

RESEARCH NOTE

By MAKE Consulting

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Vestas Wind Systems acquires assets from generator supplier

Today, the world leading wind turbine manufacturer, Vestas Wind Systems (Vestas), announced that the company has taken over certain assets from the German generator supplier, Weier Electric GmbH (Weier). Weier began insolvency proceedings earlier this year.

We do not believe that this move from Vestas is a sign of Vestas initiating further in-sourcing of main components. So far, Vestas is only manufacturing selected main components in-house excluding, among others, generators and gear boxes. Generators and gear boxes are currently considered the bottleneck in terms of component availability. The reason for this is that the industry has experienced a stagnating market the past years and thus there have been limited investments in production capacity. Now the industry is facing major growth again and according to industry sources delivery times of up to one year have been seen on a number of generators and gear boxes due to limited capacity.

Vestas has been sourcing generators from Weier for the past ten years and we believe Vestas is currently much dependant on these generator supplies in order to fulfil its contracts worldwide. We estimate Weier's deliveries to Vestas to correspond to less than 25% of Vestas' total supply of generators and we see the acquisition as a move from Vestas to secure its deliveries of generators rather than as a strategic acquisition.

According to Vestas the acquisition is subject to a few technical issues that are expected to be solved shortly.

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