). Currently the major shareholder is BlackRock Inc, Wilmington, DE U.S.A., they own more than 5% of the share capital (Vestas Share Information, 2026).

Company Strategies

Corporate Strategy

Vestas's most important strategic turning point has been the shift from **volume to margin** (see Figure 8). Meaning that they will not pursue just the largest number of MW, but they will aim to deliver profitable growth.

By making value-adding partnerships by collaborating with customers, suppliers, governments, and communities, Vestas aims to improve supply chain efficiency and share growth with its partners. These partnerships allow Vestas to deliver their products and services reliably and play a major role in the global energy transition (Vestas, 2024).

Alongside strengthening partnerships, the customer approach prioritises **Value Creation** over volume, like previously stated. The main focus being the delivery of high-quality, profitable solutions. They are maintaining a commercial culture, and they ensure that projects contribute to long-term earnings growth. **Priority customers** have global account managers within Vestas, and leading access to their siting capabilities and attractive projects from Vestas Development (Vestas, 2024).

By focusing on **modular designs, flexible supply chains, and a strong digital backbone**, Vestas can meet a wide range of market needs while managing costs. (Vestas, 2024).

Vestas strives to create an inclusive work environment that fosters **diversity, collaboration, and cross-functional teamwork**. By **investing in leadership development and internal talent**, they ensure that they have the expertise necessary to drive innovation and meet future energy demands (Vestas, 2024).

Sustainability Strategy

Vestas's sustainability strategy name is "Sustainability in everything we do." And that is why all of their sustainability goals are applicable in every single product, service, and customer (Vestas, 2024).

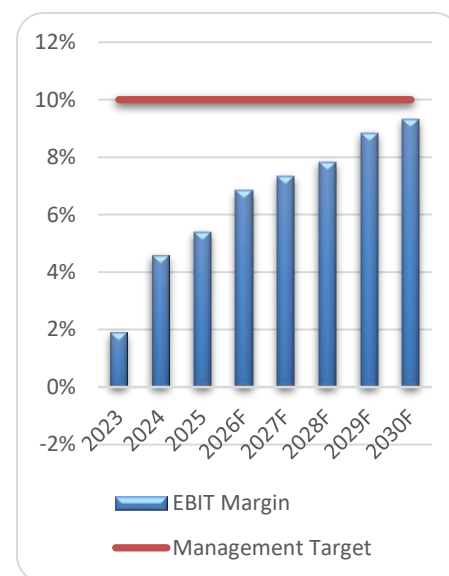
Vestas has set a target to achieve **carbon neutrality** of their operations **by 2030**, without using carbon offsets, and to reduce GHG (greenhouse gas) intensity of their entire supply chain by 45% by 2030. They will do this by transitioning their vehicles and ships to run on renewable sources, and they will also procure 100% renewable electricity and procure low-emission materials (Vestas, 2024).

Vestas is innovating to **produce zero-waste wind turbines by 2040**. The main priority is their focus on reducing waste from their own manufacturing and key suppliers, after that it is innovating new methods for blade and composite recycling. Things like repairing and refurbishing components to extend their useful life, making sure that the waste is handled responsibly (Vestas, 2024).

Another goal is to be **the safest, most inclusive, and socially responsible company in the industry**. Vestas aims to reduce the injury rate (TRIR – Total Recordable Injury Rate) to <1.0 by 2030. They aim to increase the share of women in leadership positions to >30% by 2030. And their final goal is to reach 35,000 community beneficiaries by 2030 (Vestas, 2024).

The last strategic sustainability goal is to be **a leader in the transition towards a world powered by sustainable energy**. They plan to achieve this by taking a leading role in increasing decarbonisation beyond the power sector. Also, by helping align public policy with climate commitments, and by supporting Vestas's partners in their journey to become more sustainable (Vestas, 2024).

Figure 8 – Ebit Margin (%)



Source: Annual Report 2025

Onshore Strategy

The onshore wind segment is, according to Vestas, **the foundation of the future energy system** due to its **affordability, security, and independence**. And the strategy is to drive sustained, profitable growth through customer-centric technology and strong commercial execution (Vestas, 2025).

The company expects its addressable onshore market to **reach 65 GW by 2030**, supported by new policy frameworks in major regions, rising electricity demand, and improved renewable auction designs. Vestas addressed that their expansion depends on **faster, more predictable permitting, stronger grid infrastructure, and advances in storage solutions**, particularly as battery technology rapidly improve (Vestas, 2025).

Offshore Strategy

In regards to offshore wind, Vestas marks it as a crucial driver of the global energy transition but acknowledges that **political and commercial barriers**, including cancelled or delayed tenders across Europe, continue to delay progress (Vestas, 2025).

In the short-term, the company is focused on ensuring a stable and cost-efficient ramp-up across its value chain, **drawing on learnings from recent installations**, while its long-term priority is **maximizing the platform's value potential for customers and for Vestas** (Vestas, 2025).

Service Strategy

The service segment is a **core enabler** of the green energy transition, emphasizing that reliable servicing is essential to strengthening wind energy stability and supporting the global scale-up of renewables (Vestas, 2025).

The growth of the service sector depends on the growth in the power solutions sector, which makes scalability a strategic priority for Vestas (Vestas, 2025).

A major component of this plan is the deployment of advanced digital tools like intelligent work-order scheduling, standardized cost control, predictive maintenance, and enhanced troubleshooting to increase efficiency and reliability (Vestas, 2025).

The company is also developing a **Virtual Technician platform** that integrates AI (Artificial Intelligence), augmented reality, and guided workflows to support scalability and elevate operational performance across global service teams (Vestas, 2025).

Development Strategy

Vestas's states that delivering high-quality renewable energy projects is vital to the global energy transition, and the **project development will serve as key lever to expand the market** for wind energy solutions and support partners worldwide (Vestas, 2025).

The outlook for the development sector remains positive due to Vestas's robust project pipeline even alongside challenges like high interest rates and permitting delays (Vestas, 2025).

The strategic priorities for development focus on **profitable growth** through rigorous project quality, **disciplined pipeline development**, and leveraging its **industry expertise** to create new opportunities in promising markets (Vestas, 2025).

Capital Structure Strategy

The Vestas Board of Directors and Executive Management regularly evaluate the capital structure. This process involves assessing how they fund the operations and growth to ensure these efforts align with shareholder interests and support Vestas's corporate strategy (Vestas, 2024).

Vestas's financial management goal is to be flexible, have enough financial headroom and have an optimal cost of capital throughout the business cycle. At the end of FY2025 €215 million were held in the total reserves of the company. Vestas is also targeting a net interest-bearing debt to Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) below 1x through the business cycle.

Per Moodys' rating agency they assess Vestas's credit rating according to two parameters: **Business risk analysis** which includes comprising industry characteristics, competitive positioning, management, and business strategy. And **Financial risk analysis** which includes financial policy analysis, cash flow protection, profitability, capital structure, and financial flexibility. Moody's has given Vestas a rating of **Baa2** with a **stable** outlook (Vestas, 2026.)

The main principles of Vestas's capital allocation are: **allocating the investments and R&D** (research and development) required to realise the corporate strategy, **making value-creating acquisitions** to accelerate or increase profitable growth prospects, ensuring all investments in organic growth and acquisitions support the long-term financial ambition of **achieving a 20 percent return on capital employed**, exploring divestments of non-core assets to strategic owners who support industry scaling, **paying shareholder dividends** based on the Board's intention to recommend 25-30 percent of the company's annual net result after tax, which will be paid out following shareholder approval at the Annual General Meeting, and from time to time, initiating share buy-back programmes to adjust the capital structure (Vestas, 2024).

3. Industry Overview and Competitive Positioning

Industry Overview

World Economic Outlook

The IMF projects global **GDP (gross domestic product) growth** around **3.2% in 2025 and 2026**, which is below the historical 2000–2019 average of 3.7% (see Figure 9), the main drivers being the weaker productivity growth, tighter financial conditions, and policy uncertainty. The October 2025 WEO (World Economic Outlook) suggests that while near-term forecasts were revised slightly up, overall prospects “remain dim” and growth is still below pre-policy-shift expectations (IMF, 2025).

Global headline inflation is forecast to fall to **4.2% in 2025** and to **3.6% in 2026** (see Figure 10), with advanced economies returning to target sooner than emerging markets. This easing of inflation supports real income recovery but still constrains monetary policy in some economies (IMF, 2025).

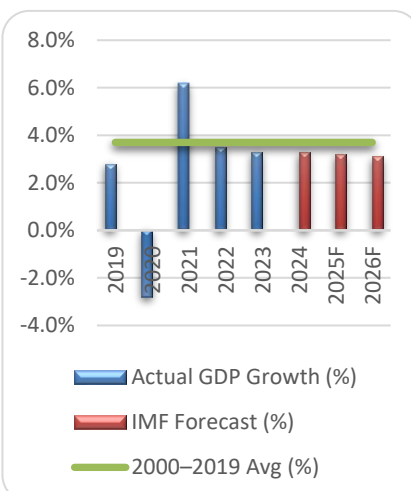
World population continues to grow, with most demand coming from emerging markets in Africa and Asia. The global population is expected to reach **8.5 billion by 2030**. This supports long-term energy demand and infrastructure needs, even as efficiency gains and decarbonization temper growth in advanced economies (United Nations, 2025).

World Electricity Demand

According to the International Energy Agency (IEA) global electricity demand is projected to grow by an average of more than **3.5% annually through 2030** (see Figure 11), driven by data centres, AI, and electrification. Renewables are forecasted to meet over **90% of this demand growth by 2030**, with wind and solar potentially accounting for **nearly half of global electricity generation** (IEA, 2024).

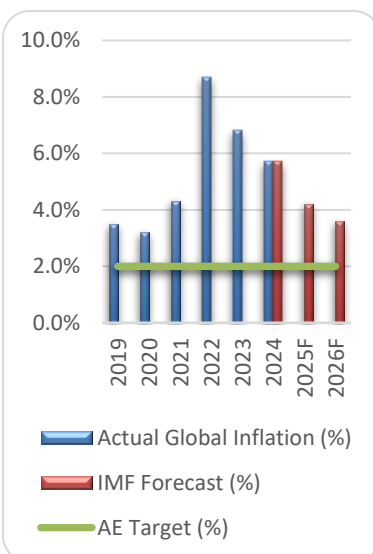
Electricity demand continues to **grow faster than total final energy consumption**, driven by electrification of transport, heating, and industry, as well as digitalization and data centres. Emerging and developing economies account for most of the incremental demand (IEA, 2025.)

Figure 9 – Global Real GDP Growth (2019–2026F)



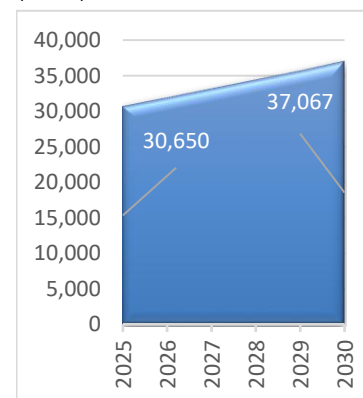
Source: IMF, 2025

Figure 10 – Global Inflation (2019–2026F)



Source: IMF, 2025

Figure 11 – World Electricity Demand (GWh)



Source: IEA 2025, GWEC 2025

In the IEA's central scenarios, renewables (wind, solar, hydro) capture the **majority of new capacity additions**, with wind playing a critical role in decarbonizing grids, especially in Europe, China, the US, and coastal regions with strong resources (IEA, 2025).

The IEA emphasizes that the electricity sector is increasingly exposed to **cyber, operational, and weather-related hazards**, which raises the value of grid flexibility, diversified generation, and reliable renewable technologies like wind (IEA, 2025).

Market Overview

Industry Structure

The global wind turbine OEM market is **oligopolistic**. There are a few major players that dominate the market like Vestas, Siemens Gamesa (now integrated into Siemens Energy), GE Vernova, and large Chinese manufacturers (e.g., Goldwind, Envision, MingYang) (see Figure 12) (GWEC, 2024).

The market is divided into Onshore and Offshore Power Supply. **Onshore** is the more mature side, being more cost-competitive and having thinner margins (IEA, 2024). **Offshore** is more capital-intensive, it is technologically demanding, its margins are higher, but the complexity of the projects is much higher than the onshore projects (BloombergNEF, 2025).

Demand Drivers

Demand for wind energy is driven by a combination of policy frameworks, corporate sustainability commitments, and electricity demand growth (see Figure 13) (IEA, 2024). Some government auction programmes and renewables targets, like the EU's **REPowerEU** plan and the **US Inflation Reduction Act**, provide help in long-term revenue visibility for wind developers (European Commission, 2022, US Department of Energy, 2022). An additional reinforcement of this trend came in April 2026 with the EU's **AccelerateEU**, meant to make the permitting process faster, and expanding auction volumes, which are two of the biggest bottlenecks currently in the industry (European Commission, 2026).

Another powerful demand driver is the current energy security situation. Instabilities in energy supply chains have increased governments' ambitions for having domestic generation of energy. IEA's World Energy Outlook 2025 states that energy security is the primary driver of new short-term renewables capacity additions in Europe (IEA, 2025).

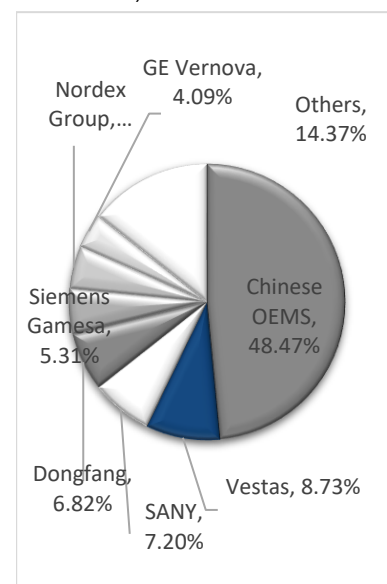
At the same time, rising electricity consumption from **data centres, electric vehicles, and industrial electrification** is expanding the total addressable market for renewable generation capacity (GWEC, 2024). Because of this, more and more corporate entities are having their own demand for wind capacity. This reduces the dependency on government auction cycles (BloombergNEF, 2025). India and Southeast Asian markets are also developing rapidly over the recent years, providing another strong demand driver for Vestas (GWEC, 2024).

Supply Drivers

On the supply side, **continuous turbine upscaling** is the main driver, along with **modern onshore models** now exceed 6 MW and offshore platforms reach 15 MW. Those things have driven significant reductions in the levelized cost of energy (LCOE) for wind (GWEC, 2024).

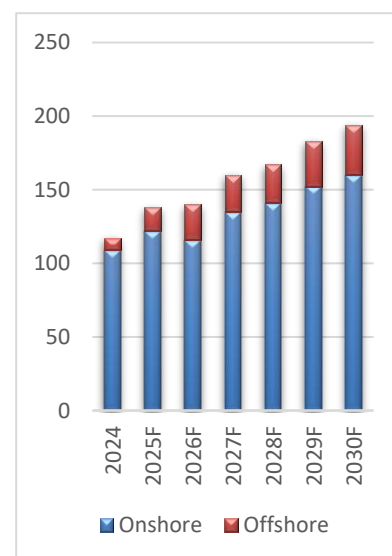
This decreasing of costs has made onshore wind the **cheapest source** of new electricity generation in most markets, something that seemed very unlikely in the near past. Supply chain consolidation and increased vertical integration among leading OEMs have further improved **manufacturing efficiency**, even though raw material cost volatility, especially in steel and rare earth elements remains an unavoidable constraint on margin expansion (BloombergNEF, 2025).

Figure 12 – Wind Turbine OEM market Share (2024, % of new installations)



Source: GWEC

Figure 13 – Global Wind Capacity Additions Outlook (GW)



Source: GWEC 2025

Digitalization is another important supply driver. Wind turbines, today, are being equipped with advanced sensors, and remote monitoring software. Making the entire process of servicing more efficient and cheaper (Vestas, 2025).

One constraint of the supply drivers would be the end-of-life disposal obligations that are starting to be a standard part of each contract. There is pressure on manufacturers to invest in recyclable solutions, like Vestas has already begun developing (Vestas, 2025).

M&A in the industry

M&A (mergers and acquisitions) has become a more relevant topic recently as smaller and niche technology providers are being acquired by large OEMs who want to control more of their supply chains (Deloitte Renewable Energy Outlook, 2025).

They acquire component producers (blades, power systems) and in digital services as the large OEMs try to gain more vertical control over their supply chains (IEA, 2024).

A major example of M&A in the industry is Siemens Energy's full control over Siemens Gamesa (Reuters, 2023).

Industry Trends

The wind industry is undergoing a structural shift driven by **two parallel trends**. First, **continuous turbine upscaling** in both onshore and offshore segments. It is improving energy yields and reducing per-MWh costs, reinforcing wind's competitiveness against other generation sources (GWEC, 2024).

Second, the industry's centre of gravity is shifting toward **services**: long-term service contracts, digital monitoring platforms, and AI-driven predictive maintenance are transforming what was once a pure equipment business into a recurring-revenue model. For leading OEMs (Original Equipment Manufacturers) such as Vestas, the service segment functions as a margin stabilizer, offsetting the cyclical and pricing pressure inherent in the turbine manufacturing business (BloombergNEF, 2025).

Competitive Positioning (Porter's Five Forces)

1. Threat of New Entrants | Low

There are massive capital requirements needed to enter the wind turbine manufacturing industry. There are numerous certifications needed to be acquired as well as a large number of safety requirements. Customers want an established brand if they are acquiring assets that will last for 20-30 years. However, the threat is not zero because of new Chinese manufacturers that are subsidized by the government and that are trying to expand globally.

(Sources: GWEC, 2025; IEA, 2024; Vestas, 2025)

2. Bargaining Power of Suppliers | Moderate

Vestas operates on the entire supply chain of wind turbine manufacturing and that eliminates a big portion of the supplier risk. However, they still need to get some components that have limited global suppliers, they need to acquire raw materials for the production, they have logistics constraints (transporting massive blades) which all makes Vestas exposed to supplier risk.

(Sources: Vestas, 2024; IEA, 2024; BloombergNEF, 2025)

3. Bargaining Power of Customers | High

Buyers are typically utilities, IPPs (Independent Power Producers), and governments. All of them are large, sophisticated entities with strong negotiating leverage. And their auctions often prioritize the lowest cost per MWh, so there is a persistent pressure to deliver the lowest ASP (Average Selling Price).

(Sources: GWEC, 2025; IEA, 2024; Vestas, 2025)

4. Threat of substitutes | High

Wind energy is competing with other renewable sources as well as conventional energy sources. Energy buyers choose everything from solar, hydro, nuclear, or gas

Figure 14 – Porter's Five Forces



Source: Author Analysis

depending on economics and policy. While onshore wind is still the cheapest, solar costs have fallen faster than wind, and gas remains a competitive alternative in the transitional environment.

(Sources: IEA, 2024; BloombergNEF, 2025; GWEC, 2025)

5. Industry Rivalry | Moderate to High

Vestas faces strong global rivals such as Siemens Gamesa, GE Vernova, and several fast-growing Chinese manufacturers. A big issue is that all of the competitors offer similar products and missing out on a contract means missing out on maybe even 20+ years of revenue due to the size of the contracts and their long sales cycles. There is also increasing price pressure from cheap Chinese OEMs.

