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**Press Release**

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## **MAN Energy Solutions Publishes Paper Outlining Key Points of Restructuring**

The executive board and employee representatives of MAN Energy Solutions have agreed on a joint paper outlining the key points of its restructuring. It defines the scope and type of measures that the company intends to implement to ensure its future viability. The paper proposes a reduction of 2,600 jobs. In return concessions related to labor costs are agreed upon that will allow the company to achieve its restructuring objectives.

### **Locations in Berlin and Hamburg to Be Retained**

The company will reduce the size of its Berlin site and operations here will be focused on the production of components. It will also keep its service business in Hamburg intact. It will, however, halt steam turbine production, which is also conducted there. Restructuring measures have been agreed upon for the Augsburg and Oberhausen sites, and the organizations in Denmark, France, England, and Switzerland will also be streamlined.

The implementation of these measures will result in the loss of approximately 2,600 jobs, including around 1,650 in Germany and 950 in other European and non-European countries. This necessary reduction in the workforce will be carried out in a socially responsible manner, although terminations for internal business reasons cannot be ruled out.

### **Concessions on Labor Costs**

In order to meet the targeted cost cuts of 450 million euros the parties of the collective labor agreement will negotiate in order to achieve a reduction in personnel costs of around 40 million euros annually for the period from 2021 to 2023.

According to Dr. Uwe Lauber, CEO of MAN Energy Solutions: "As much as we would like to, we cannot avoid job cuts completely. The implementation of the measures agreed upon in the paper on the basis of compensating measures will result in fewer job cuts than originally planned. At the same time, we are sticking to our target and creating the necessary freedom to more effectively absorb external effects in the future. We are streamlining and focusing our organizational structures and are improving our earnings situation over the long term by cutting costs."

### **Volkswagen Not to Sell Company**

The Volkswagen Group supports the agreements outlined in the paper, expecting that the necessary prerequisites for implementation will be successfully finalized by the end of 2020. Once this has happened Volkswagen will suspend its plans to sell MAN Energy Solutions until the finalization of the restructuring efforts, which include job cuts, reduction of personnel cost and the relocation of products to foreign production centers. This will apply at least until the end of 2024. The

Volkswagen Group has further agreed that the company will remain part of the group until at least the end of 2026 if it achieves a profitability target of 9% EBIT on a consistent basis by that date.

“Volkswagen has called on both the management and employees of MAN Energy Solutions to come up with a concept that will make it possible for the company to position itself for the future and achieve financial independence,” said Lauber. “The paper lays the foundation for this concept. Volkswagen is now giving us the opportunity to implement the agreed upon measures as part of the group.”

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MAN Energy Solutions is paving the way to a carbon-neutral global economy. Whether industrial production, the energy industry, or the maritime sector, we think holistically and are tackling the challenges of tomorrow today – so our customers can create value in a sustainable manner. Our technology portfolio contains the experience gained with a more than 250-year-old tradition of engineering. MAN Energy Solutions is based in Germany and employs approximately 14,000 people at over 120 locations worldwide. Furthermore, our customers benefit from the global service-center network offered by MAN PrimeServ, our brand for after-sales service.