Company announcement from Vestas Wind Systems A/S

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Vestas sells its machining and casting units to VTC

As part of Vestas' turnaround plan announced in January 2012 and as also restated in the interim financial report for the second quarter of 2013, Vestas has been negotiating with potential buyers of Vestas' machining and casting units.

These negotiations have now been finalised with the signing of a binding sales and supply agreement after which the German industrial group VTC Partners GmbH ("VTC") will acquire Vestas' two machining units and four casting units, including approx 1,000 employees in Norway, Sweden, Germany, China and Denmark. The agreement is subject to customary closing conditions, including approvals from relevant authorities in China. VTC is the owner of the Silbitz Group a leading German-based casting group with an existing and proven supplier relationship with Vestas.

Vestas' main priority in the divestment of its machining and casting units is to increase the flexibility of Vestas' supply chain and to secure a buyer that will ensure supply at the required quality and offer reduced and competitive prices for casted components going forward. Finally, the divestment confirms Vestas' strategy to further concentrate on the core competences of its business.

"*The divestment of our machining and casting units is part of the plan to improve our capacity utilisation and to become a more asset-light and scalable company*," says Jean-Marc Lechêne, Executive Vice President and COO of Vestas Wind Systems A/S, and continues: "*In outsourcing our machining and casting units, it was important to take the time to find the right partner in order for both parties to benefit from the industrial synergies. VTC will continue to operate with the same high Vestas standards in relation to quality, reliability and safety and I am pleased to say that we consider VTC to be the right partner in all these aspects*."

"This transaction offers compelling advantages for both parties involved and VTC plans to invest significantly in the strategic realignment of the group," adds Dr Thomas Robl, Managing Director of VTC Partners GmbH. *"Vestas will receive its components at the same high quality level it is used to, and at the same time it will benefit from VTC's scale and efficiency in the casting business. Together with our subsidiary the Silbitz Group we are forming a leader in global castings, leveraging our large casting capacity and state-of-the-art machining facilities."*

The transaction has been agreed at a sales price of EUR 1 plus an earn-out element for Vestas of up to EUR 25m. The divestment price implies a further write down of approx EUR 50m consisting of approx EUR 20m in assets held for sale and approx EUR 30m in net current assets, which will be included in special items in the third quarter of 2013.

It is expected that the divestment will lower Vestas' costs for casted components by around EUR 30m over the next two years. Due to the additional utilisation that can be brought to the factories under VTC ownership, further cost benefits can be expected in the longer term. The flexible nature of the supply agreement that has been signed as part of the transaction further adds to Vestas' cost structure becoming more scalable.

Contact details:
Vestas Wind Systems A/S, Denmark
Lars Villadsen, Senior Vice President, Investor Relations
Tel.: +45 9730 0000

VTC Partners GmbH, Germany
Richard G. Ramsauer, Managing Director
Tel.: +49 89 64949 0