(Sources: GWEC, 2025; Vestas, 2025)

SWOT Analysis

Strengths	Weaknesses
Global market leader in wind energy with operations in 80+ countries (Vestas, 2025)	Low EBIT margins due to cost inflation and competitive pricing (GWEC, 2025)
Strong service segment providing recurring, stable cash flows (Vestas, 2025)	Supply chain vulnerabilities and exposure to raw material volatility (GWEC, 2025)
Technological innovation in offshore, hybrid, and digital optimization (Vestas, 2025)	High capital intensity for manufacturing and offshore expansion (Vestas, 2025)
Sustainability leadership with carbon-neutral and circularity goals (Vestas, 2025)	Operational complexity from global logistics of large components (GWEC, 2025)
Opportunities	Threats
Rapid global growth in offshore wind (EU, US, Asia) (GWEC, 2025)	Intense competition, especially from Chinese OEMs (GWEC, 2025)
Expansion in emerging markets (LatAm, Africa, SE Asia) (GWEC, 2025)	Policy and permitting delays affecting project pipelines (Vestas, 2025)
Digital optimization and predictive maintenance solutions (Vestas, 2025)	Commodity price volatility (steel, copper, rare earths) (IEA, 2025)
Strategic partnerships with utilities and energy majors (Vestas, 2025)	Substitution risk from cheaper solar + storage (IEA, 2025)
Strong ESG and green financing demand (Vestas, 2025)	Geopolitical and trade risks (tariffs, disruptions) (Vestas, 2025)

PESTEL Analysis

A PESTEL analysis was conducted to map the **macro-environmental factors** that shape Vestas's operating context. The framework examines **Political, Economic, Social, Technological, Environmental, and Legal dimensions**, referring to the key structural trends identified in the Industry Overview. Together with the Porter's Five Forces and the SWOT analysis the frameworks provide a thorough picture of the **industry-level competitive dynamics** and the **wider external forces** that will influence Vestas's **strategic positioning and financial performance** over the forecast period.

Political	Economic
The EU's REPowerEU plan and the European Green Deal set binding renewable energy targets, creating a strong policy environment for wind deployment across Vestas's core markets (European Commission, 2022).	Global GDP growth of 3.3% projected for 2025–2026 (IMF, 2025), below historical average, which may constrain capital expenditure by utilities and energy developers.
The US Inflation Reduction (IRA) Act provides substantial tax credits for domestic clean energy manufacturing and deployment, benefiting Vestas's US operations, though political risk around IRA continuity has increased following the 2024 US election (US Department of Energy, 2022; Vestas, 2025).	Elevated interest rates through much of 2022–2024 significantly increased the cost of financing large wind projects, suppressing order intake — the expected rate-cutting cycle in 2025 onwards should provide relief (Vestas, 2025).
Permitting delays remain a significant political bottleneck in Europe and North America, slowing project timelines despite strong demand (GWEC, 2025).	Steel, copper, and rare earth price volatility directly impacts turbine manufacturing costs and margin predictability (IEA, 2024).

Chinese OEMs are effectively excluded from Western markets by trade policy and security concerns, which indirectly protects Vestas's market position in Europe and the US (GWEC, 2025).	Currency exposure is significant given Vestas operates in 88 countries with revenues and costs denominated in multiple currencies (Vestas, 2025).
Geopolitical tensions (currently in the Middle East) and trade tariffs create supply chain uncertainty, particularly for rare earth materials sourced from China (IEA, 2024, EU Commission 2026).	The service segment provides a natural economic hedge; recurring revenue from long-term contracts is largely protected from macroeconomic cyclicality (Vestas, 2025).
Social	Technological
Growing public and corporate awareness of climate change is increasing demand for renewable energy, supporting utility-scale wind projects and corporate Power Purchase Agreement (PPA) markets (BloombergNEF, 2025).	Continuous turbine upscaling: onshore models now exceeding 6 MW, offshore platforms reaching 15 MW and above is driving LCOE reductions and improving competitiveness (GWEC, 2025).
Local content requirements in emerging markets, particularly in Latin America, Africa, and Southeast Asia, require Vestas to adapt its supply chain and manufacturing footprint (GWEC, 2025).	AI, augmented reality, and predictive maintenance technologies are transforming the service business model toward higher margins and greater scalability (Vestas, 2025).
Community opposition to wind farm siting ("social licence to operate") remains a risk factor, particularly for onshore projects in densely populated European markets (GWEC, 2025).	Blade recycling technology is an emerging area where Vestas is investing to address the circularity challenge where it can be a potential source of competitive differentiation (Vestas, 2025).
Skilled labour shortages in wind turbine installation and maintenance are an industry-wide constraint on growth (BloombergNEF, 2025).	Grid integration technology and battery storage advances are increasingly important as wind penetration rises and grid stability becomes a greater concern (IEA, 2024).
Vestas's TRIR of 2.7 in FY2025 reflects ongoing safety challenges inherent in manufacturing and construction environments (Vestas, 2025).	Cybersecurity has become a material risk as wind farms become more digitally connected (Vestas, 2025).
Environmental	Legal
Vestas's core product directly addresses climate change mitigation, positioning the company favourably under the EU taxonomy and ESG investment frameworks (European Commission, 2020).	European Sustainability Reporting Standards (ESRS) compliance is now mandatory for Vestas as a large listed company, increasing reporting obligations and audit requirements (European Commission, 2022).
The company's own Scope 3 emissions (9.34 million tCO ₂ e in FY2025) are dominated by supply chain emissions, creating pressure to decarbonise procurement and logistics (Vestas, 2025).	Maritime zone regulations and international law add complexity to offshore wind project development across multiple jurisdictions (Vestas, 2025).
Biodiversity and land-use considerations are becoming more and more a part of project permitting requirements, adding complexity to development timelines (GWEC, 2025).	Product liability and warranty exposure is material given the scale and capital intensity of individual wind turbine contracts (Vestas, 2025).
End-of-life turbine decommissioning, particularly blade disposal, is an emerging regulatory and reputational risk across the industry (BloombergNEF, 2025).	Intellectual property protection is increasingly important as Chinese OEMs develop competitive turbine technology (GWEC, 2025).
Extreme weather events driven by climate change create both opportunity (accelerating energy transition) and operational risk (supply chain disruption, site accessibility) (IEA, 2024).	Anti-corruption and bribery compliance across 88 countries creates significant legal and governance overhead (Vestas, 2025).

4. ESG

Vestas's sustainability strategy, titled "Sustainability in everything we do", is embedded across its business model and corporate strategy. For Vestas, ESG (Environmental, Social, and Governance) is not only a reporting exercise, their commercial value is completely aligned with their sustainability goals, and that is not true for a lot of industrial companies. A wind turbine manufacturer that underperforms on environmental and social standards risks losing credibility with all of its stakeholders like governments and institutional investors that make up its core customer base. Vestas structures its sustainability commitments around four pillars: **Climate, Circularity, Social, and Energy Transition** (Vestas, 2025).

Vestas operates at the intersection of two of the most consequential international sustainability frameworks of the modern era the **Paris Agreement's** commitment to limiting global warming to **1.5°C above pre-industrial levels** (UNFCCC, 2015) and the **United Nations Sustainable Development Goals ("SDGs")**, most directly **SDG 7** (Affordable and Clean Energy) and **SDG 13** (Climate Action) (United Nations,

2015). As the world's largest wind turbine manufacturer and servicer, Vestas is positioned as an **infrastructure enabler** for both frameworks, with its core business directly contributing to the decarbonization of the global electricity system that both the Paris Agreement and the SDGs identify as a prerequisite for meeting long-term climate targets.

Environmental

Vestas is committed to **science-based decarbonization** of its operations and supply chain by 2030, in alignment with the Paris Climate Agreement. The company's GHG (greenhouse gas) emissions reduction targets were updated and re-validated by the Science Based Targets initiative (SBTi) during 2025, following the acquisition of the offshore business in 2020 which significantly expanded the scope of emissions-generating activities (Vestas, 2025).

In FY2025, Vestas reported total GHG emissions of **9.45 million tCO₂e** on a market-based basis, representing a **15% increase** compared to 2024 (Vestas, 2025). This increase reflects business growth and the expanded scope of offshore operations rather than a deterioration in emissions efficiency. GHG intensity per net revenue remained effectively flat, confirming that emissions are growing more slowly than revenue.

Scope 1 emissions (direct business activities) stood at 108,000 tCO₂e (+4% year-on-year), while **Scope 2** (indirect emissions from purchased energy) market-based emissions were just 1,000 tCO₂e, signifying Vestas's renewable energy procurement for its own operations. **Scope 3** (indirect emissions in the value chain) emissions, at 9.34 million tCO₂e, account for over 98% of total emissions, with **purchased goods and services** representing the single largest contributor at 7.98 million tCO₂e (see Figure 15) (Vestas, 2025).

This concentration of emissions in the supply chain explains why the reduction of supply chain GHG intensity is the centrepiece of Vestas's climate strategy, and why achieving the **45% supply chain intensity reduction target by 2030** represents a more significant operational challenge than managing direct emissions.

On circularity, Vestas has set a **target to produce zero-waste wind turbines by 2040**. This includes developing innovative recyclable blade solutions. Historically, one of the most challenging waste streams in the wind industry, and ensuring that components are refurbished, reused, or recycled at end-of-life. Circularity considerations are integrated across **all four business segments**, from early-stage project design through to service and decommissioning (Vestas, 2025).

Social

Vestas aims to be **the safest, most inclusive, and socially responsible** company in the wind industry. In FY2025, the Total Recordable Injury Rate (TRIR) remained at 2.7 (see Figure 16), showing a stabilisation in safety performance compared with 2024 (Vestas, 2025).

While this represents progress relative to prior years, the company acknowledges that further improvement is required to meet its **long-term target of a TRIR below 1.0 by 2030**. An ambitious target given the inherently hazardous nature of wind turbine manufacturing and installation (Vestas, 2025).

On diversity and inclusion, Vestas has ongoing initiatives focused on increasing the representation of women in leadership positions, pay equity reviews, and measurable engagement tracking across its global workforce. At the community level, Vestas achieved its previous target of 35,000 community beneficiaries in 2025 and replaced this with a more rigorous commitment to conduct social due diligence on all projects in scope annually (see Figure 17) (Vestas, 2025). The old target was volume based, while the new one requires documented due diligence on every project in scope.

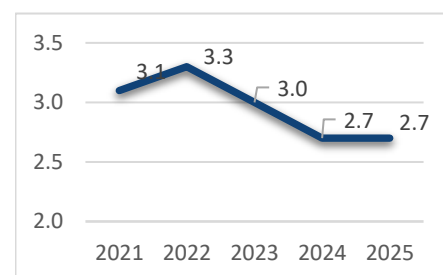
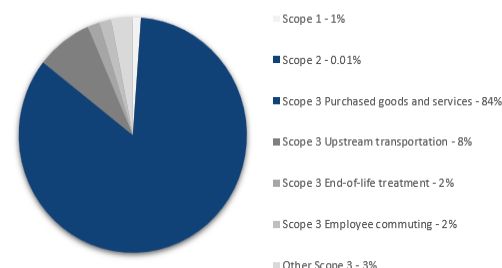
Governance

Vestas conducts an annual Double Materiality Assessment (DMA) in line with European Sustainability Reporting Standards (ESRS) requirements. In its 2025 assessment, Vestas identified **16 sustainability matters** as material, going from **environmental topics** like climate change mitigation and resource outflows, **social topics** including working conditions across its own workforce and value chain, and **governance topics** including political engagement, cyber security, and corruption and bribery. Topics identified as those having double materiality, meaning they are both financially material and have a material impact on people and the environment are part of Vestas's Enterprise Risk Management programme (Vestas, 2025).

External Rating

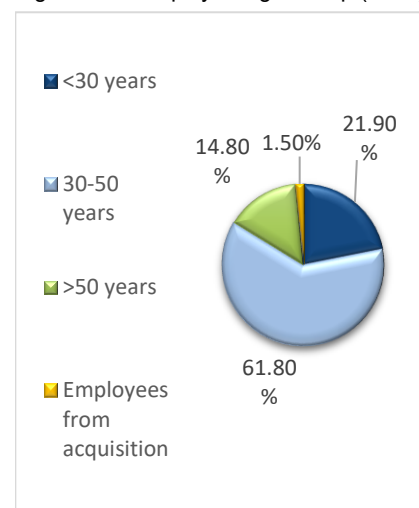
From an external ratings perspective, Vestas holds an **MSCI ESG Rating of AAA**, placing it among the highest-rated companies in the capital goods sector. This rating

Figure 15 – GHG Emissions by Scope (tCO₂e, FY2025)



Source: Annual Report 2025

Figure 17 – Employee Age Group (2025)



Source: Annual Report 2025

shows how the company is taking leadership on climate targets, strong governance frameworks, and proactive management of supply chain sustainability risks (MSCI, 2025, Serafeim & Yoon, 2022).

Strong ESG performance has been shown to reduce the cost of capital for companies with consistent and credible sustainability disclosures, suggesting that Vestas's ESG leadership may contribute to a financing advantage relative to peers with weaker ratings (Gonçalves, Dias & Barros, 2022).

Implications for Valuation

The AAA MSCI ESG rating provides support to our DCF (discounted cash flow) equity cost assumption. Institutional investors who care about ESG, which represent a growing proportion of Vestas's shareholders, have been shown to accept a lower equity risk premium for those companies that have credible ESG disclosures (Gonçalves, Dias & Barros, 2022). A rating downgrade would push Vestas's risk premium higher and, consequently, lower the share price.

Vestas, being aligned with EU taxonomy and ESG reporting, can benefit from having better access to green bond markets and sustainability linked loans (European Commission, 2023, Vestas, 2025). Regulatory risk is, in terms of ESG, backwards for Vestas. Meaning that stricter ESG regulations or reporting requirements do not threaten Vestas's revenue model, like it could threaten some competitors with fossil fuel exposed revenues.

The main ESG risk connected to our valuation is if Vestas fails to reduce Scope 3 emissions. Things like steel production, and global logistics could expose Vestas to compliance costs in the EU Carbon Border Adjustment Mechanism (European Commission, 2023).

5. Investment summary

We initiate coverage of Vestas Wind Systems A/S with a **Buy** recommendation and a year-end 2026 price target of **€36.09**, representing **38.1%** upside from the 30 April 2026 closing price of €26.13 (see Figure 18). The price target is derived from an equal-weighted average of our two DCF approaches, a **Gordon Growth Model implying €32.54** and an **exit multiple approach implying €39.64**. We crosschecked this price target against our SOTP analysis and trading comparable benchmarks to confirm the logic behind the calculated price (see Figure 16 and Appendix 7). A **High-Risk** rating was assigned given the risk of execution of the margin recovery plan in the Power Solutions Segment, and the overall cyclical nature of the wind turbine manufacturing industry (Vestas, 2025).

The core of the mispricing

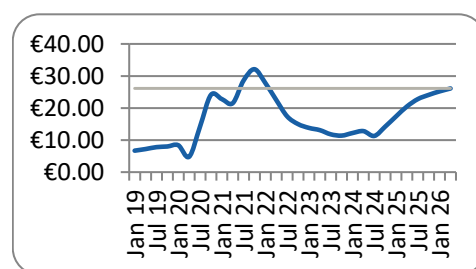
Currently Vestas is priced as a single cyclical OEM. However, it is not, Vestas operates a contracted, long-term recurring revenue Service segment alongside their capital-intensive core business of manufacturing wind turbines (Vestas, 2025). The market applies one multiple blending those two businesses into one. In our SOTP analysis we can see that valuing the Service segment alone at 20x 2026F EBIT of €793 million produces an enterprise value of approximately €17.2 billion, which is around 69% of Vestas's current market cap of €26.1 billion. With that kind of valuation, the entire Power Solutions segment, which is projected to generate €618 million of EBIT, is left with a valuation of approximately €7.9 billion, and around 13x forward EBIT. This multiple looks more like a distress multiple, rather than a multiple that is valuing a segment that is on track to the 10% EBIT margin, and has around €33.2 billion in backlog.

The Service segment advantages

The Service segment maintains approximately 155 GW of installed capacity under long-term contracts across 71 countries, with a contracted backlog of €38.7 billion as of FY2025 (Vestas, 2025).

Service revenues are not dependent on projects. They are managed over long-term, multi-year contracts. They don't correlate with short-term new orders which provide stable earnings over the years. That is a massive advantage Vestas gets by servicing

Figure 18 – Stock Price Evolution



Source: Yahoo Finance, 2026

its own installed base, and it positions Vestas as an industrial services company and not a manufacturing company. Peer multiples for recurring-revenue industrial services businesses trade at 18–25x EBIT, and at the current blended multiple, Vestas's Service franchise doesn't receive that premium.

Power Solutions recovery over recent years

Power Solutions returned to positive EBIT in FY2024 after two consecutive years of losses driven by supply chain disruptions, and fixed-price contract exposure (Vestas, 2025). The FY2025 margin of 5.4% represents a big step in the recovery but is still 460 basis points below management's long-term target of 10%. Our analysis models the margin to go from 6.8% in 2026F to 9.3% by 2030F, deliberately stopping short of the 10% target to include some execution risk. But even with that, EBIT grows from €1,410 million in 2026F to €2,537 million in 2030F, with revenue growth from €20.6 billion to €27.1 billion over the same period.

Demand is higher than the share price implies

At the beginning of the forecast period Vestas has a combined order backlog of €71.9 billion, €33.2 billion of that in Power Solutions and €38.7 billion in Service. This proven backlog provides evidence and less reliance on the terminal value assumptions in our DCF. Policy frameworks across Vestas's core markets continue to support the new generation of medium-term demand: the EU's REPowerEU plan and rising grid related activities across Europe and Asia support an addressable onshore market that management estimates will reach 65 GW per year by 2030 (Vestas, 2025; European Commission, 2022). Recently, with the escalations in the Middle East, the ability to have domestic renewable capacity seems really attractive to governments. Directly because of this, The European Commission launched **AccelerateEU** on 22 April 2026. The Commission mentioned an additional €24 billion in spending since March 2026 due to the Middle East conflict, describing the clean energy transition as "an economic, competitiveness and security imperative" (European Commission 2026). Vestas is a direct benefiter of these policy updates.

Checking the Q1 2026 results

Vestas published their Q1 2026 results on May 6th 2026, and the results provided the first post-valuation insights on our thesis. Q1 revenue was up 14.4% year-on-year, and an EBIT margin of 3.2%, which is the **highest** first-quarter margin since 2018. The full year guidance remained the same with €20–22 billion revenue and 6–8% EBIT margin, which **complements our forecast assumptions** of €20.6 billion and 6.8% (Vestas, Q1 2026).

Wind turbine order intake grew 44% year-on-year to 4.5 GW, driving the combined order backlog to a record €76.1 billion as at 31 March 2026. Service backlog reached €39.8 billion, with 164 GW of turbines now under service. The Service margin was at 16.3% in Q1. This percentage is at the lower end of the full-year guidance range of 15.5–17.5%, which management explained it was due to lower contract activity in EMEA. This is still consistent with the expectations of the recovery plan and does not alter our full-year Service assumptions, but it represents a monitoring point for the thesis.

