Wind turbine maker's shares plunge 19%

January 4 2012

Vestas, the world leader in the wind turbine industry, saw its share price plummet around 19 percent at the opening Wednesday, a day after issuing a profit warning. The Danish company announced late Tuesday that its sales for 2011 would be around 400 million euros ($522 million) lower than expected a few months ago.

Vestas, the world leader in the wind turbine industry, saw its share price plummet around 19 percent at the opening Wednesday, a day after issuing a profit warning.

The Danish company announced late Tuesday that its 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 higher than previously expected due to higher production costs.

The profit warning -- the second for the company in a matter of months -- sent its share price down around 19 percent at opening, and by midday the stock was trading 15.45 percent lower at 58.85 kroner (7.91 euros, $10.30) each on a Copenhagen stock exchange down just 0.94 percent.

When it announces its results on February 8, Vestas said it expected its full-year sales to tick in at 6.0 billion, down from its previous expectations of 6.4 billion in sales, which was already a drop from the 7.0 billion euros anticipated before an October profit warning.

"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 in a statement.

Vestas also said it expected to see an EBIT (earnings before interest and tax) margin of around zero percent for all of 2011, which according to analysts means it will likely post a full-year loss.

"This is very disappointing," Jyske Bank analyst Janne Vincent Kjaer commented on the bank's website, stressing that the profit warning cast "doubt over (Vestas's) 2012 plans."

The company also said Wednesday its shipments in 2011 had amounted to just 5.1 gigawatts compared to an expected 5.5 GW, and that its order intake for the year had stood at 7.4 GW, at a total value of around 7.3 billion euros, compared to its forecast of between 7.0 and 8.0 GW.

Vestas meanwhile said it expected its fourth quarter sales to stand at 2.2 billion euros.

The company slipped into the red in the third quarter of 2011, posting a net loss of 60 million euros down from a profit of 187 million a year earlier, and was forced to drop an ambitious earnings programme and announced upcoming job cuts.