

## Siemens drives structural optimization and growth orientation

- **Management informs employee representatives about impact of new organizational structure**
- **As part of the streamlining of administrative and overhead functions announced in May 2014, about 7,800 jobs to be cut worldwide – including 3,300 in Germany**
- **Savings of about €1 billion to be invested in innovation, productivity and growth initiatives**
- **Workforce size worldwide to remain virtually stable**

As previously announced, Siemens has informed the relevant employee representatives about the personnel adjustments planned in connection with the company's new organizational structure. In a drive to streamline administrative and overhead functions, about 7,800 jobs are to be cut worldwide – including some 3,300 in Germany. "Our Vision 2020 concept will enable us to get our company back on a sustainable growth path and close the profitability gap to our competitors. Our strategic reorientation has enabled us to considerably streamline our organization and remove entire intermediate levels. These steps will bring our businesses closer to our customers and make us significantly faster. As a result, certain tasks and functions will be completely eliminated. We're going to tackle this challenge together and implement the resulting measures responsibly. This completes the restructuring of our company in line with the new organizational setup of October 1, 2014," said Joe Kaeser, President and CEO of Siemens AG.

Plans call for cutting about 3,300 jobs in Germany. "We now want to begin talks with the relevant employee representatives as soon as possible and search constructively for socially responsible solutions," said Janina Kugel, member of the managing board and Labor Director. "We've made an agreement with the employee

representatives that states that we want to avoid layoffs due to operational requirements. And of course, this agreement still applies," she added.

In May 2014, Siemens presented its Vision 2020 concept and announced its intention to focus its activities on the growth fields of electrification, automation and digitalization and to considerably streamline its portfolio. Under Vision 2020, the organization's structure will become flatter and more customer-oriented. Measures already implemented include the elimination of the company's Sector level as of October 1, 2014, and reducing the number of company Divisions from 16 to nine plus the separately managed Healthcare business.

Siemens' cross-company functions are to be bundled and streamlined more intensively. Siemens is also simplifying internal workflows and processes, from strategic planning to the scope of internal reporting. Decision-making processes within the company are being accelerated by the elimination of intermediate levels and the transfer of more responsibility to the Regions and Divisions. Together, these measures are expected to generate productivity gains of about €1 billion, which will be realized in large measure by the end of 2016.

The savings achieved will be invested in innovation, productivity and growth initiatives, a considerable part of which will be in Germany. For these initiatives, Siemens will make available more than €1 billion in fiscal 2015 alone. Of this sum, about €400 million will go for sales operations, a further €400 million for research and development, and some €300 million for fixed assets.

As a result, the company expects the total number of employees worldwide to remain virtually stable. In the first four months of the current fiscal year alone, Siemens hired more than 11,000 people worldwide, of whom more than 1,500 were in Germany.

Further details regarding implementation will be discussed with the employee representatives in Germany as soon as possible. For this reason, a more detailed breakdown of the affected jobs by region, location and business cannot be provided.

## Contact for journalists

Michael Friedrich

Tel.: +49 30 386-24187; E-mail: michael-hans.friedrich@siemens.com

Alexander Becker

Tel.: +49 89 636-36558; E-mail: becker.alexander@siemens.com

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