6. Valuation

The valuation of Vestas was conducted using five complementary methodologies: (i) Free Cash Flow to the Firm ("FCFF") discounted cash flow model, (ii) a Sum-of-the-Parts ("SOTP") decomposition, (iii) trading comparable analysis, (iv) precedent transaction analysis combined with EV/Revenue trading comps, and (v) a Dividend Discount Model ("DDM"). Each method is applied to 2026F and 2027F financials where applicable. A consolidated football field chart summarising implied share prices across all methods is presented in Figure 19 (Appendix 7), alongside full sensitivity tables and supporting detail.

All valuations are expressed in **euros**, consistent with Vestas's reporting currency. The reference share price is **€26.13**, which was the closing price on **30 April 2026** (Yahoo Finance, 2026).

WACC and Cost of Capital

The **cost of capital** including both the DCF and DDM methodologies was estimated using the **Capital Asset Pricing Model ("CAPM")** for equity and an implied pre-tax cost of debt derived from the financial model (Damodaran, 2012). The key inputs are summarised in Appendix 8 (see Figure 20).

The **risk-free rate of 2.8%** reflects the yield to maturity on the **10-year German Bund** as of April 2026, consistent with Vestas's functional currency and primary market listing (Bloomberg, 2026). The **equity risk premium (ERP)** of 4.23% is sourced from Damodaran's country risk premium dataset for Western Europe / Denmark (Damodaran, 2025). The **levered beta of 1.12** is derived from a **two-year weekly regression** of Vestas's total returns against the **STOXX 600 index** (Bloomberg, 2026), which is basically showing the company's above-market sensitivity to macroeconomic conditions and policy risk. Combined, these inputs give a **cost of equity of 7.5%**.

The **pre-tax cost of debt of 3.5%** is implied from the interest expense schedule in the financial model, consistent with Vestas's investment-grade credit profile (Baa2, Moody's stable). After applying the **effective tax rate of 25%**, the **after-tax cost of debt is 2.6%**. Using market-value capital structure weights of approximately 91% equity and 9% debt, the **resulting WACC (weighted average cost of capital) is 7.1%**.

Free Cash Flow to the Firm (FCFF)

The primary valuation methodology is the discounted cash flow model applied to unlevered free cash flows (Damodaran, 2012). The forecast period runs from 2026F to 2030F, connected to the three-statement financial model described in Appendix 5. Key forecast assumptions are summarised in Appendix 4.

Over the forecast period, revenue is projected to grow from **€20.6 billion in 2026F to €27.1 billion in 2030F**, driven by an expanding order backlog in Power Solutions and continued growth in Service sector (see Figure 21). EBIT before special items is forecast to increase from **€1,410 million in 2026F to €2,537 million in 2030F**. Mostly because of both volume growth and a gradual improvement in the Power Solutions EBIT margin toward management's long-term target of 10%. D&A (Depreciation and Amortization) grows from **€1,070 million to €1,410 million** over the same period, closely related to the capital expenditure of approximately **€1,200–1,350 million** per year. The resulting FCFF ranges from **€1,074 million in 2026F to €1,678 million in 2030F**, with mid-year discounting applied.

The free cash flows are discounted at the WACC of 7.1%, presenting a sum of present values of FCFFs of **approximately €4,990 million** over the forecast period.

For the terminal value, two approaches are applied. In **Method 1 - Gordon Growth Model (GGM)**, a terminal growth rate of 2.5% is applied to the 2030F FCFF, the rate was chosen along with the long-run nominal GDP growth rate expected for wind energy markets (IMF, 2025). This produces a terminal value of approximately **€37.4 billion** and a present value of terminal value of **€26.5 billion**, representing approximately 84%

Figure 19 – Valuation Summary (€ per share, YE2026)

Methodology	Implied Price (€)	vs. Current (€26.13)
DCF – GGM	€32.54	€6.41
DCF – Exit Multiple	€39.64	€13.51
SOTP – Base Case	€27.67	€1.54
SOTP – Bear Case	€20.22	(€5.91)
SOTP – Bull Case	€35.12	€8.99
Trading Comps – EV/EBITDA	€29.80	€3.67
Trading Comps – EV/EBIT	€21.20	(€4.93)
Trading Comps – P/E	€30.90	€4.77
Precedent Tx (1.25x EV/Rev)	€26.80	€0.67
Precedent Tx (2.0x EV/Rev)	€42.30	€16.17
DDM – TSR (floor)	€13.21	(€12.92)
Price Target	€ 36.09	€ 9.96
Current Share Price – 30 April 2026		€ 26.13

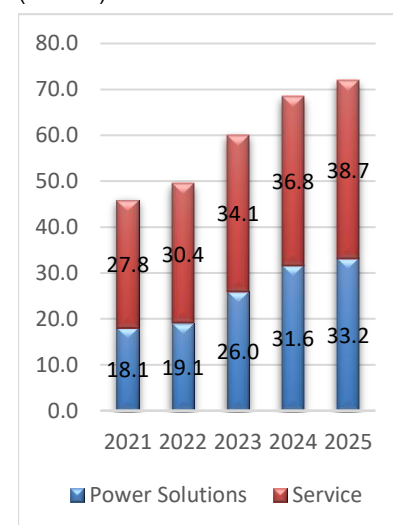
Source: Author Analysis, Yahoo Finance 2026

Figure 20 – WACC and Cost of capital summary

WACC & Discount Rate Assumptions	
Component	Input
Cost of Equity – CAPM	
Risk-free rate (10yr Bund yield)	2.80%
Equity risk premium (ERP)	4.23%
Beta (levered, 2yr weekly)	1.12
Cost of Equity (Re)	7.54%
Cost of Debt	
Pre-tax cost of debt	3.47%
Effective tax rate	25.00%
After-tax cost of debt (Rd)	2.60%
Capital Structure (market value weights)	
Current Share Price (30th April 2026)	€ 26.13
Market cap (mEUR) – FY2025 shares × price	26,062
Total financial debt (mEUR)	2,533
Total capital (E+D)	28,595
Weight of equity (E/V)	91.14%
Weight of debt (D/V)	8.86%
WACC	7.10%

Source: Damodaran 2025, Bloomberg 2026, Author Analysis

Figure 21 – Order Backlog Value (bnEUR)



Source: Annual Report 2025

of total enterprise value. In **Method 2 - Exit EV/EBITDA Multiple**, an 12x exit multiple is applied to 2030F EBITDA of €3,947 million. This gives us a present value of terminal value of €33.6 billion, representing approximately 87% of total enterprise value (see Appendix 9).

The equity bridge deducts FY2025 total financial debt of €3,374 million, adds cash of €4,384 million, and deducts minority interest of €14 million. Applied to 999 million basic shares outstanding, the GGM approach implies a **share price of €32.54 (+24.5% upside)**, while the exit multiple approach implies **€39.64 (+51.7% upside)**. Full WACC and terminal growth rate sensitivity tables are presented in Appendix 9.4.

A terminal value of 84% of total enterprise value is high, but it is expected for a capital intensive business that has projects that could go on for over a decade. DCF models in industries like infrastructure, and utilities normally have terminal value weights in the range from 75% to 90%. In these cases, short-term cash flow importance is diminished by the major requirements of reinvesting, and the actual value builds up over the lifetime of the assets that have lifetimes of more than 20 years (Damodaran, 2012; Koller, Goedhart & Wessels, 2020). Vestas's turbines have lifetimes of 25-30 years and along with the subsequent service contracts, proves that the heavy weight of the terminal value is a part of their cash flow profile.

Sum-of-the-Parts (SOTP)

To capture the difference between Vestas's two primary segments, a SOTP valuation is applied. It independently values the **Service and Power Solutions** segments on **2026F EBIT** using segment-appropriate multiples (Knudsen, Kold & Plenborg, 2017). This approach is motivated by the observation that a single blended multiple might undervalue the high-quality, recurring-revenue Service franchise while applying an overly generous multiple to the cyclical Power Solutions business.

The Service segment is valued at a **base-case multiple of 20x 2026F EBIT** (estimated at €793 million). This multiple was chosen because of the segment's long-contract-duration revenue model, the continuous expanding of the fleet under service, and management's **long-term EBIT margin ambition of 25%**. The range is closer to companies with public market valuations assigned to recurring-revenue industrial services businesses. The Power Solutions segment is valued at a **base-case multiple of 12x 2026F EBIT** (estimated at €618 million). The multiple was chosen on the basis of an OEM business in early-stage margin recovery, benchmarked against Nordex's forward trading multiples.

Aggregating segment EVs, adding net cash of €1,010 million (FY2025), and dividing by 999 million shares, the SOTP produces a base-case implied **share price of €27.67 (+5.9% upside)**. The bear case (15x Service / 8x Power Solutions) implies **€20.22**, and the bull case (25x Service / 16x Power Solutions) implies **€35.12**. A full two-dimensional sensitivity table (Service multiple × Power Solutions multiple) is presented in Appendix 13.

The SOTP reveals that the Service segment alone, at 20x EBIT, gives an enterprise value of approximately **€17.2 billion** which is approximately **69% of Vestas's current total EV of €25.1 billion**. The market is, therefore, valuing the entire Power Solutions business, which generated **€618 million of 2026F EBIT**, at approximately **€7.9 billion**, or roughly **13x**. That multiple is low given the circumstances of Vestas's margins improving in the future.

Trading Comparables

The relative valuation uses a peer group of four companies: Siemens Energy (ENR.DE), GE Vernova (GEV), Nordex (NDX1.DE), and Ørsted (ORSTED.CO). Peers were selected on the basis of exposure to wind energy manufacturing or having a service business. It is important to note that **no single peer is a perfect match** for Vestas's integrated OEM-plus-service business model (Knudsen, Kold & Plenborg, 2017).

Peer Comparison Summary:

Company	Ticker	EBIT Margin (2025A)	EV/EBITDA (2026F)	EV/EBIT (2026F)	P/E (2026F)	Business Mix
Vestas Wind Systems	VWS.CO	5.4%	11.96x	23.51x	33.50x	Integrated OEM + Service (50/50 2026F EBIT split)
Nordex	NDX1.DE	5.95%	13.68x	18.92x	39.62x	Pure-play onshore wind OEM; no material service segment
Siemens Energy	ENR.DE	6.0% ¹	33.35x	55.89x	102.59x	Wind OEM (SGRE, -13.1% margin ²) + Grid Technologies + Gas Services
GE Vernova	GEV	N/M ³	99.09x	160.05x	47.14x	Wind OEM (loss-making) + Gas turbines (AI/data centre demand premium)
Ørsted	ORSTED.CO	N/M ⁴	~8.5x ⁵	N/M ⁶	11.02x	Pure-play offshore wind developer / IPP; utility-model cash flows
Peer Median (ex-GEV, ex-Ørsted)		5.7%	13.68x	18.92x	39.62x	Nordex is the effective median with 3 peers

Source: Company Annual Reports

Seeing such a **wide range of multiples** shows that all of the companies have a different business mix. Nordex is the closest comparable in terms of EBIT margin, but they are a purely onshore installer, and they have no material service segment, still making it a median for our valuation once GE Vernova was excluded. Siemens Energy is trading at a significant premium, but this premium includes their Grid Technologies division (2025 profit margin of 15.8%) and their Gas Services division (2025 profit margin of 13%), their wind segment Siemens Gamesa reported a margin of -13.1% which means the multiple is not applicable to Vestas's valuation. GE Vernova is retained in the peer universe but excluded from mean and median calculations because its valuation is materially inflated by their gas turbine demand linked to AI data centre construction, which is not linked to wind turbine OEM. Ørsted, is purely an offshore developer that runs on a utility-based cash flow structure, so we have retained it in the peer universe, but treated it as a secondary source due to the difference in the business models.

Vestas trades at a discount to the peer median EV/EBITDA of 13.68x. That gap is mechanical and structural. Vestas has higher depreciation and amortization expense than the OEM peers, mostly because of its larger manufacturing base. This lowers the reported EBITDA relative to EBIT and inflates the EV/EBIT multiple to 23.51x, above the Nordex comparable of 18.92x. The discount also reflects the market's application of a blended multiple across two businesses, like previously mentioned. Applying the peer median EV/EBITDA of 13.68x to 2026F EBITDA implies a share price of approximately **€29.8**, and on a P/E basis, applying the peer median of 39.62x to 2026F EPS (earnings per share) of €1.01 implies approximately **€30.9**. The EV/EBIT-implied price of approximately **€21.2** demonstrates the sensitivity of that multiple to the margin recovery that is currently going on in Vestas. Full trading comps tables are presented in Appendix 11 (Lie & Lie, 2002).

Precedent Transactions and EV/Revenue

Given the limited number of directly comparable precedent transactions in the wind OEM sector, this methodology is used as a **cross-check rather than a primary valuation anchor** (Kaplan & Ruback 1995). The transaction set includes Siemens Energy's full buyout of Siemens Gamesa in 2022 at approximately **1.25x EV/Revenue** (a distressed transaction during SGRE's (Siemens Gamesa Renewable Energy) loss-making period), SGRE's peak public market valuation in 2021 at approximately 1.57x EV/Revenue, and the Nordex / Acciona Windpower deal in 2016 at 0.65x EV/Revenue (through OEM valuations). The OEM-only transaction mean implies a multiple of approximately 1.22x, and is broadly consistent with Vestas's current **2026F EV/Revenue of approximately 1.22x** (Lie & Lie 2002), suggesting the market is

pricing Vestas in line with historical OEM transaction precedents but with no premium for the Service franchise or margin recovery. A re-rating to 1.25x, the non-distressed SGRE comparable implies a **share price of approximately €26.8**, while a strategic premium scenario at **2.0x implies €42.3**. Full detail is presented in Appendix 12.

Dividend Discount Model (DDM)

The DDM is applied in **two variants** to provide an equity-holder perspective on intrinsic value (Damodaran, 2012). Both models use the same **cost of equity (7.5%)** and the same **terminal growth rate of 2.5%**, same as the DCF assumptions.

Model A — Cash Dividends Only values the dividend stream of €100–180 million per year (2026F–2030F). Because Vestas has a conservative cash dividend policy, this produces an implied share price of **€3.11**, correctly indicating the **mechanical limitation of a pure dividend model** applied to a company that returns the majority of capital via buybacks rather than dividends (Vestas, 2025). This figure should be interpreted as a floor, **not a valuation**.

Model B — Total Shareholder Returns (TSR-DDM) treats Vestas's 40% total distribution policy including both dividends plus systematic buybacks as economically relevant, more consistent with the approach recommended where buybacks are policy-driven and recurring (Damodaran, 2012). This produces an implied share price of **€13.21**, representing a **downside of approximately 49%** to the current price. The TSR-DDM still remains below the current market price, but it confirms that the current **valuation requires both earnings growth and multiple expansion** to be justified on a capital-return basis alone. Full DDM sensitivity tables are presented in Appendix 10.3.

Valuation cross-check

Across our five valuation methodologies, the implied share price range spans approximately €21 to €40 (see Figure 19). The DCF average of €36.09 sits in the upper half of this range, mainly because the Service franchise's long-duration contracted earnings, which a terminal-value DCF captures much better than near-term multiples. The SOTP bull case of €35.12 which assumes 25x Service EBIT and 16x Power Solutions EBIT confirms the DCF price target and represents the scenario in which the market begins to assign one multiple to each business. Trading comparable analysis, applying the median EV/EBITDA of 13.7x to 2026F financials, calculates €29.8, a more conservative output that provides the lower end of the range and supports the fact that Vestas currently trades at a discount to peers on EV/EBITDA. Our DDM analysis, at €13.21 under the TSR variant, is treated as a stress test on capital-return, and not as a standalone valuation. The below-market result only confirms that the case requires earnings growth and a multiple re-rating, not merely dividend continuity. Full methodology detail and sensitivity tables are presented in the Valuation section and Appendices 7–13.

Price Target

Our price target of €36.09 is derived from the average of the two **DCF approaches**, it was cross-checked against the SOTP base case and trading comparable analysis. The summary of implied prices across all methods is presented in Figure 16 (Appendix 7).

7. Financial Analysis

Profitability

Vestas's profitability landscape changed a lot over the historical period from 2018-2025. **Gross margin** was at its peak in 2018 at **16.1%**, then it steadily declined through the pandemic and the massive supply chain disruptions that followed. It almost collapsed to **zero** in 2022 because of big inflation in commodities, and Vestas's fixed price contracts that lost money (Vestas, 2025). By FY 2025 there was a steady margin recovery, but it still hasn't reached the levels of 2018.

Looking at the forecast, our model projects the revenue climbs from **€20.6 billion** in 2026F to **€27.1 billion** in 2030F. EBIT margin it to rise from 5.4% in 2025 to 9.3% by 2030F. Mainly because of continuing growth in the Service segment and improving the selectivity of the projects in the Power Solutions segment. Even with these improvements our forecast margin remains **below the 10%** target level set out by management. Vestas has a similar margin to its closest comparable competitor Nordex which reported an EBIT margin of **5.95%** in 2025 (Yahoo Finance, 2026).

Net profit margin is forecasted to rise from 4.14% in 2025 to 6.78% in 2030F. **ROE** (return on equity) only recovered above 20% in 2025, and is expected to be above 22% in the forecast period. A **DuPont analysis** of ROE shows that even though the ROE range is from 20%-23% the composition of what makes that ROE changes. In 2025 the 20.2% ROE is generated by the net margin of 4.1%, the asset turnover of 0.73 x and the financial leverage multiplier of 6.6x. Which shows how the return is amplified by the leverage in the balance sheet, and not by operational efficiency. On the other hand, in 2030F the 22.8% ROE is generated by a net margin of 6.8%, an asset turnover of 0.76x, and a leverage multiplier of 4.4x. Because of the deleveraging of the balance sheet the quality of ROE improved, even if it was only a 2.6% increase.

Liquidity

Vestas's **current ratio** has historically been 1.16x in 2018 and it stayed around 1.00x during and after the crisis, which is quite liquid given the industry that Vestas operates in. Delivery contracts have large milestone payments, and specific revenue recognition, make this cash flow timing different than a typical manufacturing business. The quick ratio has an average of 0.63x during the historical period, showing that Vestas does rely on converting inventory to maintain short-term coverage.

Through our forecast, the current ratio progresses to 1.15x, back to the levels of 2018.

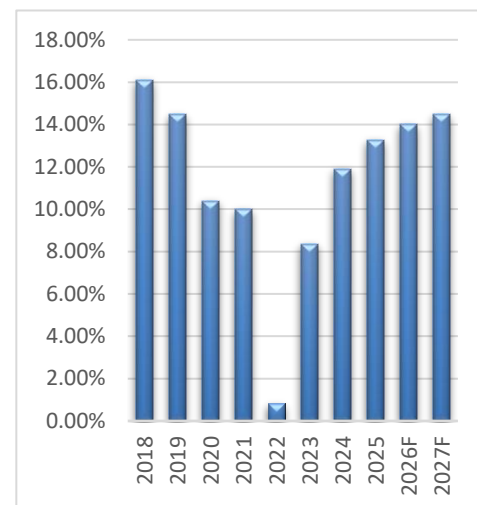
ROIC vs WACC

One of the more significant changes that happened in the forecast period is the overtaking of the ROIC (Return on Invested Capital) in regards to WACC. A company generating ROIC below its WACC is destroying value no matter if their earnings continue to grow. Vestas's ROIC only returned **positive in 2023** and will only surpass WACC in 2026F. This transition mainly means that Vestas is now creating value instead of destroying it (see Figure 24) (Author Analysis; Damodaran, 2025).

