# Press release

Munich, February 2nd, 2021

## Siemens Energy details plans to improve competitiveness

- Employee representatives have been informed about the proposed steps aimed at improving the company's long-term competitiveness
- In addition to reducing non personnel costs, Siemens Energy plans to reduce current global workforce until 2025 by about 7,800 jobs in its Gas and Power segment
- Non-recurring costs associated with the proposed job reductions will amount cumulatively to a mid to high triple digit million euro in line with previous guidance
- Guidance overall for fiscal year 2021 remains unchanged

The Executive Board of Siemens Energy has provided employee representatives details about its previously announced plans to reduce costs by a minimum of €300 million in its Gas and Power segment. This is in addition to programs already under implementation. The measures are designed to improve the company's competitiveness by enhancing the long-term cost structure. Siemens Energy plans to optimize the company's portfolio on the basis of profitability and future viability, to lower the non-conformance costs of major projects, and to reduce procurement costs. The company reconfirms plans to achieve an Adjusted EBITA margin before special items of 6.5 percent to 8.5 percent by 2023.

The measures presented today range from cost reductions related to external service providers, purchasing and logistics, to streamlining the IT landscape. Siemens Energy has already initiated its portfolio-reshaping process by modifying its range of aero-derivative gas turbines. In addition, the company will no longer bid on contracts for new coal-fired power plants.

Siemens Energy has made the reduction of its material expenses a high priority and the majority of reduction measures are related to those costs. However, optimized processes, leaner structures, the reduction of overcapacities and portfolio adjustments will result in the reduction of approximately 7,800 jobs around the world in the Gas and Power segment – around three-quarters of which will be made in management, administration and sales.

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The proposed measures impact approximately:

- 3,000 in Germany
- 1,700 in the United States
- 3,100 at other locations around the world

The reductions are planned by the end of the 2025 financial year, with a large part to be implemented by the end of the 2023 financial year. In negotiations with the employee representatives in geographies under co-determination, the company aims at reaching an agreement on the proposed measures as soon as possible.

“The energy market is significantly changing which offers us opportunities but at the same time presents us with great challenges,” said Christian Bruch, Chief Executive Officer of Siemens Energy AG. “With this program we want to regain our competitiveness and financial strength to shape the energy world of tomorrow. We are fully aware that this is a challenging program for our employees. Hence, we will undertake these measures in the most socially responsible way possible.”

The company reiterates that the estimated restructuring costs associated will amount cumulatively to a mid to high triple digit euro million amount for the fiscal years 2020 to 2023. This figure falls within the range of the company’s previously announced expectations. The company’s guidance for the current 2021 fiscal year remains unchanged.

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**Siemens Energy** is one of the world's leading energy technology companies. The company works with its customers and partners on energy systems for the future, thus supporting the transition to a more sustainable world. With its portfolio of products, solutions and services, Siemens Energy covers almost the entire energy value chain – from power generation and transmission to storage. The portfolio includes conventional and renewable energy technology, such as gas and steam turbines, hybrid power plants operated with hydrogen, and power generators and transformers. More than 50 percent of the portfolio has already been decarbonized. A majority stake in the listed company Siemens Gamesa Renewable Energy (SGRE) makes Siemens Energy a global market leader for renewable energies. An estimated one-sixth of the electricity generated worldwide is based on technologies from Siemens Energy. Siemens Energy employs more than 90,000 people worldwide in more than 90 countries and generated revenue of around €27.5 billion in fiscal year 2020. www.siemens-energy.com.

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