

## Siemens' Gas and Power continues focus on productivity and competitiveness

- **Establishment of Gas and Power Operating Company leads to significant synergies and to optimization of support functions**
- **Necessary changes include adjusting capacities to reflect market developments**
- **Worldwide, 2,700 jobs to be reduced, about 1,400 of which are in Germany**
- **Measures to be implemented in a socially responsible manner**

Today, Siemens informed its employee representatives about further planned measures for strengthening the productivity and competitiveness of Siemens' Gas and Power (GP) Operating Company for the long term. "Our new Gas and Power Operating Company setup has created synergies that better enable our company to deliver competitive performance in the midst of structural change in our industry. The planned measures will help us create more opportunity for growth and the security that comes from being a competitive player in the energy market," said Lisa Davis, member of the Managing Board of Siemens AG and CEO of Gas and Power.

At its Capital Market Day on May 8, Siemens announced that, against the backdrop of a challenging market environment, GP will – in addition to ongoing programs – require further savings of €500 million in order to significantly improve its cost competitiveness. The additional savings will be enabled by the new setup of the GP Operating Company. Merging and rightsizing the different businesses will save €200 million. A further €100 million will result from the new regional setup. And the remaining €200 million will be achieved by optimizing support functions.

The plans, as they have now been presented, call for reducing approximately 2,700 jobs worldwide over the course of several years. Around 1,400 of these jobs are in

Germany. Siemens will now begin consultations with the relevant employee representatives and then implement the planned measures, including requalification programs in the wake of the structural transformation of the industry, in a way that is socially responsible. As Siemens also highlighted at its Capital Market Day, the growth-oriented Vision 2020+ strategy concept will also be reflected in workforce development. Taking into account the efficiency-related workforce adjustments across all areas, including today's adjustments at GP, there will, accordingly, be a net increase of around 10,000 jobs worldwide within the same time period.

Since last years' reconciliation of interests with employee representatives focused on the power generation business (Power and Gas), the new measures primarily address the EPC projects business as well as the power transmission products and systems business. For the EPC projects business, measures are required in order to reduce costs, adjust to the declining numbers of major projects and enable the business to be more selective in the market, finding the right balance between volume and margin. For the power transmission products business, the markets for transformers and switching technology are burdened by excess capacities, requiring measures for optimizing cost structures and capacities at all locations. Doing so will help preserve the competitiveness of these locations. In addition, across the GP Operating Company, bundling and optimization has reduced the need for some of the services provided by support functions.

This press release is available at [www.siemens.com/press/PR2019060285COEN](http://www.siemens.com/press/PR2019060285COEN)

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