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## **Strategic transformation of production in the VELUX Group**

***The VELUX Group is undertaking a strategic transformation of its manufacturing and logistics functions in order to boost the Group's competitive strength.***

The VELUX Group, manufacturer of energy-efficient roof windows and skylights to the world market, is proposing to reorganise its operations in Europe. Over the years, the Group's manufacturing and logistics systems have grown organically, keeping pace with the development of markets and product ranges. The result has been an increasingly complicated set-up when it comes to production and transportation that in today's market is no longer cost efficient. The VELUX Group is therefore proposing to concentrate its production at fewer factories.

"If you look at the map of our production units, they are spread all over Europe. As a result, the cost of production and transportation of products and components has grown too high in today's competitive market. If these proposals are implemented, we will be able to save around DKK 150-200 million in total on an annual basis," says Michael K. Rasmussen, Director of Communications of the VELUX Group.

### **UK and Denmark affected**

Consequently, the VELUX Group is considering closing two factories in 2015; one in Bagsværd, Denmark and the other, Fife Joinery Manufacturing, in Fife in Scotland. Any phasing out of production at the two factories would affect 180 jobs in Scotland and 63 in Denmark. Consultation with the affected employees has now commenced.

"Regrettably, if these proposals come to pass, it means we will lose extremely competent people in both countries, all of whom have made an invaluable contribution to the company. The VELUX Group will offer assistance to any of those affected to move on," says Director of Communications Michael K. Rasmussen.

### **Expanded sales activities in the UK**

Following any closure of Fife Joinery Manufacturing, it is proposed that the distribution centre will be moved south to the Midlands to be closer to the centre of the British market, thereby reducing distribution costs. Altogether, the United Kingdom will remain a large and vital market for the VELUX Group, as the Group is experiencing growth in the UK market.

### **Focus on energy efficiency**

The proposed transformation will improve internal flows of products and components by up to 30% and is part of a comprehensive globalisation strategy aimed at reinforcing the Group's long-term competitive strength. As part of its continuous aim to sustain its market leadership, the VELUX Group recently launched a new generation of roof windows that lets

in more daylight and introduces qualities such as a positive energy balance and passive solar gains, likewise saving energy used for lights in homes, offices and institutions.

"The transformation is an essential step if we are to boost our competitive force and keep supplying new energy-efficient solutions for our customers. We have previously globalised our finance and IT organisations. Now we are creating a more globally-coherent manufacturing and distribution network that will be more competitive and cost efficient, without compromising on quality and supply reliability," concludes Michael K. Rasmussen, Director of Communications of the VELUX Group.

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### **About the VELUX Group**

For more than 70 years, the VELUX Group has created better living environments for people around the world. Making the most of daylight and fresh air through the roof. Our product programme includes roof windows and modular skylights as well as a range of decoration and sun screenings, roller shutters, installation solutions and intelligent home controls. These products help to ensure a healthy and sustainable indoor climate. For work and learning. For play and pleasure. We work globally – with sales and manufacturing operations in more than 40 countries and around 10,000 employees worldwide. The VELUX Group is owned by VKR Holding A/S, a limited company wholly owned by foundations and family. For more information, visit [www.velux.com](http://www.velux.com).

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