Other Ratios

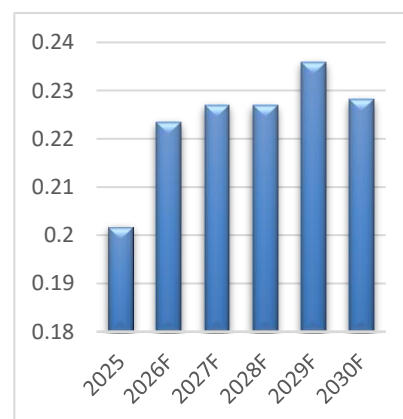
The cash conversion cycle (CCC) shows the story of the **supply chain struggles** throughout 2022-2023. It went from around 59 days in 2018 to 103 days in 2023, including everything from having to order components earlier, waiting longer for the deliveries, to shorter payment cycles (Vestas, 2025). Throughout the forecast period the CCC remains at around 61 days, providing a **conservative assumption** where Vestas doesn't become more efficient in its invoicing cycle, or gets better at handling components.

Figure 22 – Gross Margin Recovery



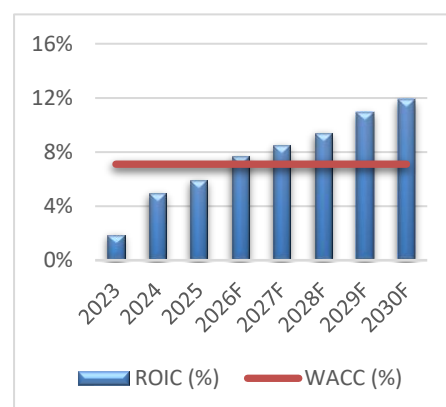
Source: Annual Reports, Author Analysis

Figure 23 – ROE Forecast



Source: Annual Reports, Author Analysis

Figure 24 – ROIC vs WACC



Source: Annual Reports, Author Analysis

Cash flow quality has also recovered in line with the margin recovery. **Operating cash flow to revenue** was negative in 2022, and climbed back up to 12.1% in 2025, and will reach 14.3% in 2030F, showing that the margin recovery actually delivers real cash generation.

The **sustainable growth rate** (calculated as ROE multiplied by the retention ratio) stands at 12.1% in 2025 and goes to 13.67% by 2030F, which is consistent with the terminal growth rate assumptions in the DCF and provides a good internal cross-check on the long-run earnings trajectory.

The full ratio table can be found in Appendix 14.

8. Investment Risks

Margin Recovery

The biggest near-term risk for Vestas is if they fail to sustain their trend of the margin recovery. Our model projects that the Power Solutions EBIT will rise from 4.2% in 2025 to 8% in 2030F. So, if Power Solutions have a stall in the recovery and deliver lower margins by 2027F of around 3%, the DCF sensitivity table shows a reduction in the share price of around 18%-22%. With this underperformance the majority of the projected 38.1% upside is gone. Also, the ROIC / WACC spread is only +0.6% in our model, and any margin disappointments would surely bring it back below the WACC, while it would also hurt our terminal value assumption that drive around 84% of the current DCF price target.

Cost of materials

The cost structure of Vestas is greatly dependent on commodities like steel, copper, and other rare earth minerals. Steel would be the most important one, since the wind turbine is predominantly made out of steel. Steel prices went up a lot during the pandemic, and the supply chain disruptions that followed, which mainly caused the margin crisis in Vestas. Since then, prices have stabilized, but there still is a dependency on Russian metallurgical coal, which is a clear downside (BloombergNEF, 2025). Copper is also a big part of the manufacturing process, and its prices have also seen recent highs because of the global demand for electrical infrastructure. Vestas has also, not been able to integrate copper vertically into its supply chain like they did with steel, they still source it externally (BloombergNEF, 2025, Vestas 2025). Rare earth minerals that make the magnets for the turbines, also represent a risk, since an estimated 85–90% of the global output is controlled by China. Meaning that any restrictions on those exports could hurt Vestas's supply chain (IEA, 2024).

Chinese Competition

Speaking of China, there is a major risk in the increasing competition from the Chinese OEMs. Currently the wind turbine market outside of China is dominated by western manufacturers. However, Chinese companies had around 50% of all new installations in 2024 (GWEC, 2024). Chinese OEMs have lower costs than their western counterparts, they also have domestic steel production, rare earth mineral supply, and major capital support from their government (BloombergNEF, 2025). The key risk is the speed and the success that these OEMs can penetrate Vestas's markets like Europe, and the Americas where Vestas currently dominates without much resistance. This ties into the margin recovery risk, since of the Chinese OEMs penetrate the market successfully Vestas will have to lower their prices to stay competitive.

Regulatory Risk

A big part of Vestas's business is the handling of construction permits for wind farm development, and they are mostly in areas with not developed regulations, so it is often a slow process. Even though the EU has implemented faster permitting timelines, it still takes 4 to 9 years on average from the identification of the site to the final grid connection (European Commission, 2026). Those delays can require the revenue recognition to be reported into later periods, and disrupt the backlog conversion into

revenue, in result hurting the share price. The delays also slow new order intake, decreasing the backlog, which is an important indicator of new revenue.

Backlog Conversion

Vestas is entering 2026F with the highest backlog in company's history. Even though backlog size is necessary for future revenue delivery, it does not mean that it guarantees that revenue. The Power Solutions backlog includes thousands of individual contracts, across the entire planet, and some of the contracts having fixed prices. Which means that any disruption like new bottlenecks, or logistical constraints are a direct cost to Vestas, without them having the ability to pass on some of those costs onto the customer. In the Service segment, Vestas has historically retained most of its installed base under long-term contracts, but there is increasing competition from independent service operators and utility self-service programs (Vestas, 2025). An additional conversion risk comes from the interest rate risk. Wind farm development is typically 70–80% project-finance funded. Which means that when interest rates go up, the required internal rate of return also rises, which reduces the amount of projects that achieve that required return and in the end slow new orders coming into the backlog (BloombergNEF, 2025).

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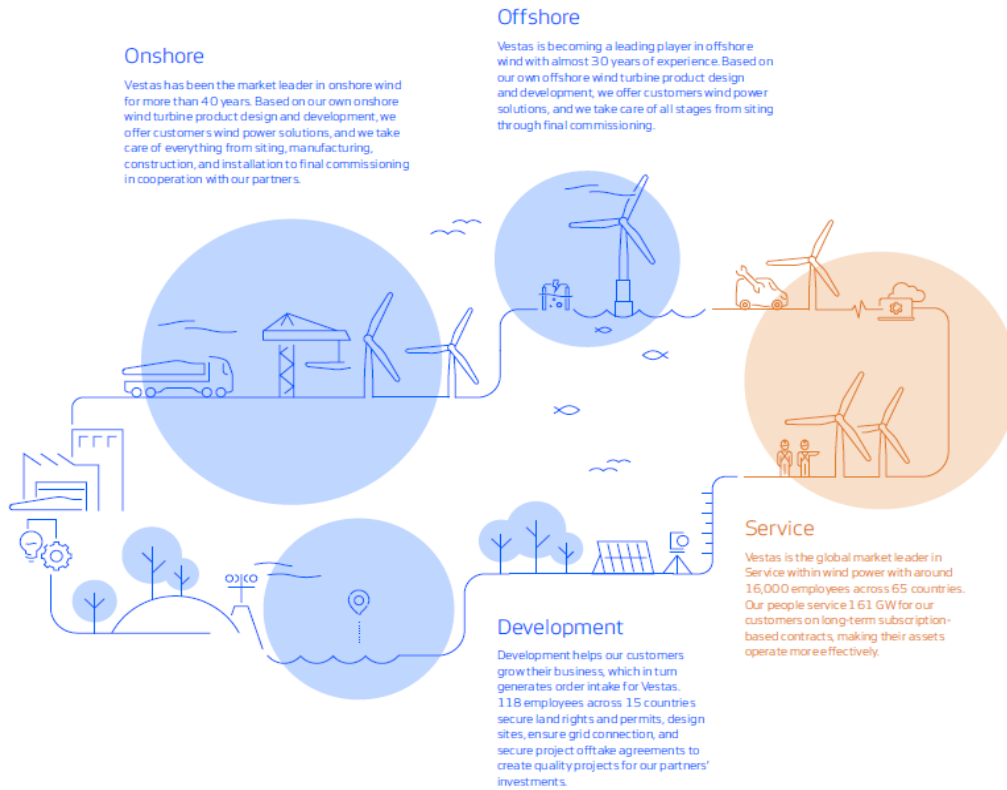
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Appendices

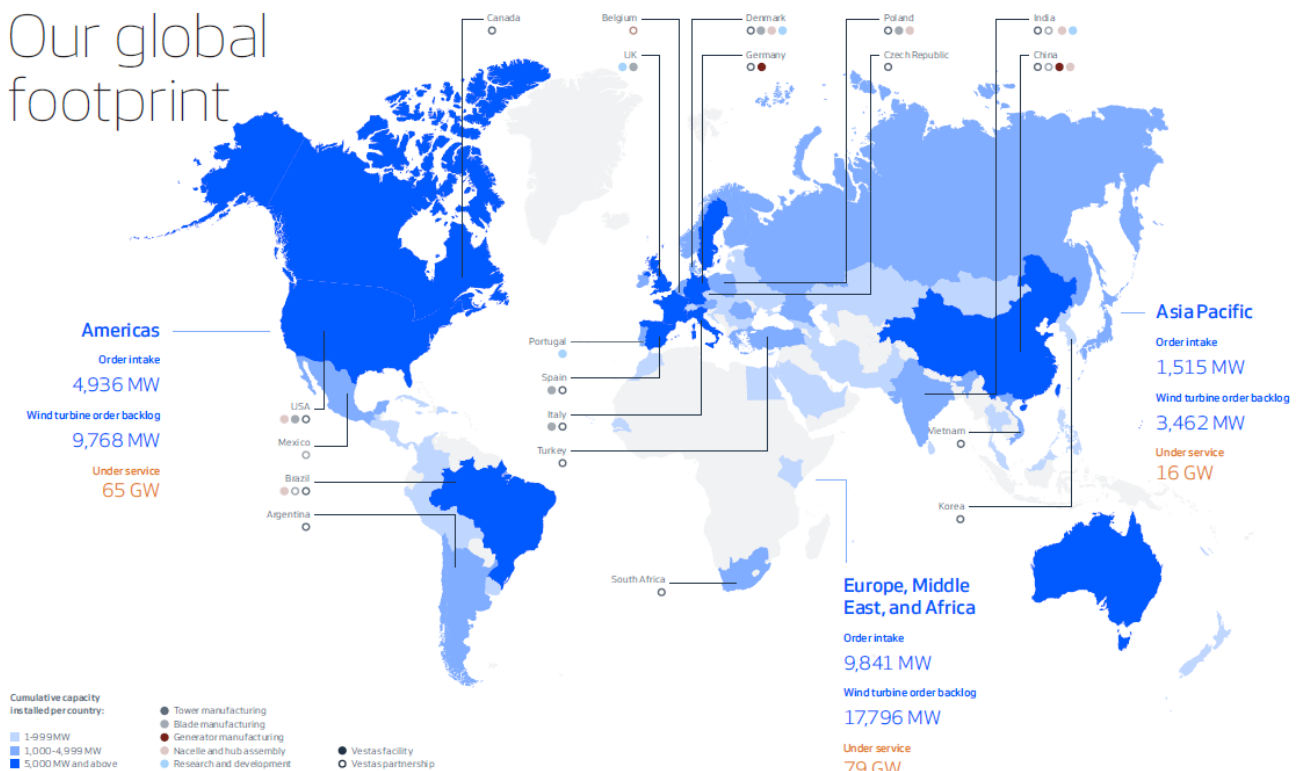
Appendix 1: Business Model



Source: Annual Report 2025

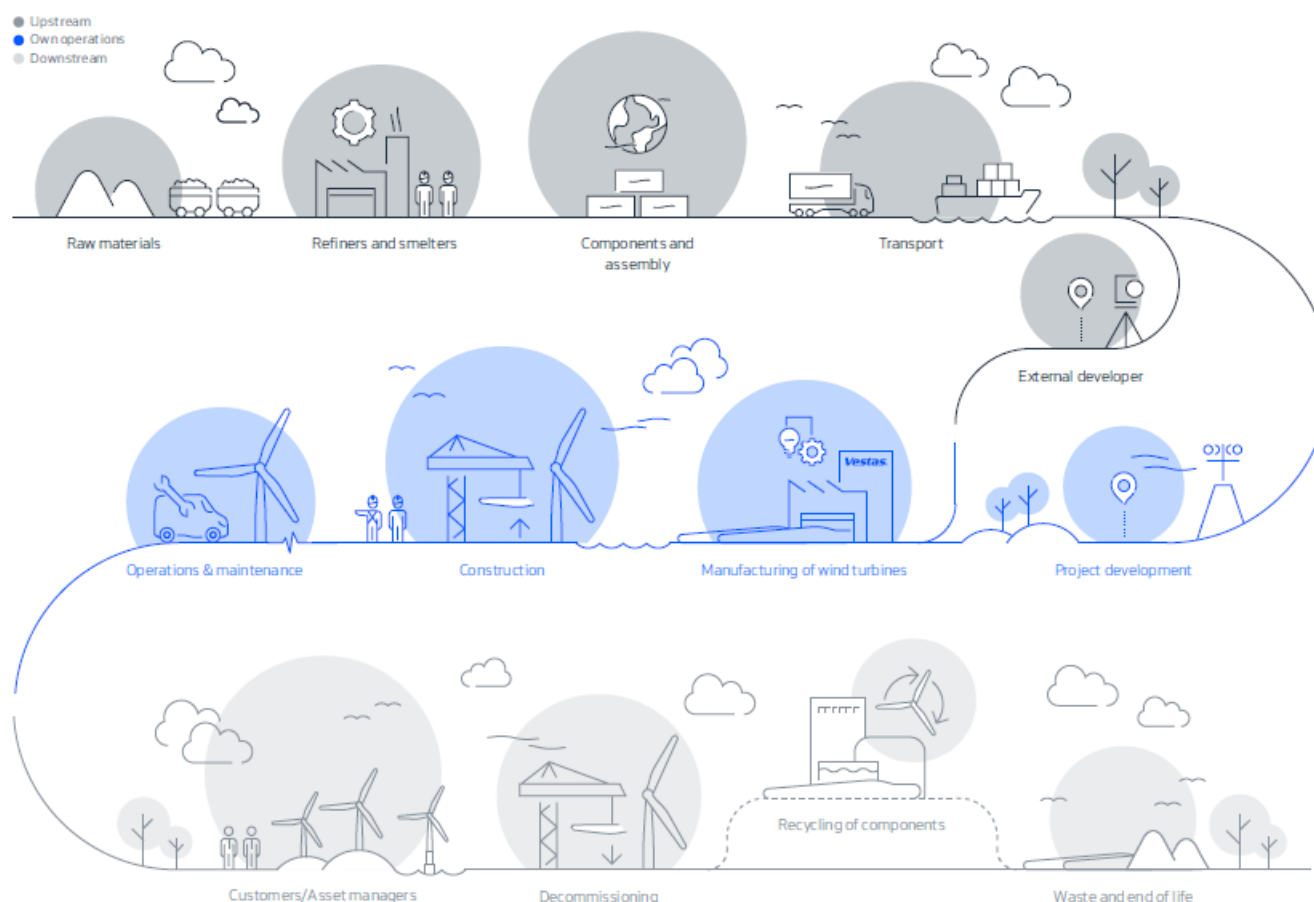
Appendix 2: Global Footprint

Our global footprint



Source: Annual Report 2025

Appendix 3: Value Chain



Source: Annual Report 2025

Appendix 4: Assumptions Rationale

Appendix 4.1: Income Statement Assumptions

Vestas' Financial Assumptions	
Income statement assumptions	
Revenue	Revenue is forecast to grow at a tapering rate from 10% in FY2026 to 6% in FY2030, reflecting strong near-term momentum supported by Vestas' order backlog and the 2026 management outlook of €20-22 billion, with growth moderating gradually as permitting constraints, supply chain capacity, and market maturation temper the pace of expansion in the outer forecast years.
Production Costs	Production costs are forecast to decline gradually from 86.7% of revenue in FY2025 to 83.5% by FY2030, reflecting Vestas' ongoing margin recovery as legacy fixed-price contracts roll off and are replaced by contracts signed at improved pricing, alongside operational efficiency gains from turbine platform standardisation and supply chain optimisation. This is consistent with management's guidance for continued margin improvement and Vestas' long-term EBIT margin ambition.
R&D costs	Forecast at 2.3% of revenue, the FY2018-2025 historical average.
Distribution Costs	Forecast at 2.5% of revenue, the FY2018-2025 historical average.
Administration Costs	Forecast at 2.3% of revenue, the FY2018-2025 historical average.
Sale of technology	Sale of technology is assumed to be zero across the forecast period, consistent with their non-recurring nature.
Special Items	Special items are assumed to be zero across the forecast period, consistent with their non-recurring nature.
Income/(loss) from investments in joint ventures and associates	Income from investments in joint ventures and associates is assumed to be zero, reflecting the full integration of MHI Vestas Offshore Wind in 2021 and the absence of material remaining JV commitments.
Net financial items	Net financial items are forecast at -€80m annually across the forecast period, reverting to a normalised level consistent with the FY2019-FY2024 historical average, excluding FY2025 which was distorted by elevated interest income during a period of peak interest rates. The forecast reflects expected debt servicing costs net of declining interest income as the interest rate environment normalises.
Income tax	Assumed an effective tax rate of 25%, based on historical data, excluding the year 2022 when there was a loss
Number of shares outstanding	Shares outstanding are forecast to decline by 10 million shares per year. This reflects the share buyback component of Vestas' capital return policy (see Acquisition of Treasury Shares and Retained Earnings assumptions), under which buybacks retire shares from the outstanding count, partially offsetting the dilutive effect of restricted performance shares. No material new share issuances are assumed.

