Siemens completes company reorganization

- Siemens on track to reach targets for fiscal 2015 in an increasingly difficult environment
- Agreement reached with employee representatives in Germany regarding measures to sustainably reduce overhead cost base by €1 billion by 2016
- Power and Gas Division seeks long-term improvement in profitability within a consolidating environment
- Restructuring of underperforming businesses initiated
- Structural reorganization of company largely completed
- Focus on growth, innovation and continuous profitability improvement

One year after presenting its Vision 2020, Siemens is on track with the implementation of its concept for the company’s strategic realignment. As announced, Siemens has informed its Supervisory Board and the relevant committee of employee representatives regarding the next steps planned in order to improve the company’s profitability. These steps include measures to improve profitability at the Power and Gas Division’s power generation business as well as a bundle of additional measures for restructuring chronically low-profit businesses. “With the initiation of these measures, the company’s structural reorganization has been completed for the most part,” said Joe Kaeser, President and CEO of Siemens AG.

The reorganization will affect about another 4,500 jobs worldwide, of which some 2,200 are currently expected to be in Germany. In February 2015, Siemens announced the reduction of roughly 7,800 jobs worldwide – including around 3,300 in Germany – as part of its program to streamline administrative functions. Following discussions with the employee representatives, the figure for jobs affected in Germany was reduced to roughly 2,900.

At the Power and Gas Division, Siemens is planning, among other things, to bundle
sales activities, make additional investments of around €100 million in research and development, optimize the portfolio structure and improve the cost position.

These measures are being taken in response to the persistently difficult environment in the global power generation market. The Power and Gas Division is having to cope, among other things, with regulatory changes, massive price erosion, aggressive competitors and regional overcapacities.

The company has also announced its further plans to restructure low-margin businesses. In addition to the measures already adopted, clear targets and business plans – which were agreed upon in the last few months in talks with the managers who have been responsible for these businesses since October 1, 2014 – are now to be rigorously implemented by the end of fiscal 2017. Siemens will concentrate on putting the businesses back on a sustainably profitable basis primarily through its own efforts.

Implementation of the strategic realignment outlined in Vision 2020 began at the start of the current fiscal year on October 1, 2014. The Vision’s key aims are to orient the company toward the growth fields of electrification, automation and digitalization, to further focus Siemens’ portfolio, and to execute specific, sustainable measures for enhancing the company’s operational efficiency.

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