



Press release

Randers, 25 August 2005
Press release No. 4/2005

Vestas now unveils plans for previously announced redundancies

In addition to a range of duplicated administrative functions, the cuts will in particular affect the business units, Vestas Nacelles in Randers, Denmark, and Vestas Towers. In all, around 625 of the company's 10,500 employees will be downsized, with the majority of the redundancies being implemented in 2005. Furthermore, around 100 vacant jobs will not be filled. However, despite these cuts, Vestas expects that its total number of employees at the end of September is likely to be 375 higher than at the beginning of the year.

In connection with the presentation of its new strategy plan entitled 'The Will to Win' last May, Vestas stressed that the entire Group was to be examined in detail with a view to adapting the organisational structure to the visions and goals laid down in this plan.

Since then, Ditlev Engel, President and CEO, and Henrik Nørremark, Executive Vice President and CFO, have been working closely with the senior management teams of the 13 business units to analyse all areas of the business in depth. Their efforts in this area have resulted in a proposal that is now to be included in negotiations with the employees' representatives. It is expected that the final decision will be taken in the middle of September, and that the employees affected will be notified immediately afterwards.

Duplicated administrative functions and inappropriate organisation

Denmark will bear the brunt of the redundancies, which, as stated in the strategy plan, will mainly affect duplicated administrative functions. The duplication that currently exists is primarily attributable to the combination of Vestas and NEG Micon in 2004, which inevitably resulted in almost identical functions – both centralised and decentralised – in a range of areas. In line with requirements, 'shared functions' of this kind will in future be positioned either within the individual business units or at head office. These changes are expected to affect a total of around 245 employees.

As work progressed to establish the organisation that is to implement 'The Will to Win' in practice, it soon became very clear that the organisation of Vestas Towers – the business unit that manufactures towers for Vestas' turbines – was particularly inappropriate.



“The various processes run by Vestas Towers were very poorly co-ordinated. The management of the unit had broken down, and it was very difficult to establish precisely who was responsible for what. This unavoidably resulted in excess costs and confusion,” relates Ditlev Engel and continues:

“At the same time, people were being moved around from one place to another seemingly at random. All in all, many of our employees were having to work under conditions that were simply unacceptable. But no more. We have to stabilise our tower production and maintain better control of the business processes,” he adds.

In Denmark, Vestas Towers operates production facilities in Svendborg, Hammel, Rudkøbing and Varde. The Svendborg plant is now to close, while Hammel and Varde will be outsourcing a number of their activities. The Varde facility, on the other hand, will be taking over a range of functions, including the head office tasks for Vestas Towers which are currently run from Group headquarters in Randers, Denmark. Vestas will also be expanding its facilities in Rudkøbing and Varde. In total, the management expects that the changes will affect approximately 280 employees.

“It is naturally very sad to have to say goodbye to so many skilled and loyal employees. But it is unavoidable, because there can be absolutely no question that we have to make Vestas a profitable company again,” says Ditlev Engel.

In connection with the redundancies, Vestas will set up and pay for a range of consultancy arrangements to help the departing employees find work again as quickly as possible.

The planned organisational changes and redundancies were presented to the Group’s main collaboration committee on Thursday. The next step involves the negotiation committee, the employee representatives and the company management discussing the presentation with a view to preparing a final plan for implementation in the middle of September. After the redundancies, Vestas expects its workforce to number almost 10,000. This represents an increase of around 375 in relation to the figures from the beginning of the year. The reason for this is that the company has taken on 1,000 primarily blue collar workers in 2005.

Further questions before today’s press and analyst meeting at 3 p.m. may be addressed to Roald Jakobsen, Group Vice President, Human Resources, tel. +45 9730 5252, mobile: +45 2368 2427. Afterwards, further questions may be addressed to the undersigned on +45 2371 7098.

Yours sincerely
Vestas Wind Systems A/S

Ditlev Engel
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