Source: Author Analysis

Appendix 4.2: Balance Sheet Assumptions – Non-current Assets

Vestas' Financial Assumptions	
Balance Sheet Assumptions - Non-current Assets	
Intangible Assets	Intangibles are forecast using a standard roll-forward approach: $IA(t) = IA(t-1) + CapEx\%(t) - Depreciation(t)$. The proportion of the CapEx that went to IA is proportional to the balance sheet weights of Intangibles in non-current assets. The declining capital intensity implied by flat CapEx against growing revenues is consistent with Vestas' long-term margin improvement narrative and the increasing contribution of the service segment, which requires significantly less capital investment than the power solutions manufacturing business.
Depreciation	Depreciation is forecast at 5.25% of revenue, consistent with the normalised FY2023–2025 average of 5.23%, excluding the distorted FY2021–2022 period which was impacted by significant impairment charges. This approach provides a stable and revenue-linked depreciation trajectory aligned with Vestas' asset base growth.
CapEx	Capital expenditure is assumed at €1,200m in FY2026, in line with Vestas' management guidance (Vestas, 2025), growing at 3% annually thereafter. This modest growth rate implies declining capital intensity relative to revenue, consistent with Vestas' strategy of expanding its asset-light service business, while acknowledging that some incremental manufacturing investment is required to support offshore capacity growth.
Property, plant and equipment	PP&E is forecast using a standard roll-forward approach: $PP\&E(t) = PP\&E(t-1) + CapEx(t) - Depreciation(t)$. The proportion of the CapEx that went to IA is proportional to the balance sheet weights of Intangibles in non-current assets. The declining capital intensity implied by flat CapEx against growing revenues is consistent with Vestas' long-term margin improvement narrative and the increasing contribution of the service segment, which requires significantly less capital investment than the power solutions manufacturing business.
Investments in joint ventures and associates	Investments in joint ventures and associates are forecast to decline by 2% annually from 2026–2030. Vestas has not announced material new JV commitments, and the balance has been stable to slightly decreasing since 2022. The forecast reflects minor equity-method adjustments and no major strategic changes.
Other investments	Other investments are held constant at 171 mEUR from 2026–2030. The line has shown no material growth or volatility historically, and Vestas has not indicated any new long-term investment initiatives. As such, a flat forecast is appropriate.
Tax receivables	Tax receivables are forecast using a stability-and-reversion approach. Non-current tax receivables gradually reduce, consistent with the reversal of timing differences and the absence of structural tax credits.
Deferred tax (Assets and Liabilities)	Deferred tax assets are forecast to gradually reduce by 2% every year, reflecting the unwinding of temporary differences related to contract liabilities, provisions, and depreciation.
Other receivables	Other receivables are forecast using a stability-based approach. Non-current other receivables grow at 3% annually, reflecting long-term deposits and stable non-trade balances. No structural changes in Vestas' working-capital profile are assumed.
Financial investments	Financial investments are forecast using a stability-based approach. Non-current financial investments remain at 0 mEUR, consistent with their 2025 reclassification and the absence of long-term financial holdings.

Source: Author Analysis

Appendix 4.3: Balance Sheet Assumptions – Current Assets

Vestas' Financial Assumptions	
Balance Sheet Assumptions - Current Assets	
Inventories	Inventories are forecast as a percentage of revenue using the historical average while excluding 2020–2023 because of the supply chain disruptions. This approach reflects steady-state working-capital needs aligned with Vestas' production scale.
Trade receivables	Trade receivables are forecast as a percentage of revenue using the normalized 2023–2025 average. DSO fluctuates due to project timing, so a revenue-based ratio provides a more stable and realistic forecast aligned with Vestas' billing structure.
Contract assets	Contract assets are forecast at 14.6% of revenue, stabilising at the FY2025 level. The historical upward trend reflects the growing offshore project mix and longer milestone billing cycles. This trend is assumed to plateau as the offshore segment reaches a more mature operating rhythm.
Contract costs	Contract costs are forecast at 3.0% of revenue, held flat at the FY2025 level, reflecting a stable incremental cost structure associated with contract origination and fulfillment.
Tax receivables	Tax receivables are forecast using a stability-and-reversion approach. Current tax receivables remain constant, reflecting their historically stable pattern.
Other receivables	Current other receivables grow at 1% annually, consistent with their historically low volatility and weak correlation with revenue. No structural changes in Vestas' working-capital profile are assumed.
Financial investments	Current financial investments grow at 1% annually, reflecting minor treasury adjustments and the historically stable pattern of this line.
Assets held for sale	Assets held for sale are forecast at zero across the forecast period. The balance was zero in FY2024 and FY2025, and Vestas has not indicated any planned asset disposals or discontinued operations.

Source: Author Analysis

Appendix 4.4: Balance Sheet Assumptions – Equity

Vestas' Financial Assumptions	
Balance Sheet Assumptions - Equity	
Share capital	Set flat at 27m
Other reserves	Other reserves are held constant at the FY2025 level of -€215m. This line is driven by currency translation adjustments and actuarial gains and losses on pension obligations, which are inherently unpredictable. A flat assumption is standard practice in financial modelling absent specific hedging or pension assumptions."
Retained earnings	Retained earnings are forecast using a roll-forward approach: $RE(t) = RE(t-1) + Net\ profit(t) - Total\ shareholder\ returns(t)$. Total shareholder returns are assumed at 40% of net income annually, consistent with Vestas' revised capital return policy of returning at least 40% of the annual net result through a combination of dividends and share buybacks (Vestas, 2025). This is consistent with the FY2025 total payout of €400m, representing 51% of net result, with the base case conservatively assuming the policy minimum of 40%
Non-controlling interests	Assumed to stay flat at FY2025 amount.

Source: Author Analysis

Appendix 4.5: Balance Sheet Assumptions – Non-current Liabilities

Vestas' Financial Assumptions	
Balance Sheet Assumptions - Non-current Liabilities	
Provisions	Non-current provisions are forecast at 7.5% of revenue, consistent with the normalised FY2023–2025 average. These provisions primarily relate to warranty obligations on delivered turbines, which scale naturally with the growing installed base and revenue.
Deferred tax	Deferred tax liabilities remain constant, consistent with their historically stable pattern and the absence of structural changes in Vestas' tax position.
Financial debts	Non-current financial debts are forecast to decline gradually by 10% per year, from €2,592m in FY2025 to €1531,m by FY2030, continuing the deleveraging trajectory observed since the FY2023 peak of €3,224m. This reflects Vestas' active debt repayment as profitability recovers, consistent with its financial discipline and NIBD/EBITDA target of below 1x. No new material debt issuances are assumed, consistent with Vestas' strong net cash position and robust free cash flow generation throughout the forecast
Tax payables	Non-current tax payables are forecast to decline gradually by 15% each year from €699m in FY2025 to €310m by FY2030, reflecting the continued normalisation of elevated tax positions accumulated during the FY2022–2024 profitability recovery period. The gradual reduction avoids an unrealistic cliff-edge unwinding while acknowledging the clear downward trend observed since the FY2024 peak of €830m. The outer year figures of approximately €280-320m are broadly consistent with the pre-crisis FY2018–2021 range of €212–€331m, representing a return to normalised long-term tax liability levels.
Other liabilities	Non-current other liabilities are held constant at the FY2025 level of €196m, consistent with their historically stable pattern and the absence of any indicated structural changes.

Source: Author Analysis

Appendix 4.6: Balance Sheet Assumptions – Current Liabilities

Vestas' Financial Assumptions	
Balance Sheet Assumptions - Current Liabilities	
Provisions	Current provisions are forecast at 4.5% of revenue, consistent with the normalised FY2024–2025 average, reflecting short-term warranty claims and project-related provisions that scale with delivery volumes.
Contract liabilities	Contract liabilities are forecast at 49.3% of revenue, consistent with the FY2025 level and broadly in line with the FY2023–2025 average. This reflects Vestas' advance payment structure on long-term turbine supply contracts, which has remained structurally stable.
Financial debts	Current financial debts are held constant at €200m, reverting to the FY2024 normalised level. The FY2025 figure of €782m is assumed to reflect short-term debt reclassification rather than a structural increase in current borrowings. While non-current financial debts are forecast to decline in line with Vestas' deleveraging trajectory, current financial debts are held constant at €200m reflecting their operational rather than strategic nature and higher short-term volatility.
Trade payables	Trade payables are forecast at 25.3% of revenue, consistent with the FY2025 ratio and broadly stable historical pattern, reflecting Vestas' consistent payment terms with its supplier base.
Tax payables	Current tax payables are held constant at the FY2025 level of €115m, reflecting their historically low volatility and the absence of anticipated structural changes in Vestas' current tax position.
Other liabilities	Current other liabilities are forecast at 6% of revenue, consistent with the FY2024–2025 average of approximately 6.1%, reflecting accrued expenses and other short-term obligations that scale broadly with business activity
Liabilities related to assets held for sale	Assumed zero

Source: Author Analysis

Appendix 4.7: Cash Flow Assumptions

Vestas' Financial Assumptions	
Cash Flow Assumptions	
Operating Activities	
Adjustments for non-cash transactions	Adjustments for non-cash transactions are forecast as depreciation and amortisation plus €100m annually for other non-cash items including share-based compensation and provisions movements, consistent with the normalised FY2024–2025 average of non-D&A non-cash adjustments
Interest received	Interest received is held constant at the FY2025 level of €165m throughout the forecast period. This is a conservative assumption given the growing forecast cash balance, partially offset by the expected normalisation of interest rates from their 2023–2024
Interest paid	Interest paid is forecast by applying the implied FY2025 average interest rate of 3.47% to the average financial debt balance each year, calculated as the mean of opening and closing total financial debt. This approach ensures internal consistency between the declining debt assumption and the associated financing costs, with interest paid declining from €102m in FY2026 to €63m by FY2030 as the debt balance is progressively reduced.
Income tax paid	Income tax paid is forecast at 90% of the annual income tax expense, reflecting the typical one-period lag between tax accrual and cash settlement across Vestas' multinational operations.
Change in NWC	Change in Net Working Capital is not forecast as an independent assumption but is derived as the net movement in the working-capital balance sheet items set out above (Inventories, Trade receivables, Contract assets, Contract costs, Trade payables, Contract liabilities, and current Provisions/Other liabilities), each of which is forecast as a percentage of revenue.

Financing Activities	
Purchase of intangible assets	Purchases of intangible assets are forecast at 2.7% of revenue, consistent with the historical average. This primarily reflects ongoing capitalised R&D expenditure and software investments, which scale naturally with business activity and Vestas' continued investment in digital service platforms and turbine technology development.
Purchase of property, plant and equipment	Purchases of PP&E are derived as total CapEx less intangible asset purchases. Total CapEx is assumed at €1,200m in FY2026 in line with management guidance, growing at 3% annually thereafter. The PP&E component remains broadly stable at approximately €620-640m annually as the growth in total CapEx is largely absorbed by the intangible asset investments scaling with revenue.
Proceeds from receipt of grants	Assumed zero
Proceeds from sale of intangible assets	Assumed zero
Proceeds from sale of property, plant and equipment	Proceeds from sale of PP&E are forecast at €10m annually, consistent with the normalised historical average excluding the one-off asset disposal programme in FY2022–2023.
Dividends from investments in joint ventures and associates	Dividends from investments in joint ventures and associates are forecast at €10m annually, consistent with the modest and stable distributions received from remaining minority JV holdings following the full integration of MHI Vestas Offshore Wind in 2021
Purchase of shares in joint ventures and associates	Purchases of shares in joint ventures and associates are forecast at €5m annually, reflecting minor equity contributions to remaining JV positions consistent with the FY2023–2025 historical average
Purchase of other financial assets	Assumed to be zero, consistent with the negligible and inactive nature of this line.
Proceeds from sale of other financial assets	Assumed to be zero, consistent with the negligible and inactive nature of this line.
Acquisition of businesses	Assumed to be zero, consistent with the negligible and inactive nature of this line.
Proceeds from sale of investments in joint ventures and associates	Assumed to be zero, consistent with the negligible and inactive nature of this line.
Purchase/disposal of financial investments	Assumed to be zero, consistent with the negligible and inactive nature of this line.
Investing Activities	
Acquisition of treasury shares	Acquisition of treasury shares is forecast as the residual of total shareholder returns after dividends, where total returns equal 40% of net income annually consistent with Vestas' revised capital return policy (Vestas, 2025).
Dividend paid	Total shareholder returns are forecast at 40% of net income annually, consistent with Vestas' revised capital return policy of returning at least 40% of the annual net result (Vestas, 2025). The dividend is assumed to grow by €20m annually from the FY2025 base of €100m, reflecting gradual per share dividend growth as profitability recovers, with the remaining payout delivered through share buyback programmes.
Payment of lease liabilities	Payment of lease liabilities is forecast to grow modestly by 10% annually, reflecting the continued expansion of Vestas' leased manufacturing and service facility footprint as the business grows, with the rate of increase moderating relative to the FY2019–2025 trend as the lease portfolio reaches maturity
Proceeds from borrowings	Proceeds from borrowings are set at zero in FY2026–2028 and €150m in each of FY2029–2030, serving as a modest financing buffer in the outer forecast years. This functions as the model's balancing mechanism on the financing side, a standard approach in three-statement models to ensure the balance sheet ties out without introducing an explicit revolver or cash sweep schedule
Payment of financial debt	Payment of financial debt is calculated as the residual required to reconcile the projected financial debt balance with the non-current debt deleveraging path (10% annual reduction) and the flat €200m current financial debt assumption, net of the new borrowings above. As the model's balancing item on the financing side, the resulting repayment figures absorb both the FY2025 current debt normalisation (from €782m to €200m) and the ongoing non-current debt reduction.
Transactions with non-controlling interest	Assumed to be zero, consistent with the negligible and inactive nature of this line.

Source: Author Analysis

Appendix 5: Financial Statements

Appendix 5.1: Income Statement

mEUR	2018	2019	2020	2021	2022	2023	2024	2025	2026F	2027F	2028F	2029F	2030F	Sparkline	CAGR
	Historical								Forecasted						
Revenue	10,134	12,147	14,819	15,587	14,486	15,382	17,295	18,822	20,635	22,417	24,128	25,728	27,177		7.62%
Production Costs	-8,503	-10,386	-13,281	-14,027	-14,368	-14,099	-15,238	-16,325	-17,746	-19,166	-20,508	-21,612	-22,693		6.81%
Gross Profit	1,631	1,761	1,538	1,560	118	1,283	2,057	2,497	2,889	3,250	3,619	4,116	4,484		12.42%
R&D costs	-229	-268	-265	-364	-457	-371	-380	-424	-480	-521	-561	-598	-632		8.31%
Distribution Costs	-189	-222	-281	-367	-462	-452	-535	-545	-517	-562	-605	-645	-681		4.57%
Administration Costs	-254	-267	-242	-368	-351	-424	-403	-461	-481	-523	-563	-600	-634		6.57%
Sale of technology	0	0	0	0	0	147	0	0	0	0	0	0	0		n/a
Income/(loss) from investments in joint ventures and associates	0	0	0	0	0	48	2	0	0	0	0	0	0		n/a
Operating profit/(loss) (EBIT) before special items	959	1,004	750	461	-1,152	231	741	1,067	1,410	1,644	1,890	2,273	2,537		18.91%
Special items	-38	0	-52	-139	-444	61	53	-52	0	0	0	0	0		n/a
Operating profit/(loss) (EBIT)	921	1,004	698	322	-1,596	292	794	1,015	1,410	1,644	1,890	2,273	2,537		20.11%
Income/(loss) from investments in joint ventures and associates	40	3	331	36	10	-26	-3	7	0	0	0	0	0		n/a
Net financial items	-51	-98	-95	-101	-110	-164	-86	17	-80	-80	-80	-80	-80		n/a
Profit/(loss) before tax	910	909	934	257	-1,696	102	705	1,039	1,330	1,564	1,810	2,193	2,457		18.78%
Income tax	-227	-209	-163	-81	124	-24	-211	-259	-333	-391	-453	-548	-614		18.85%
Profit/(loss) for the year	683	700	771	176	-1,572	78	494	780	998	1,173	1,358	1,645	1,843		18.76%
Profit/(loss) attributable to:															
Shareholders of Vestas Wind Systems A/S	684	704	765	167	-1572	77	499	778	998	1,173	1,358	1,645	1,843		18.82%
Non-controlling interests	-1	-4	6	9	0	1	-5	2	0	0	0	0	0		
Earnings per share (EPS)															
Earnings per share (EUR) basic	3.41	3.57	0.78	0.17	-1.56	0.08	0.50	0.78	1.01	1.20	1.40	1.72	1.94		20.02%
Earnings per share (EUR) diluted	3.39	3.55	0.78	0.17	-1.56	0.08	0.49	0.77	1.00	1.19	1.39	1.71	1.93		20.20%

Source: Historical Financial Statements, Author Analysis

Appendix 5.2: Balance Sheet

Assets	2018	2019	2020	2021	2022	2023	2024	2025	2026F	2027F	2028F	2029F	2030F	Sparklines
mEUR	Historical								Forecasted					
Intangible Assets	1,096	1,208	2,888	3,130	3,065	3,203	3,385	3,436	3,507	3,547	3,559	3,546	3,514	
Property, plant and equipment	1,318	1,671	2,022	2,091	1,752	1,911	2,353	2,792	2,850	2,923	2,945	2,921	2,862	
Investments in joint ventures and associates	233	169	57	609	646	593	577	568	557	546	535	524	513	
Other investments	35	65	69	81	88	99	161	171	171	171	171	171	171	
Tax receivables	98	156	201	229	100	522	832	648	616	585	556	528	501	
Deferred tax	281	324	335	374	497	795	722	883	865	848	831	814	798	
Other receivables	79	85	241	234	219	372	422	398	410	422	435	448	461	
Financial investments	204	211	100	100	95	98	103	0	0	0	0	0	0	
Total non-current assets	3,344	3,889	5,913	6,848	6,462	7,593	8,555	8,896	8,976	9,042	9,031	8,953	8,821	
Inventories	2,987	4,098	5,289	5,673	6,373	6,530	6,008	5,721	6,621	7,193	7,742	8,255	8,720	
Trade receivables	967	1,460	1,538	1,531	1,280	1,305	1,719	1,476	1,807	1,963	2,112	2,252	2,379	
Contract assets	330	528	775	1,227	1,399	1,777	2,127	2,747	3,012	3,272	3,521	3,755	3,966	
Contract costs	328	418	369	690	753	505	526	566	619	672	724	772	815	
Tax receivables	88	125	121	102	51	209	214	231	231	231	231	231	231	
Other receivables	515	752	981	1,105	1,221	1,274	1,518	1,547	1,562	1,578	1,594	1,610	1,626	
Financial investments	422	173	111	116	0	3	160	164	166	167	169	171	172	
Cash and cash equivalents	2,918	2,888	3,063	2,420	2,378	3,318	3,817	4,384	4,248	5,152	6,259	7,599	9,089	
Assets held for sale	0	0	0	0	173	0	0	0	0	0	0	0	0	
Total current assets	8,555	10,442	12,247	12,864	13,628	14,921	16,089	16,836	18,265	20,228	22,352	24,645	26,999	
Total assets	11,899	14,331	18,160	19,712	20,090	22,514	24,644	25,732	27,241	29,271	31,383	33,598	35,821	

