

Press release

June 30, 2020

Siemens Gamesa to shut down its factory in Aoiz (Navarre) to improve long-term competitiveness

- This plant is specialized in small turbine models mainly for the domestic market. The company will start a collective dismissal agreement for up to 239 employees
- Siemens Gamesa to focus on next generation of larger and more powerful wind turbines to succeed in global markets amid strong competition and margin pressure, made worse by the COVID-19 outbreak
- Navarre will remain a key global engineering hub for the development and testing of wind turbines for Siemens Gamesa

Siemens Gamesa needs to adapt to the challenging market conditions of the wind industry, characterized by strong competition and price pressures that have deteriorated the margins of wind turbine manufacturers. To succeed in that environment and increase the competitiveness of its onshore business, the company will focus on the next generation of large turbines, with rotors of up to 170 meters. These models already represent almost half of the current demand and are crucial to increase its profitability and bring further down the cost of clean energy.

To successfully advance that strategy, Siemens Gamesa has decided to shut down its Aoiz factory, which is not competitive in the market environment to produce blades for large turbine models. The Navarre plant manufactures the SG 3.4-132 for projects located primarily in Spain. Its higher costs and geographical position, more than 200 km away from the closest port, make it uncompetitive for global markets.

The company will start a collective dismissal procedure for a maximum of 239 employees. Negotiations with local workers council are intended to start in the coming days, in accordance with applicable rules and regulations. Information on the final agreements will be communicated once negotiations are completed.

“We are making a difficult decision and I am fully aware of the impact it will have in some of our employees as well as the local community. We will do our best to support our colleagues through this transition”, explained Alfonso Faubel, CEO Onshore of Siemens Gamesa. “We do not take decisions with such a grave impact lightly and over the past months we have examined carefully every option at our disposal and have reluctantly concluded there is no alternative to this action. In the current circumstances, we have the obligation of adopting the measures needed to secure the long-term sustainability of this company and the jobs of more than 24,000 colleagues around the world, including close to 5,000 in Spain”, he added.

While this activity is not directly linked to the COVID-19 crisis, the effects of the pandemic in Siemens Gamesa operations and commercial activity have accentuated the need for action. The company reported a direct impact of 56 million euros in its profitability during the last quarter.

Despite the short-term challenging environment, wind power has consolidated as the most competitive source of new generation in most of the world, making its medium- and long-term prospects solid. Siemens Gamesa's adjustments to its costs and footprint will guarantee that the company has the resources to make the investments required to lead an affordable and just energy transition.

Commitment to Navarre

Siemens Gamesa has strong roots in Navarre where its global engineering hub for the development and validation of onshore wind technologies is based.

Additionally, the company will install and test the prototype of its Siemens Gamesa 5.X latest generation turbine in Alaiz (Navarre), where it has run validation campaigns for all its onshore turbines, benefiting from its proximity to the engineering hub. The nacelle will be assembled in Siemens Gamesa plant of Ágreda (Soria) and will source components such as the gearbox and the generator from some of its other plants in Spain.

"Spain will still be the country with the largest manufacturing footprint for us. Additionally, we are reinforcing our R&D related activities, less exposed to market temporary conditions, and in the last two years we hired over 450 employees in Navarre and the Basque Country. Finally, the proximity of the Spanish suppliers to our onshore R&D hub represents a big opportunity for them. In 2019 we bought more than 1.2 billion euros to Spanish suppliers", concluded Faubel

About Siemens Gamesa Renewable Energy

Siemens Gamesa is a global leader in the wind power industry, with a strong presence in all facets of the business: offshore, onshore and services. The company's advanced digital capabilities enable it to offer one of the broadest product portfolios in the sector as well as industry-leading service solutions, helping to make clean energy more affordable and reliable. With more than 103 GW installed worldwide, Siemens Gamesa manufactures, installs and maintains wind turbines, both onshore and offshore. The company's orders backlog stands at €28.6 billion. The company is headquartered in Spain and listed on the Spanish stock exchange (trading on the Ibex-35 index).

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