

Wind turbine giant Vestas to cut 2,335 jobs this year

January 12 2012, by Elise Grandjean



A 2006 picture shows a Vestas windmill in Denmark from the Vestas windmill production in Jutland. Vestas said it would slash 2,335 jobs, leaving Denmark's government red-faced after it made "green technologies" a top priority of its just-launched EU presidency.

Wind turbine giant Vestas said Thursday it would slash 2,335 jobs, leaving Denmark's government red-faced after it made "green technologies" a top priority of its just-launched EU presidency.

Beyond those redundancies, another 1,600 people in the United States may be fired if a tax credit was not extended, the group warned.

"Vestas will reduce its fixed costs by more than 150 million euros (\$190 million) -- with full effect as from the end of 2012 -- primarily through streamlining of support functions and closing of factories to align capacity with market demand," the Danish group said in a statement.

"A total of 2,335 employees are expected to be made redundant," it said.

The group added that it was preparing for "a potential [slowdown](#) in the US in case the present Production Tax Credit (PTC) is not extended. This can result in (the) lay off of an additional 1,600 employees at plants in the US."

Vestas, whose [share price](#) was down 6.35 percent in late afternoon trading in Copenhagen, announced the cuts on the day the Danish government officially began its six-month EU presidency with a visit from the [European Commission](#) to the capital.

Denmark's Prime Minister Helle Thorning-Schmidt, a Social Democrat, has said that one of the country's top priorities during the presidency would be "green growth."

She admitted that Vestas' announcement "feels today like an enormous setback, but this setback should not make us change our strategy."

It is "still my hope and belief that we need to invest in green technologies" both for the sake of the environment and economic growth in Europe, she stressed.

Nevertheless, some members of her staff were clearly embarrassed.

"It's bad news and the timing is bad, the same day as the official opening of the presidency," one advisor said on condition of anonymity.

Meanwhile, the head of the European Commission Jose Manuel Barroso acknowledged the announcement was a [setback](#) but said it was not a reflection of the outlook for the green technology field.

"To be frank, it's not only (in) this field we are seeing losses of workers. So most likely, it would be a reflection of the overall crisis of Europe," he said.

Vestas last week issued a profit warning, saying sales for 2011 would be around 400 million euros (\$522 million) lower than expected a few months ago, and that its expenses would be about 125 million euros more than previously forecast due to higher production costs.

"Due to delays related to bad weather, customer conditions like grid connections and other disruptions, a number of projects under construction are not expected to be recognised as revenue until the first quarter of 2012," the company explained on January 3.

The announcement, Vestas second profit warning in a matter of months, sent the company's stock price plunging 19 percent on the Copenhagen exchange.

Vestas is scheduled to announce its full 2011 earnings report on February 8.

The company slipped into the red in the third quarter, reporting a loss of 60 million euros compared to a profit of 187 million euros a year earlier.

It also announced at the time that it was abandoning its targets of 15 billion euros in revenue and an EBIT (earnings before interest and taxes)

margin of 15 percent in 2015.

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