Equity and liabilities	2018	2019	2020	2021	2022	2023	2024	2025	2026F	2027F	2028F	2029F	2030F	Sparklines
Share capital	28	27	27	27	27	27	27	27	27	27	27	27	27	
Other reserves	22	-67	-146	22	15	-102	-78	-215	-215	-215	-215	-215	-215	
Retained earnings	3,042	3,333	4,773	4,699	3,002	3,102	3,580	4,055	4,654	5,358	6,172	7,159	8,265	
Equity attributable to vestas Wind System A/S shareholder	3,092	3,293	4,654	4,748	3,044	3,027	3,529	3,867	4,466	5,170	5,984	6,971	8,077	
Non-controlling interests	12	52	49	13	16	15	13	14	14	14	14	14	14	
Total equity	3,104	3,345	4,703	4,761	3,060	3,042	3,542	3,881	4,480	5,184	5,998	6,985	8,091	
Provisions	491	459	696	686	944	1,225	1,263	1,292	1,548	1,681	1,810	1,930	2,038	
Deferred tax	120	147	158	362	158	164	179	225	225	225	225	225	225	
Financial debts	498	661	867	732	2,179	3,224	3,071	2,592	2,333	2,100	1,890	1,701	1,531	
Tax payables	212	296	331	326	177	635	830	699	594	505	429	365	310	
Other liabilities	69	76	173	145	59	204	279	196	196	196	196	196	196	
Total non-current liabilities	1,390	1,639	2,225	2,251	3,517	5,452	5,622	5,004	4,896	4,707	4,549	4,416	4,300	
Provisions	126	221	580	646	829	783	944	766	929	1,009	1,086	1,158	1,223	
Contract liabilities	4,202	5,020	5,613	6,180	6,937	7,995	8,997	9,270	10,163	11,040	11,883	12,671	13,385	
Financial debts	0	159	487	704	248	163	200	782	200	200	200	200	200	
Trade payables	2,417	3,119	3,608	4,286	4,089	3,738	4,129	4,766	5,221	5,671	6,104	6,509	6,876	
Tax payables	112	128	86	75	58	176	141	115	115	115	115	115	115	
Other liabilities	548	700	858	809	1,349	1,165	1,069	1,148	1,238	1,345	1,448	1,544	1,631	
Liabilities related to assets held for sale	0	0	0	0	3	0	0	0	0	0	0	0	0	
Total current liabilities	7,405	9,347	11,232	12,700	13,513	14,020	15,480	16,847	17,865	19,380	20,836	22,197	23,429	
Total liabilities	8,795	10,986	13,457	14,951	17,030	19,472	21,102	21,851	22,761	24,087	25,385	26,613	27,729	
Total equity and liabilities	11,899	14,331	18,160	19,712	20,090	22,514	24,644	25,732	27,241	29,271	31,383	33,598	35,820	

Source: Historical Financial Statements, Author Analysis

Appendix 5.3: Cash Flow Statement

mEUR	2018	2019	2020	2021	2022	2023	2024	2025	2026F	2027F	2028F	2029F	2030F
Caption	Historical								Forecasted				
Profit/(loss) for the year	683	700	771	176	1,572	78	494	780	998	1,173	1,358	1,645	1,843
Adjustments for non-cash transactions	716	831	803	1,005	1,713	1,177	1,382	1,153	1,821	1,768	1,910	2,075	2,198
Interest received	13	27	16	19	37	205	70	165	165	165	165	165	165
Interest paid	- 27	- 47	- 40	- 39	- 37	- 205	- 124	- 117	- 102	- 84	- 76	- 69	- 63
Income tax paid	- 195	- 251	- 219	- 174	- 144	- 261	- 245	- 275	- 299	- 352	- 407	- 493	- 553
Cash flow from operating activities before change in net working capital	1,190	1,260	1,331	987	3	994	1,577	1,706	2,582	2,670	2,949	3,322	3,590
Change in net working capital	- 169	- 437	- 588	9	192	33	755	580	- 126	378	363	338	304
Cash flow from operating activities	1,021	823	743	996	195	1,027	2,332	2,286	2,456	3,048	3,311	3,660	3,894
Purchase of intangible assets	- 295	- 325	- 309	- 400	- 448	- 436	- 485	- 457	- 552	- 600	- 645	- 688	- 727
Purchase of property, plant and equipment	- 312	- 451	- 379	- 476	- 371	- 456	- 670	- 821	- 648	- 636	- 628	- 623	- 624
Proceeds from receipt of grants	-	-	-	-	-	-	-	25	-	-	-	-	-
Proceeds from sale of intangible assets	-	-	-	-	-	2	-	-	-	-	-	-	-
Proceeds from sale of property, plant and equipment	8	4	1	3	48	55	13	2	10	10	10	10	10
Dividends from investments in joint ventures and associates	-	-	-	60	13	12	5	19	10	10	10	10	10
Purchase of shares in joint ventures and associates	- 14	- 11	- 3	- 208	- 40	- 21	- 3	- 4	- 5	- 5	- 5	- 5	- 5
Purchase of other financial assets	-	-	1	8	3	16	108	-	-	-	-	-	-
Proceeds from sale of other financial assets	-	2	-	-	-	3	53	-	-	-	-	-	-
Acquisition of businesses	- 65	- 3	218	-	-	8	-	19	-	-	-	-	-
Proceeds from sale of investments in joint ventures and associates	10	52	32	95	-	86	10	-	-	-	-	-	-
Purchase/disposal of financial investments	- 422	241	174	5	116	- 3	156	91	-	-	-	-	-
Cash flow from investing activities	- 1,090	- 491	- 267	- 939	- 679	- 782	- 1,341	- 1,164	- 1,185	- 1,221	- 1,258	- 1,296	- 1,336
Free Cash Flow	- 69	332	476	57	- 874	245	991	1,122	1,271	1,827	2,053	2,364	2,559
Acquisition of treasury shares	- 402	- 201	-	12	-	11	- 40	- 282	- 299	- 349	- 403	- 498	- 557
Dividend paid	- 250	- 197	- 209	- 228	- 50	-	-	- 74	- 100	- 120	- 140	- 160	- 180
Payment of lease liabilities	-	61	- 82	- 135	- 147	- 162	- 177	- 216	- 238	- 261	- 287	- 316	- 348
Proceeds from borrowings	-	100	94	642	1,756	1,137	84	150	-	-	-	150	150
Payment of financial debt	-	8	- 37	- 960	- 713	- 221	- 345	- 122	- 771	- 192	- 116	- 200	- 134
Transactions with non-controlling interest	13	-	-	22	-	-	-	-	-	-	-	-	-
Cash flow from financing activities	- 639	- 367	- 234	- 715	846	743	- 478	- 544	- 1,408	- 923	- 947	- 1,024	- 1,069
Net increase in cash and cash equivalents	- 708	35	242	- 658	28	988	513	578	- 136	905	1,107	1,340	1,490
Cash and cash equivalents at 1 January	3,653	2,918	2,888	3,063	2,420	2,378	3,318	3,817	4,384	4,248	5,152	6,259	7,599
Exchance rate adjustments on cash and cash equivalents	- 27	5	67	15	14	48	14	11	-	-	-	-	-
Cash and cash equivalents at 31 December	2,918	2,888	3,063	2,420	2,378	3,318	3,817	4,384	4,248	5,152	6,259	7,599	9,089

Source: Historical Financial Statements, Author Analysis

Appendix 6: Common Size Financial Statements

Appendix 6.1: Common Size Income Statement

% of Revenues	2018	2019	2020	2021	2022	2023	2024	2025	2026F	2027F	2028F	2029F	2030F
	Historical								Forecasted				
Revenue	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Production Costs	-83.91%	-85.50%	-89.62%	-89.99%	-99.19%	-91.66%	-88.11%	-86.73%	-86.00%	-85.50%	-85.00%	-84.00%	-83.50%
Gross Profit	16.09%	14.50%	10.38%	10.01%	0.81%	8.34%	11.89%	13.27%	14.00%	14.50%	15.00%	16.00%	16.50%
R&D costs	-2.26%	-2.21%	-1.79%	-2.34%	-3.15%	-2.41%	-2.20%	-2.25%	-2.33%	-2.33%	-2.33%	-2.33%	-2.33%
Distribution Costs	-1.87%	-1.83%	-1.90%	-2.35%	-3.19%	-2.94%	-3.09%	-2.90%	-2.51%	-2.51%	-2.51%	-2.51%	-2.51%
Administration Costs	-2.51%	-2.20%	-1.63%	-2.36%	-2.42%	-2.76%	-2.33%	-2.45%	-2.33%	-2.33%	-2.33%	-2.33%	-2.33%
Sale of technology	0.00%	0.00%	0.00%	0.00%	0.00%	0.96%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Income/(loss) from investments in joint ventures and associates	0.00%	0.00%	0.00%	0.00%	0.00%	0.31%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Operating profit/(loss) (EBIT) before special items	9.46%	8.27%	5.06%	2.96%	-7.95%	1.50%	4.28%	5.67%	6.83%	7.33%	7.83%	8.83%	9.33%
Special items	-0.37%	0.00%	-0.35%	-0.89%	-3.07%	0.40%	0.31%	-0.28%	0.00%	0.00%	0.00%	0.00%	0.00%
Operating profit/(loss) (EBIT)	9.09%	8.27%	4.71%	2.07%	-11.02%	1.90%	4.59%	5.39%	6.83%	7.33%	7.83%	8.83%	9.33%
Income/(loss) from investments in joint ventures and associates	0.39%	0.02%	2.23%	0.23%	0.07%	-0.17%	-0.02%	0.04%	0.00%	0.00%	0.00%	0.00%	0.00%
Net financial items	-0.50%	-0.81%	-0.64%	-0.65%	-0.76%	-1.07%	-0.50%	0.09%	-0.39%	-0.36%	-0.33%	-0.31%	-0.29%
Profit/(loss) before tax	8.98%	7.48%	6.30%	1.65%	-11.71%	0.66%	4.08%	5.52%	6.45%	6.98%	7.50%	8.52%	9.04%
Income tax	-2.24%	-1.72%	-1.10%	-0.52%	0.86%	-0.16%	-1.22%	-1.38%	-1.61%	-1.74%	-1.88%	-2.13%	-2.26%
Profit/(loss) for the year	6.74%	5.76%	5.20%	1.13%	-10.85%	0.51%	2.86%	4.14%	4.84%	5.23%	5.63%	6.39%	6.78%
Profit/(loss) attributable to:													
Shareholders of Vestas Wind Systems A/S	7%	6%	5%	1%	-11%	1%	3%	4%	4.84%	5.23%	5.63%	6.39%	6.78%
Non-controlling interests	0%	0%	0%	0%	0%	0%	0%	0%	0.00%	0.00%	0.00%	0.00%	0.00%
Earnings per share (EPS)	0%	0%	0%	0%	0%	0%	0%	0%	0.00%	0.00%	0.00%	0.00%	0.00%
Earnings per share (EUR) basic	0%	0%	0%	0%	0%	0%	0%	0%	0.00%	0.01%	0.01%	0.01%	0.01%
Earnings per share (EUR) diluted	0%	0%	0%	0%	0%	0%	0%	0%	0.00%	0.01%	0.01%	0.01%	0.01%

Source: Author Analysis

Appendix 6.2: Common Size Balance Sheet

Assets (% of Total Assets)	2018	2019	2020	2021	2022	2023	2024	2025	2026F	2027F	2028F	2029F	2030F
mEUR	Historical								Forecasted				
Intangible Assets	9.21%	8.43%	15.90%	15.88%	15.26%	14.23%	13.74%	13.35%	12.87%	12.12%	11.34%	10.56%	9.81%
Property, plant and equipment	11.08%	11.66%	11.13%	10.61%	8.72%	8.49%	9.55%	10.85%	10.46%	9.99%	9.38%	8.70%	7.99%
Investments in joint ventures and associates	1.96%	1.18%	0.31%	3.09%	3.22%	2.63%	2.34%	2.21%	2.04%	1.86%	1.70%	1.56%	1.43%
Other investments	0.29%	0.45%	0.38%	0.41%	0.44%	0.44%	0.65%	0.66%	0.63%	0.58%	0.54%	0.51%	0.48%
Tax receivables	0.82%	1.09%	1.11%	1.16%	0.50%	2.32%	3.38%	2.52%	2.26%	2.00%	1.77%	1.57%	1.40%
Deferred tax	2.36%	2.26%	1.84%	1.90%	2.47%	3.53%	2.93%	3.43%	3.18%	2.90%	2.65%	2.42%	2.23%
Other receivables	0.66%	0.59%	1.33%	1.19%	1.09%	1.65%	1.71%	1.55%	1.50%	1.44%	1.39%	1.33%	1.29%
Financial investments	1.71%	1.47%	0.55%	0.51%	0.47%	0.44%	0.42%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total non-current assets	28.10%	27.14%	32.56%	34.74%	32.17%	33.73%	34.71%	34.57%	32.95%	30.89%	28.78%	26.65%	24.63%
Inventories	25.10%	28.60%	29.12%	28.78%	31.72%	29.00%	24.38%	22.23%	24.31%	24.57%	24.67%	24.57%	24.34%
Trade receivables	8.13%	10.19%	8.47%	7.77%	6.37%	5.80%	6.98%	5.74%	6.63%	6.70%	6.73%	6.70%	6.64%
Contract assets	2.77%	3.68%	4.27%	6.22%	6.96%	7.89%	8.63%	10.68%	11.06%	11.18%	11.22%	11.18%	11.07%
Contract costs	2.76%	2.92%	2.03%	3.50%	3.75%	2.24%	2.20%	2.20%	2.27%	2.30%	2.31%	2.30%	2.28%
Tax receivables	0.74%	0.87%	0.67%	0.52%	0.25%	0.93%	0.87%	0.90%	0.85%	0.79%	0.74%	0.69%	0.64%
Other receivables	4.33%	5.25%	5.40%	5.61%	6.08%	5.66%	6.16%	6.01%	5.74%	5.39%	5.08%	4.79%	4.54%
Financial investments	3.55%	1.21%	0.61%	0.59%	0.00%	0.01%	0.65%	0.64%	0.61%	0.57%	0.54%	0.51%	0.48%
Cash and cash equivalents	24.52%	20.15%	16.87%	12.28%	11.84%	14.74%	15.49%	17.04%	15.59%	17.60%	19.94%	22.62%	25.37%
Assets held for sale	0.00%	0.00%	0.00%	0.86%	0.86%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total current assets	71.90%	72.86%	67.44%	65.26%	67.83%	66.27%	65.29%	65.43%	67.05%	69.11%	71.22%	73.35%	75.37%
Total assets	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Equity and liabilities (% of Total Assets)	Historical								Forecasted				
Share capital	0.24%	0.19%	0.15%	0.14%	0.13%	0.12%	0.11%	0.10%	0.10%	0.09%	0.09%	0.08%	0.08%
Other reserves	0.18%	-0.47%	-0.80%	0.11%	0.07%	-0.45%	-0.32%	-0.84%	-0.79%	-0.73%	-0.69%	-0.64%	-0.60%
Retained earnings	25.57%	23.26%	26.28%	23.84%	14.94%	13.78%	14.53%	15.76%	17.08%	18.30%	19.67%	21.31%	23.07%
Equity attributable to vestas Wind System A/S shareholders	25.99%	22.98%	25.63%	24.09%	15.15%	13.44%	14.32%	15.03%	16.39%	17.66%	19.07%	20.75%	22.55%
Non-controlling interests	0.10%	0.36%	0.27%	0.07%	0.08%	0.07%	0.05%	0.05%	0.05%	0.05%	0.04%	0.04%	0.04%
Total equity	26.09%	23.34%	25.90%	24.15%	15.23%	13.51%	14.37%	15.08%	16.44%	17.71%	19.11%	20.79%	22.59%
Provisions	4.13%	3.20%	3.83%	3.48%	4.70%	5.44%	5.12%	5.02%	5.68%	5.74%	5.77%	5.74%	5.69%
Deferred tax	1.01%	1.03%	0.87%	1.84%	0.79%	0.73%	0.73%	0.87%	0.83%	0.77%	0.72%	0.67%	0.63%
Financial debts	4.19%	4.61%	4.77%	3.71%	10.85%	14.32%	12.46%	10.07%	8.56%	7.17%	6.02%	5.06%	4.27%
Tax payables	1.78%	2.07%	1.82%	1.65%	0.88%	2.82%	3.37%	2.72%	2.18%	1.73%	1.37%	1.09%	0.87%
Other liabilities	0.58%	0.53%	0.95%	0.74%	0.29%	0.91%	1.13%	0.76%	0.72%	0.67%	0.62%	0.58%	0.55%
Total non-current liabilities	11.68%	11.44%	12.25%	11.42%	17.51%	24.22%	22.81%	19.45%	17.97%	16.08%	14.50%	13.14%	12.00%
Provisions	1.06%	1.54%	3.19%	3.28%	4.13%	3.48%	3.83%	2.98%	3.41%	3.45%	3.46%	3.45%	3.41%
Contract liabilities	35.31%	35.03%	30.91%	31.35%	34.53%	35.51%	36.51%	36.03%	37.31%	37.72%	37.86%	37.71%	37.37%
Financial debts	0.00%	1.11%	2.68%	3.57%	1.23%	0.72%	0.81%	3.04%	0.73%	0.68%	0.64%	0.60%	0.56%
Trade payables	20.31%	21.76%	19.87%	21.74%	20.35%	16.60%	16.75%	18.52%	19.16%	19.38%	19.45%	19.37%	19.20%
Tax payables	0.94%	0.89%	0.47%	0.38%	0.29%	0.78%	0.57%	0.45%	0.42%	0.39%	0.37%	0.34%	0.32%
Other liabilities	4.61%	4.88%	4.72%	4.10%	6.71%	5.17%	4.34%	4.46%	4.55%	4.60%	4.61%	4.59%	4.55%
Liabilities related to assets held for sale	0.00%	0.00%	0.00%	0.00%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total current liabilities	62.23%	65.22%	61.85%	64.43%	67.26%	62.27%	62.81%	65.47%	65.58%	66.21%	66.39%	66.07%	65.41%
Total liabilities	73.91%	76.66%	74.10%	75.85%	84.77%	86.49%	85.63%	84.92%	83.55%	82.29%	80.89%	79.21%	77.41%
Total equity and liabilities	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: Author Analysis

