

Press release

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Siemens Gamesa adjusts its industrial footprint in Spain due to lack of demand and to improve its competitiveness

- A collective dismissal agreement will be presented affecting up to 215 employees at the Somozas factory and 51 at the Cuenca plant
- The Somozas factory has no confirmed orders for 2021 for the blade model it produces, the SG 2.X-114, for which there is no longer demand in the Spanish market
- The plant is not competitive enough to manufacture the larger blades demanded by the market. It would also be unable to produce the largest ones due to site and logistic constraints
- Cuenca's activity, which is reduced to blade repair, is not sustainable due to site constraints for larger blades and lack of competitiveness
- The decision is in line with ongoing activities aimed at improving competitiveness, in particular in its Onshore business, and delivering long-term sustainable profitability
- The company will do its best to support employees and minimize the effect of the dismissals

Siemens Gamesa today announced its decision to close its Somozas (La Coruña) and Cuenca plants and will present a collective dismissal agreement for up to 266 employees (215 in Somozas and 51 in Cuenca).

The closure of the Somozas factory is a result of a lack of orders for the SG 2.X-114 model produced at the plant, and because it would be unable to competitively produce larger blade models demanded by the market.

Specifically, the company has no confirmed orders for this blade model in Spain in 2021 and there are no plans to have any projects with this turbine in the future, as demand has ceased in Spain.

The Spanish market, like the global market in general, now demands larger turbines that the Somozas plant cannot produce competitively because its costs are higher than those of other factories. In addition, in the case of Siemens Gamesa's larger turbines, which will see significant demand in the coming years, it would be impossible to produce them at the Somozas plant because of site and logistic constraints.

The Cuenca plant, which is exclusively focused on the repair of blades, is no longer sustainable in an extremely competitive repair market as well as a growing trend to replace rather than repair blades. In addition, Cuenca is not sustainable in the long-term as center for larger blades repair due to site constraints.

A collective dismissal agreement will soon be presented for up to 266 employees. Negotiations with the local workers council are intended to start in the coming days, in accordance with applicable rules and regulations.

The decision is in line with Siemens Gamesa's ongoing activities aimed at improving competitiveness, in particular in its Onshore business, and delivering long-term sustainable profitability. The company will continue to shape its organization and cost base to the conditions of the global wind market, which is characterized by intense competition and price pressures that have eroded margins of wind turbine manufacturers, including Siemens Gamesa.

Siemens Gamesa's Onshore CEO Lars Krogsgaard, said: "We urgently need to return to the path of profitability and the only way to do it is by applying measures such as these, and those ones already carried out in our Onshore business in the last year and a half. We have analyzed all the options, but concluded there is no alternative. These are tough measures, but necessary to put the company back on track and guarantee its sustainability and the employment of the more than 24,000 employees of Siemens Gamesa, around 4,400 of them in Spain."

"We will do our best during the negotiations with the unions to support our colleagues through this transition and minimize the impact the decision has on our employees," added Krogsgaard.

Commitment to Spain

Siemens Gamesa maintains its firm commitment to Spain, where the company will have around 4,400 employees after this adjustment, a fifth of the company's total workforce and one of the two markets (along with Denmark) with most employees. The company is the largest employer in the Spanish wind market and leader with above 50% of market share. The company is based in Zamudio (Vizcaya) and is listed on the Madrid stock exchange.

Siemens Gamesa plays a key role in innovation in the Spanish wind industry: its global engineering center for the development and validation of onshore wind technologies is based in Navarre (Spain), where the company's largest R&D center is located. It also has nine production plants for nacelles, gearboxes and electrical components with more than 1,200 employees. These plants, distributed in different provinces across Spain, will be responsible, among other projects, for around half of the global serial production of the new Siemens Gamesa 5.X turbine, the most powerful onshore platform.

Siemens Gamesa plays also a relevant role supporting the wind supply chain in Spain, with annual purchasing figures of 1.25 billion euros to more than 3,100 Spanish suppliers, according to fiscal year 2020 figures.

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