Appendix 6.3: Common Size Cash Flow Statement

% of Revenue	2018	2019	2020	2021	2022	2023	2024	2025	2026F	2027F	2028F	2029F	2030F
Caption	Historical								Forecasted				
Profit/(loss) for the year	6.74%	5.76%	5.20%	1.13%	-10.85%	0.51%	2.86%	4.14%	4.84%	5.23%	5.63%	6.39%	6.78%
Adjustments for non-cash transactions	7.07%	6.84%	5.42%	6.45%	11.83%	7.65%	7.99%	6.13%	8.83%	7.89%	7.91%	8.06%	8.09%
Interest received	0.13%	0.22%	0.11%	0.12%	0.26%	1.33%	0.40%	0.88%	0.80%	0.74%	0.68%	0.64%	0.61%
Interes paid	-0.27%	-0.39%	-0.27%	-0.25%	-0.26%	-1.33%	-0.72%	-0.62%	-0.50%	-0.37%	-0.32%	-0.27%	-0.23%
Income tax paid	-1.92%	-2.07%	-1.48%	-1.12%	-0.99%	-1.70%	-1.42%	-1.46%	-1.45%	-1.57%	-1.69%	-1.92%	-2.03%
Cash flow from operating activities before change in net working capital	11.74%	10.37%	8.98%	6.33%	-0.02%	6.46%	9.12%	9.06%	12.51%	11.91%	12.22%	12.91%	13.21%
Change in net working capital	-1.67%	-3.60%	-3.97%	0.06%	-1.33%	0.21%	4.37%	3.08%	-0.61%	1.69%	1.50%	1.31%	1.12%
Cash flow from operating activities	10.07%	6.78%	5.01%	6.39%	-1.35%	6.68%	13.48%	12.15%	11.90%	13.60%	13.72%	14.23%	14.33%
Purchase of intangible assets	-2.91%	-2.68%	-2.09%	-2.57%	-3.09%	-2.83%	-2.80%	-2.43%	-2.67%	-2.67%	-2.67%	-2.67%	-2.67%
Purchase of property, plant and equipment	-3.08%	-3.71%	-2.56%	-3.05%	-2.56%	-2.96%	-3.87%	-4.36%	-3.14%	-2.84%	-2.60%	-2.42%	-2.29%
Proceeds from receipt of grants	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.13%	0.00%	0.00%	0.00%	0.00%	0.00%
Proceeds from sale of intangible assets	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Proceeds from sale of property, plant and equipment	0.08%	0.03%	0.01%	0.02%	0.33%	0.36%	0.08%	0.01%	0.05%	0.04%	0.04%	0.04%	0.04%
Dividends from investments in joint ventures and associates	0.00%	0.00%	0.00%	0.38%	0.09%	0.08%	0.03%	0.10%	0.05%	0.04%	0.04%	0.04%	0.04%
Purchase of shares in joint ventures and associates	-0.14%	-0.09%	-0.02%	-1.33%	-0.28%	-0.14%	-0.02%	-0.02%	-0.02%	-0.02%	-0.02%	-0.02%	-0.02%
Purcase of other financial assets	0.00%	0.00%	-0.01%	-0.05%	0.02%	-0.10%	-0.62%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Proceeds from sale of other financial assets	0.00%	0.02%	0.00%	0.00%	0.00%	0.02%	0.31%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Acquisition of businesses	-0.64%	-0.02%	1.47%	0.00%	0.00%	-0.05%	0.00%	-0.10%	0.00%	0.00%	0.00%	0.00%	0.00%
Proceeds from sale of investments in joint ventures and associates	0.10%	0.43%	0.22%	0.61%	0.00%	0.56%	0.06%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Purchase/diaposal of financial investments	-4.16%	1.98%	1.17%	-0.03%	0.80%	-0.02%	-0.90%	0.48%	0.00%	0.00%	0.00%	0.00%	0.00%
Cash flow from investing activities	-10.76%	-4.04%	-1.80%	-6.02%	-4.69%	-5.08%	-7.75%	-6.18%	-5.74%	-5.45%	-5.21%	-5.04%	-4.91%

Free Cash Flow	-0.68%	2.73%	3.21%	0.37%	-6.03%	1.59%	5.73%	5.96%	6.16%	8.15%	8.51%	9.19%	9.41%
Acquisition of treasury shares	-3.97%	-1.65%	0.00%	-0.08%	0.00%	-0.07%	-0.23%	-1.50%	-1.45%	-1.56%	-1.67%	-1.94%	-2.05%
Dividend paid	-2.47%	-1.62%	-1.41%	-1.46%	-0.35%	0.00%	0.00%	-0.39%	-0.48%	-0.54%	-0.58%	-0.62%	-0.66%
Payment of lease liabilities	0.00%	-0.50%	-0.55%	-0.87%	-1.01%	-1.05%	-1.02%	-1.15%	-1.15%	-1.17%	-1.19%	-1.23%	-1.28%
Proceeds from borrowings	0.00%	0.82%	0.63%	4.12%	12.12%	7.39%	0.49%	0.80%	0.00%	0.00%	0.00%	0.58%	0.55%
Payment of financial debt	0.00%	-0.07%	-0.25%	-6.16%	-4.92%	-1.44%	-1.99%	-0.65%	-3.74%	-0.86%	-0.48%	-0.78%	-0.49%
Transactions with non-controlling interest	0.13%	0.00%	0.00%	-0.14%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cash flow from financing activities	-6.31%	-3.02%	-1.58%	-4.59%	5.84%	4.83%	-2.76%	-2.89%	-6.82%	-4.12%	-3.92%	-3.98%	-3.93%
Net increase in cash and cash equivalents	-6.99%	-0.29%	1.63%	-4.22%	-0.19%	6.42%	2.97%	3.07%	-0.66%	4.04%	4.59%	5.21%	5.48%
Cash and cash equivalents at 1 January	36.05%	24.02%	19.49%	19.65%	16.71%	15.46%	19.18%	20.28%	21.25%	18.95%	21.35%	24.33%	27.96%
Exchange rate adjustments on cash and cash equivalents	-0.27%	0.04%	-0.45%	0.10%	-0.10%	-0.31%	-0.08%	-0.06%	0.00%	0.00%	0.00%	0.00%	0.00%
Cash and cash equivalents at 31 December	28.79%	23.78%	20.67%	15.53%	16.42%	21.57%	22.07%	23.29%	20.58%	22.98%	25.94%	29.54%	33.44%

Source: Author Analysis

Appendix 7: Valuation Summary

Methodology	Implied Price (€)	vs. Current (€26.13)	Notes
DCF – GGM	€32.54	€6.41	WACC 7.1%, g 2.5%
DCF – Exit Multiple	€39.64	€13.51	12x EV/EBITDA exit
SOTP – Base Case	€27.67	€1.54	20x Service / 12x Power Sol.
SOTP – Bear Case	€20.22	(€5.91)	15x Service / 8x Power Sol.
SOTP – Bull Case	€35.12	€8.99	25x Service / 16x Power Sol.
Trading Comps – EV/EBITDA	€29.80	€3.67	13.7x peer median ex-GEV
Trading Comps – EV/EBIT	€21.20	(€4.93)	18.9x peer median ex-GEV
Trading Comps – P/E	€30.90	€4.77	39.6x peer median ex-GEV
Precedent Tx (1.25x EV/Rev)	€26.80	€0.67	Non-distressed SGRE comparable
Precedent Tx (2.0x EV/Rev)	€42.30	€16.17	Strategic premium scenario
DDM – TSR (floor)	€13.21	(€12.92)	40% total distribution policy
Price Target (avg. DCF GGM & Exit Multiple)	€ 36.09	€ 9.96	
Current Share Price – 30 April 2026			€ 26.13

Source: Author Analysis

Appendix 8: WACC & Discount Rate Assumptions

WACC & Discount Rate Assumptions		
Component	Input	Notes
Cost of Equity — CAPM		
Risk-free rate (10yr Bund yield)	2.80%	German 10yr Bund, Apr 2026
Equity risk premium (ERP)	4.23%	Damodaran W. Denmark ERP 2025
Beta (levered, 2yr weekly)	1.12	Bloomberg 2yr weekly vs STOXX600
Cost of Equity (Re)	7.54%	
Cost of Debt		
Pre-tax cost of debt	3.47%	Implied rate from model (CF Schedule)
Effective tax rate	25.00%	Consistent with IS tax assumption
After-tax cost of debt (Rd)	2.60%	
Capital Structure (market value weights)		
Current Share Price (30th April 2026)	€ 26.13	
Market cap (mEUR) — FY2025 shares × price	26,062	~998m shares × ~€26.1price (Apr 2026)
Total financial debt (mEUR)	2,533	NC + C debt from BS FY2026F
Total capital (E+D)	28,595	
Weight of equity (E/V)	91.14%	
Weight of debt (D/V)	8.86%	
WACC	7.10%	

Source: Author Analysis, Yahoo Finance 2026, Bloomberg 2026

Appendix 9: DCF Valuation

Appendix 9.1: Free Cash Flow to Firm

Free Cash Flow to Firm (FCFF) — mEUR	2026F	2027F	2028F	2029F	2030F
EBIT (before special items)	1,410	1,644	1,890	2,273	2,537
Less: Taxes on EBIT (NOPAT tax @ 25%)	-333	-391	-453	-548	-614
NOPAT (Net Operating Profit After Tax)	1,078	1,253	1,438	1,725	1,923
Add: Depreciation & Amortisation	1,070	1,163	1,252	1,335	1,410
Less: Capital Expenditure (total)	-1,200	-1,236	-1,273	-1,311	-1,351
Less: Change in Net Working Capital	126	-378	-363	-338	-304
Free Cash Flow to Firm (FCFF)	1,074	802	1,054	1,410	1,678
Discount period (mid-year convention)	0.5	1.5	2.5	3.5	4.5
Discount factor [$1 / (1+WACC)^t$]	0.9663	0.9022	0.8424	0.7866	0.7344
PV of FCFF	1,038	723	888	1,109	1,232
Sum of PV (FCFF)	4,990				

Source: Author Analysis

Appendix 9.2: Terminal Value

Terminal Value		
Method 1 — Gordon Growth Model (GGM)		
Terminal growth rate (g)	2.50%	2.5% = long-run nominal GDP growth for wind markets
FCFF in terminal year (2030F)	1,678	
Normalised FCFF $\times (1+g)$	1,719	
Terminal Value (GGM) [FCFF₂₀₃₁ / (WACC - g)]	37,375	
PV of Terminal Value (GGM)	26,523	
TV as % of EV (GGM)	84.2%	
Method 2 — Exit EV/EBITDA Multiple		
Exit EV/EBITDA multiple	12.0x	~12x: peer median (Siemens Energy, GE Vernova)
EBITDA 2030F (EBIT + D&A)	3,947	
Terminal Value (Exit Multiple)	47,361	
PV of Terminal Value (Exit Multiple)	33,610	
TV as % of EV (Exit Multiple)	87.1%	

Source: Author Analysis

Appendix 9.3: DCF Gordon Growth Model & Exit Multiple

EV → Equity Bridge & Implied Share Price		
	GGM	Exit Multiple
Sum of PV (FCFFs)	4,990	4,990
PV of Terminal Value	26,523	33,610
Enterprise Value (EV)	31,513	38,600
Less: Total financial debt (FY2025)	-3,374	-3,374
Add: Cash & equivalents (FY2025)	4,384	4,384
Less: Minority interest (FY2025)	-14	-14
Equity Value	32,509	39,596
Shares outstanding — basic (mm)	999.0	999.0
Implied Share Price (EUR)	€32.54	€39.64
Current market price (Apr 2026)	€26.13	€26.13
Implied upside / (downside)	24.5%	51.7%

Source: Author Analysis

Appendix 9.4: DCF Sensitivity Tables

Sensitivity 1 — Implied Share Price (€) GGM Terminal Value						Sensitivity 2 — Implied Share Price (€) Exit EV/EBITDA Terminal Value							
WACC \ Terminal Growth Rate						WACC \ Exit EV/EBITDA Multiple							
	1.50%	2.00%	2.50%	3.00%	3.50%		9.0x	10.0x	11.0x	12.0x	13.0x	14.0x	15.0x
6.00%	€34.43	€38.13	€38.13	€49.21	€58.08	6.00%	€32.70	€35.65	€38.61	€41.56	€44.51	€47.46	€50.41
6.50%	€30.95	€33.85	€33.85	€42.14	€48.35	6.50%	€32.02	€34.90	€37.79	€40.67	€43.55	€46.44	€49.32
7.00%	€28.10	€30.43	€30.43	€36.83	€41.41	7.00%	€31.36	€34.17	€36.99	€39.81	€42.62	€45.44	€48.26
7.50%	€25.73	€27.63	€27.63	€32.71	€36.21	7.50%	€30.71	€33.46	€36.21	€38.97	€41.72	€44.47	€47.22
8.33%	€22.56	€23.96	€23.96	€27.57	€29.94	8.33%	€29.67	€32.32	€34.97	€37.61	€40.26	€42.91	€45.56
8.50%	€22.02	€23.35	€23.35	€26.74	€28.94	8.50%	€29.47	€32.10	€34.72	€37.35	€39.98	€42.61	€45.23
9.00%	€20.54	€21.67	€21.67	€24.50	€26.30	9.00%	€28.87	€31.44	€34.01	€36.58	€39.15	€41.71	€44.28
9.50%	€19.24	€20.22	€20.22	€22.61	€24.11	9.50%	€28.30	€30.81	€33.31	€35.82	€38.33	€40.84	€43.35
10.00%	€18.10	€18.95	€18.95	€21.00	€22.26	10.00%	€27.73	€30.18	€32.64	€35.09	€37.54	€40.00	€42.45

Sensitivity 3 — Enterprise Value (mEUR) GGM Terminal Value						
WACC \ Terminal Growth Rate						
	1.50%	2.00%	2.50%	3.00%	3.50%	
6.00%	33,403	37,094	41,840	48,167	57,025	
6.50%	29,920	32,818	36,440	41,097	47,306	
7.00%	27,075	29,402	32,246	35,800	40,371	
7.50%	24,708	26,611	28,895	31,686	35,175	
8.33%	21,537	22,944	24,592	26,548	28,910	
8.50%	20,998	22,328	23,880	25,714	27,915	
9.00%	19,519	20,651	21,957	23,480	25,281	
9.50%	18,227	19,200	20,311	21,593	23,089	
10.00%	17,090	17,932	18,887	19,978	21,237	

Sensitivity 4 — Terminal Value as % of Total EV GGM						
WACC \ Terminal Growth Rate						
	1.50%	2.00%	2.50%	3.00%	3.50%	
6.00%	84.6%	86.2%	87.7%	89.4%	91.0%	
6.50%	83.1%	84.6%	86.1%	87.7%	89.3%	
7.00%	81.5%	83.0%	84.5%	86.0%	87.6%	
7.50%	80.0%	81.4%	82.9%	84.4%	86.0%	
8.33%	77.5%	78.9%	80.3%	81.8%	83.3%	
8.50%	77.0%	78.4%	79.8%	81.2%	82.7%	
9.00%	75.6%	76.9%	78.3%	79.7%	81.2%	
9.50%	74.2%	75.5%	76.8%	78.2%	79.6%	
10.00%	72.8%	74.1%	75.4%	76.7%	78.1%	

Source: Author Analysis

Appendix 10: DDM Valuation

Appendix 10.1: DDM Assumptions & Cost of Equity, Dividend & Earnings Schedule

DDM Valuation — Assumptions & Cost of Equity		
Cost of Equity (Re) — CAPM		
Risk-free rate (10yr Bund yield)	2.80%	German 10yr Bund, Apr 2026
Equity risk premium (ERP)	4.23%	Damodaran W. Denmark ERP 2025
Beta (levered, 2yr weekly)	1.12	Bloomberg 2yr weekly vs STOXX600
Cost of Equity (Re)	7.54%	
Terminal Value Assumptions		
Terminal growth rate (g)	2.50%	Long-run nominal GDP growth for wind markets
Terminal payout ratio	40.0%	Consistent with Vestas 40% total return policy
Share Count		
Shares outstanding — basic (mm)	998.557	FY2025 weighted avg basic shares

mEUR (unless per share)	Notes	2026F	2027F	2028F	2029F	2030F
Dividend & Earnings Schedule						
Earnings						
Net income (mEUR)		998	1,173	1,358	1,645	1,843
EPS — basic (EUR/share)		€1.0093	€1.1988	€1.4018	€1.7158	€1.9426
Cash Dividends						
Dividend paid (mEUR)		100	120	140	160	180
DPS — dividends per share (EUR)		€0.1001	€0.1202	€0.1402	€0.1602	€0.1803
Dividend payout ratio		10.0%	10.2%	10.3%	9.7%	9.8%
Total Shareholder Returns (Dividends + Buybacks)						
Buybacks / treasury shares (mEUR)		299	349	403	498	557
Total distributions (div + buyback, mEUR)		399	469	543	658	737
Total distribution per share (EUR)		€0.3997	€0.4699	€0.5439	€0.6588	€0.7381
Total payout ratio (distributions / net income)		40.0%	40.0%	40.0%	40.0%	40.0%

Source: Author Analysis

Appendix 10.2: Method A – Two Stage DDM (Cash Dividends only), Method B – Two Stage DDM (Total Shareholder Returns)

Model A — Two-Stage DDM Cash Dividends Only					
Note: Vestas pays modest cash dividends (€100-180m / year), returning the bulk of capital via buybacks. This model values dividends alone and will mechanically understate intrinsic value.					
Stage 1 — Explicit Dividend Forecast (2026F–2030F)					
DPS (EUR/share)	€0.1001	€0.1202	€0.1402	€0.1602	€0.1803
Discount period	1	2	3	4	5
Discount factor $[1 / (1+Re)^t]$	0.9299	0.8647	0.8041	0.7478	0.6953
PV of DPS	€0.0931	€0.1039	€0.1127	€0.1198	€0.1253
Sum of PV (Stage 1)	€0.5549				
Stage 2 — Terminal Value (Gordon Growth)					
Terminal DPS $[DPS_{2030} \times (1+g)]$	€0.1848				
Terminal value at end of 2030 $[DPS_{2031} / (Re - g)]$	€3.6677				
PV of Terminal Value	€2.5503				
Model A — Implied Share Price					
Sum of PV (Stage 1 dividends)	€0.5549				
PV of Terminal Value (Stage 2)	€2.5503				
Implied Share Price — Model A				€3.11	
Current market price (Apr 2026)				€26.13	
Implied upside / (downside)				-88.1%	

Model B — Two-Stage DDM Total Shareholder Returns (Div + Buyback)					
Vestas returns capital primarily through buybacks (40% total payout policy). Using total distributions per share (dividends + buybacks) is the economically correct approach when buybacks are systematic and policy-driven.					
Stage 1 — Explicit Distribution Forecast (2026F–2030F)					
Total distributions per share (EUR/share)	€0.3997	€0.4699	€0.5439	€0.6588	€0.7381
Discount period	1	2	3	4	5
Discount factor [1 / (1+Re)^t]	0.9299	0.8647	0.8041	0.7478	0.6953
PV of distributions per share	€0.3717	€0.4064	€0.4373	€0.4926	€0.5133
Sum of PV (Stage 1)	€2.2213				
Stage 2 — Terminal Value (Gordon Growth on normalised EPS × payout)					
Terminal year EPS (2030F)	€1.9426				
Terminal payout ratio (40% total return policy)	40.0%				
Terminal DPS (EPS × payout × (1+g))	€0.7965				
Terminal value at end of 2030 [D ₂₀₃₁ / (Re - g)]	€15.8103				
PV of Terminal Value	€10.9936				
Model B — Implied Share Price					
Sum of PV (Stage 1 distributions)	€2.2213				
PV of Terminal Value (Stage 2)	€10.9936				
TV as % of total value	83.2%				
Implied Share Price — Model B (TSR)			€13.21		
Current market price (Apr 2026)	€26.13				
Implied upside / (downside)	-49.4%				

Source: Author Analysis

Appendix 10.3: DDM Sensitivity Tables

Sensitivity 1 — Implied Share Price (€) | Model A: Cash Dividends Only

Base case highlighted in amber. Low prices reflect Vestas's dividend-only policy.

Re ↓ \ g →	1.50%	2.00%	2.50%	3.00%	3.50%
7.00%	€2.94	€3.19	€3.49	€3.87	€4.36
7.50%	€2.68	€2.88	€3.13	€3.43	€3.80
8.00%	€2.46	€2.63	€2.83	€3.07	€3.37
8.50%	€2.28	€2.42	€2.59	€2.78	€3.02
9.00%	€2.12	€2.24	€2.38	€2.54	€2.74
9.50%	€1.98	€2.08	€2.20	€2.34	€2.50
10.00%	€1.85	€1.94	€2.05	€2.16	€2.30

Sensitivity 2 — Implied Share Price (€) | Model B: Total Shareholder Returns

Treats systematic buybacks as equivalent to dividends under Vestas's 40% return policy.

Re ↓ \ g →	1.50%	2.00%	2.50%	3.00%	3.50%
7.00%	€12.48	€13.56	€14.88	€16.52	€18.64
7.50%	€11.38	€12.26	€13.32	€14.61	€16.23
8.00%	€10.45	€11.18	€12.05	€13.09	€14.35
8.50%	€9.65	€10.27	€10.99	€11.84	€12.86
9.00%	€8.96	€9.49	€10.09	€10.80	€11.63
9.50%	€8.36	€8.81	€9.33	€9.92	€10.61
10.00%	€7.83	€8.22	€8.66	€9.17	€9.75

Sensitivity 3 — Model B Price | Re vs Terminal Payout Ratio (g fixed at 2.5%)

Re ↓ \ Payout →	30.0%	35.0%	40.0%	45.0%	50.0%
7.00%	€11.72	€13.30	€14.88	€16.45	€18.03
7.50%	€10.55	€11.93	€13.32	€14.71	€16.09
8.00%	€9.58	€10.81	€12.05	€13.28	€14.51
8.50%	€8.78	€9.88	€10.99	€12.09	€13.19
9.00%	€8.10	€9.10	€10.09	€11.09	€12.08
9.50%	€7.52	€8.42	€9.33	€10.23	€11.13
10.00%	€7.01	€7.84	€8.66	€9.49	€10.31

Source: Author Analysis

Appendix 11: Trading Comparables

Appendix 11.1: Peer Universe

Trading Comparables — Peer Universe												
Company	Ticker	Price (€)	Shares (mm)	Mkt Cap (mEUR)	Net Debt (mEUR)	EV (mEUR)	EBITDA 2025	EBIT 2025	EPS 2025	EV/EBITDA 2026F	EV/EBIT 2026F	P/E 2026F
Vestas Wind Systems A/S	VWS.CO	€26.1	998.6	26,093	-1,010	25,083	2,098	1,067	€0.78	12.0x	23.5x	33.5x
Siemens Energy	ENR.DE	€167.2	883.2	147,693	-7,634	140,059	4,200	2,506	€1.63	33.3x	55.9x	102.6x
GE Vernova	GEV	€844.8	272.0	229,775	-7,620	222,154	2,242	1,388	€17.92	99.1x	160.1x	47.1x
Nordex	NDX1.DE	€46.0	236.5	10,867	-1,895	8,972	656	474	€1.16	13.7x	18.9x	39.6x
Ørsted	ORSTED.CO	€22.0	884.8	19,492	6,076	25,567	3,003	1,354	€2.00	8.5x	18.9x	11.0x

Mean

38.7x 63.4x 50.1x

Median

23.5x 37.4x 43.4x

Min

8.5x 18.9x 11.0x

Max

99.1x 160.1x 102.6x

Mean (excl. GE Vernova) • GE Vernova (GEV): Excluded — gas turbine / AI data centre demand inflates multiple.

18.5x 31.2x 51.1x

Median (excl. GE Vernova) • Ørsted: Included in mean/median; EBITDA corrected to EUR. EV/EBIT treated as N/M. • Peer median (ex-GEV) = Nordex 13.68x — effective median of 3-company group (Siemens 33.35x, Nordex 13.68x, Ørsted ~8.5x).

13.7x 18.9x 39.6x

Source: Author Analysis, Peer Annual Reports

Appendix 11.2: Trading Comps

Implied Share Price — Vestas Wind Systems												
Multiple	Year	Peer Mean	Peer Median	Ex-GEV Mean	Ex-GEV Median	Vestas Current	Implied Price (Mean)	Implied Price (Median)	Implied Price (Ex-GEV Mean)	Implied Price (Ex-GEV Med.)	Upside / (Down) Mean	Upside / (Down) Median
EV/EBITDA	2025	36.8x	23.5x	16.1x	13.7x	12.0x	€78.42	€50.42	€34.83	€29.76	200.1%	92.9%
EV/EBIT	2025	59.3x	37.4x	25.8x	18.9x	23.5x	€64.43	€40.98	€28.56	€21.23	146.6%	56.8%
P/E	2025	50.1x	43.4x	51.1x	39.6x	33.5x	€39.07	€33.84	€39.84	€30.90	49.5%	29.5%

Source: Author Analysis

Appendix 12: Precedent Transactions & EV/Revenue

Appendix 12.1: Historical Transactions in the market

Section 1 — Precedent Transactions Wind Energy & Renewable OEM / Infrastructure										
Year	Acquirer	Target	Deal Type	EV (mEUR)	Revenue LTM (mEUR)	EBITDA LTM (mEUR)	EV/Rev	EV/EBITDA	Acq. Premium	Notes
2022	Siemens Energy	Siemens Gamesa Renewable Energy	Full OEM buyout	12,250	9,800		1.3x	NM	27.7%	Distressed buyout of listed wind OEM subsidiary; SGRE loss-making at time of offer. Offer price €18.05/sh = 27.7% premium to unaffected price. Implied 1.25x EV/Revenue.
2021	Siemens Energy (mkt)	Siemens Gamesa (peak valuation)	OEM public market	16,000	10,200	700	1.6x	22.9x		SGRE peak market cap during ESG/renewables boom. Revenue €10.2bn, EBITDA margin ~6.9%. Represents top-of-cycle OEM multiple.
2016	Nordex	Acciona Windpower (AWP)	OEM acquisition	785	1,200	60	0.7x	13.1x		Cash-and-shares deal creating 4th-largest European wind OEM. Combined 2015 revenue €3.4bn. Closed at trough OEM valuations.
2020	Vestas	MHI Vestas Offshore (50% JV buyout)	JV consolidation	700	2,100	95	0.3x	7.4x		Vestas acquired MHI's 50% in offshore JV at low multiple reflecting JV complexity and offshore market stress in 2020.
2024	Stonepeak	Ørsted US Onshore Portfolio	Infra PE / wind ass	1,600		140		11.4x		Infrastructure PE acquired contracted US onshore wind portfolio from Ørsted. ~11x EV/EBITDA on long-term PPA-backed cash flows.
2023	Brookfield-led	Origin Energy (renewables component)	Utility/renewables	10,800	4,200	1,100	2.6x	9.8x		Broader utility acquisition; renewables component estimated at ~10x EBITDA. Higher EV/Rev reflects diversified utility premium.
2022	EDF Renewables	Luminus Wind Portfolio (Belgium)	Wind asset portfolio					12.5x		Operational onshore wind portfolio acquisition; ~12.5x EV/EBITDA on contracted revenues. Reference point for operating asset premium.
2023	Copenhagen Infrastructure Partners	Offshore wind development assets	Infra / development							Multiple CIP transactions in offshore wind development; EV/MW metric more relevant than EBITDA for development-stage assets.
Mean							1.3x	12.9x		
Median							1.3x	12.0x		
OEM-only Mean							1.2x	See EV/EBITDA		

Source: Author Analysis

Appendix 12.2: Precedent Transactions Implied Price

Section 2 — Precedent Transaction Implied Price for Vestas		
Vestas financials — linked from model		
Metric	2026F	2027F
Revenue (mEUR)	20,635	22,417
Net debt / (cash) [FY2025 BS]	-1,010	-1,010
Shares outstanding — basic (mm)	998.6	998.6
Current share price (EUR)	€26.13	€26.13
Market cap (mEUR)	26,093	26,093
Enterprise Value (mEUR)	25,083	25,083
Vestas current EV/Revenue	1.2x	1.1x

Multiple Applied	Rationale	2026F Impl. Price	2026F Upside	2027F Impl. Price	2027F Upside
1.3x	Peer transaction mean EV/Rev (all deals)	€27.34	4.6%	€29.61	13.3%
1.3x	Peer transaction median EV/Rev (all deals)	€26.84	2.7%	€29.07	11.3%
1.2x	OEM-only deal mean (Siemens Gamesa, AWP, MHI Vestas)	€26.13	0.0%	€28.30	8.3%
1.3x	SGRE 2022 buyout reference (1.25x EV/Rev)	€26.84	2.7%	€29.07	11.3%
0.7x	Nordex/AWP 2016 deal — trough OEM valuation floor	€14.44	-44.7%	€15.60	-40.3%
2.0x	ESG-era peak / strategic premium scenario	€42.34	62.0%	€45.91	75.7%

Source: Author Analysis

Appendix 12.3: Enterprise Value / Revenue

Section 3 — EV/Revenue Trading Comps & Implied Price						
Peer EV/Revenue multiples (2026F and 2027F) — sourced from public market data						
Company	Ticker	Revenue 2026F (mEUR)	Revenue 2027F (mEUR)	EV (mEUR)	EV/Revenue 2026F	EV/Revenue 2027F
Siemens Energy	ENR.DE	45,000	49,000	12,345	0.3x	0.3x
GE Vernova	GEV	41,200	47,500	226,990	5.5x	4.8x
Nordex	NDX1.DE	8,600	9,800	9,220	1.1x	0.9x
Ørsted	ORSTED.CO	14,200	16,000	33,575	2.4x	2.1x
				Mean	2.3x	2.0x
				Median	1.7x	1.5x
				Ex-GEV Mean	1.2x	1.1x

Implied Share Price from EV/Revenue Comps					
Multiple Applied	Source	2026F Impl. Price	2026F Upside	2027F Impl. Price	2027F Upside
2.3x	Peer mean EV/Revenue (2026F comps)	€48.65	86.2%	€52.76	101.9%
2.0x	Peer mean EV/Revenue (2027F comps)	€42.70	63.4%	€46.30	77.2%
1.7x	Peer median EV/Revenue (2026F comps)	€36.52	39.8%	€39.58	51.5%
1.5x	Peer median EV/Revenue (2027F comps)	€32.41	24.0%	€35.13	34.4%
1.2x	Ex-GEV mean EV/Revenue (2026F)	€26.57	1.7%	€28.78	10.1%
1.1x	Ex-GEV mean EV/Revenue (2027F)	€23.68	-9.4%	€25.64	-1.9%
1.0x	Conservative 1.0x — at-scale OEM floor	€21.68	-17.0%	€23.46	-10.2%
2.0x	Strategic premium 2.0x scenario	€42.34	62.0%	€45.91	75.7%

Source: Author Analysis

Appendix 13: Sum of the Parts Valuation

Appendix 13.1: Power Solutions vs Service Segment & Multiples

Sum-of-Parts (SOTP) Valuation — Power Solutions vs Service Segment						
Historical segment data — sourced from Vestas annual reports						
Segment metric	2022	2023	2024	2025	2026F	2027F
Service — Revenue (mEUR)	3,155	3,568	3,697	3,770	4,456	4,841
Service — EBIT (mEUR)	675	750	448	626	793	861
Service — EBIT margin	21.39%	21.02%	12.12%	16.60%	17.78%	17.78%
Power Solutions — Revenue (mEUR)	11,331	11,814	13,598	15,052	16,179	17,576
Power Solutions — EBIT (mEUR)	-1,512	-141	666	817	618	783
Power Solutions — EBIT margin	-13.34%	-1.19%	4.90%	5.43%	3.82%	4.46%
Group Revenue (mEUR)	14,486	15,382	17,295	18,822	20,635	22,417
Group EBIT b.s.i. (mEUR)	-1,152	231	741	1,067	1,410	1,644

Source: Historical Annual Report, Author Analysis

Valuation multiple assumptions (EBIT-based)				
Segment	Multiple rationale	Bear case multiple	Base case multiple	Bull case multiple
Service	<i>Recurring long-term contracts, 25% LT EBIT margin ambition. Analogous to aerospace aftermarket / MRO services. Peer service multiples: 18-25x EBIT.</i>	15.0x	20.0x	25.0x
Power Solutions	<i>Cyclical OEM manufacturing, margin recovery underway. Nordex trades at ~12-16x forward EBIT. Discount for higher capital intensity vs service.</i>	8.0x	12.0x	16.0x

Source: Author Analysis

Appendix 13.2: SOTP valuation bridge

SOTP valuation bridge — 2026F			
Component	Bear case (mEUR)	Base case (mEUR)	Bull case (mEUR)
Service segment EV [Service EBIT × multiple]	12,914	17,219	21,523
Power Solutions segment EV [PS EBIT × multiple]	6,266	9,399	12,532
Sum of segment EVs (Enterprise Value)	19,180	26,617	34,055
Add: Net cash / (debt) [FY2025 BS]	1,010	1,010	1,010
Equity Value	20,190	27,627	35,065
Shares outstanding — basic (mm)	998.6	998.6	998.6
Implied Share Price	€20.22	€27.67	€35.12
Current market price (Apr 2026)	€26.13	€26.13	€26.13
Implied upside / (downside)	-22.6%	5.9%	34.4%

Source: Author Analysis

Appendix 13.3: SOTP Sensitivity Table

SOTP sensitivity — Implied share price (€) | Service EBIT multiple (rows) × PS EBIT multiple (cols)

Svc EBIT × ↓ \ PS EBIT × →					
	8.0x	10.0x	12.0x	14.0x	16.0x
15.0x	€20.22	€21.79	€23.36	€24.93	€26.49
17.0x	€21.94	€23.51	€25.08	€26.65	€28.22
18.0x	€22.81	€24.37	€25.94	€27.51	€29.08
20.0x	€24.53	€26.10	€27.67	€29.24	€30.80
22.0x	€26.25	€27.82	€29.39	€30.96	€32.53
25.0x	€28.84	€30.41	€31.98	€33.55	€35.12

Source: Author Analysis

Appendix 14: Financial Ratios

	2018	2019	2020	2021	2022	2023	2024	2025	2026F	2027F	2028F	2029F	2030F
Caption	Historical								Forecasted				
Liquidity Ratios													
Current Ratio	1.16	1.12	1.09	1.01	1.01	1.06	1.04	1.00	1.02	1.04	1.07	1.11	1.15
Quick Ratio	0.75	0.68	0.62	0.57	0.54	0.60	0.65	0.66	0.65	0.67	0.70	0.74	0.78
Cash Ratio	0.39	0.31	0.27	0.19	0.18	0.24	0.25	0.26	0.24	0.27	0.30	0.34	0.39
Activity Ratios													
Total Asset Turnover	0.85	0.85	0.82	0.79	0.72	0.68	0.70	0.73	0.76	0.77	0.77	0.77	0.76
Fixed Asset Turnover	7.69	7.27	7.33	7.45	8.27	8.05	7.35	6.74	7.24	7.67	8.19	8.81	9.50
Inventory Turnover	2.85	2.53	2.51	2.47	2.25	2.16	2.54	2.85	2.68	2.66	2.65	2.62	2.60
Days Inventory Outstanding (DIO)	128.22	144.02	145.36	147.62	161.90	169.05	143.91	127.91	136.18	136.98	137.78	139.42	140.26
Accounts Receivable Turnover	10.48	8.32	9.64	10.18	11.32	11.79	10.06	12.75	11.42	11.42	11.42	11.42	11.42
Days Sales Outstanding (DSO)	34.83	43.87	37.88	35.85	32.25	30.97	36.28	28.62	31.96	31.96	31.96	31.96	31.96
Accounts Payable Turnover	3.52	3.33	3.68	3.27	3.51	3.77	3.69	3.43	3.40	3.38	3.36	3.32	3.30
Accounts Payable Turnover Days (DPO)	103.75	109.61	99.16	111.53	103.88	96.77	98.90	106.56	107.38	108.01	108.64	109.93	110.59
Cash Conversion Cycle (CCC)	59.30	78.28	84.08	71.94	90.27	103.25	81.29	49.98	60.76	60.93	61.10	61.44	61.62
Profitability Ratios													
Gross Margin	0.16	0.14	0.10	0.10	0.01	0.08	0.12	0.13	0.14	0.15	0.15	0.16	0.17
EBITDA Margin	0.09	0.12	0.09	0.08	0.05	0.07	0.10	0.11	0.12	0.13	0.13	0.14	0.15
EBIT Margin	0.09	0.08	0.05	0.02	0.11	0.02	0.05	0.05	0.07	0.07	0.08	0.09	0.09
Net Profit Margin	0.07	0.06	0.05	0.01	0.11	0.01	0.03	0.04	0.05	0.05	0.06	0.06	0.07
Return on Assets (ROA)	0.06	0.05	0.04	0.01	0.08	0.00	0.02	0.03	0.04	0.04	0.04	0.05	0.05
Return on Equity (ROE)	0.22	0.21	0.17	0.04	0.52	0.03	0.14	0.20	0.22	0.23	0.23	0.24	0.23
Return on Invested Capital (ROIC)	0.13	0.11	0.05	0.02	0.10	0.02	0.05	0.06	0.08	0.09	0.09	0.11	0.12
Solvency Ratios													
Debt to Equity	0.16	0.25	0.29	0.30	0.80	1.12	0.93	0.87	0.57	0.44	0.35	0.27	0.21
Long-term Debt to Equity	0.16	0.20	0.19	0.15	0.72	1.07	0.87	0.67	0.52	0.41	0.32	0.24	0.19
Debt to Assets	0.04	0.06	0.07	0.07	0.12	0.15	0.13	0.13	0.09	0.08	0.07	0.06	0.05
Debt to Capital	0.14	0.20	0.23	0.23	0.44	0.53	0.48	0.47	0.36	0.31	0.26	0.21	0.18
Financial Leverage (Assets/Equity)	3.83	4.28	3.86	4.14	6.57	7.40	6.96	6.63	6.08	5.65	5.23	4.81	4.43
Interes Coverage (EBIT / Int Exp.)	34.11	21.36	17.45	8.26	43.14	1.42	6.40	8.68	13.77	19.62	24.84	32.85	40.29
Cash Flow Ratios													
Cash Flow to Revenue	0.10	0.07	0.05	0.06	0.01	0.07	0.13	0.12	0.12	0.14	0.14	0.14	0.14
Cash to Income	1.74	1.80	1.73	5.61	0.00	12.74	3.19	2.19	2.59	2.28	2.17	2.02	1.95
Free Operating Cash Flow to Debt	2.05	1.00	0.55	0.69	0.08	0.30	0.71	0.68	0.97	1.33	1.58	1.93	2.25
Sustainable Growth Rate													
Retun on Equity (ROE)	0.22	0.21	0.16	0.04	0.51	0.03	0.14	0.20	0.22	0.23	0.23	0.24	0.23
Sustainable Growth Rate	0.13	0.13	0.10	0.02	0.31	0.02	0.08	0.12	0.13	0.14	0.14	0.14	0.14

Source: Author Analysis

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JOÃO ESTEVÃO
FILIPE SARDO**

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