

Press release  
No. 012/2024

## Miele launches worldwide efficiency program

- ▶ Through growth initiatives and cost reductions: 'Miele Performance Program' to achieve overall effect of around € 500 m
- ▶ Up to 2,700 jobs worldwide potentially affected by layoffs and relocation
- ▶ Important contribution to further strengthening competitiveness and premium services

**Gütersloh, February 6, 2024. – Miele Group is now also feeling the impact of a worldwide slump in demand for domestic appliances and drastic cost-side price increases. In terms of long-term countermeasures, a comprehensive program to further improve structures, processes and costs has been launched. As the Executive Board today announced to the workforce, additional financial room to manoeuvre in the order of € 500 m is to be freed up by 2026. By more than two-thirds, this will be achieved through improvements in turnover or through reductions in material and associated costs. Nevertheless, a substantial reduction in personnel costs is also unavoidable. This means that up to 2,700 jobs could be cut worldwide or be affected by relocation. The process will be conducted as socially compatibly as possible.**

After three years of strong turnover growth in succession, the entire domestic appliance branch recorded a decline in business across the globe in 2023. Along with the end of the extraordinary economic cycle as a result of Covid, it is also the economic consequences of the war in Ukraine which have impacted the situation. And, unlike in earlier economic cooldowns in the markets, this is particularly noticeable in the premium segment. Against this backdrop, the preliminary turnover of the Miele Group dropped by around 9%; in terms of unit sales, the decline year-on-year was around double this percentage. There are no indications of market recovery in sight any time soon. At the same time, high inflation is resulting in significantly higher costs in procurement, for example for materials and energy, but also regarding wage tariffs.

'What we are currently experiencing is not just a blip in the economic cycle but rather a sustainable shift in the framework conditions which are relevant to us and to which we must adjust', the Executive Board of the Miele Group announced today to employees in an internal address. That is why prompt and decisive action will be taken in order to come out of this challenging situation with renewed strength. The framework for this is provided by a companywide cost and efficiency initiative under the title 'Miele Performance Program' which

addresses the structures, processes and costs in all areas. With the aim of sustainably securing economic viability, additional financial room to manoeuvre in the order of € 500 m is to be created by 2026, whereby more than two-thirds of this will come from improvements in turnover and a reduction in material and associated costs.

## **Necessary response to changes in market conditions**

But considerable savings must also be achieved in terms of personnel costs as the company considerably increased its expertise and capacities during the years since 2019 which were marked by strong growth. As a consequence of changes in the market situation, adjustments are now unavoidable. As plans currently stand, up to 2,000 jobs are potentially affected worldwide, chiefly in so-called indirect areas, i.e. persons not operating production machinery or on assembly lines.

Furthermore, considerable effort is necessary to put Laundry Care at Miele, currently hit by fierce and strong price-driven competition, back on an economically sound footing once again. To this end, the team in the Laundry Business Unit is working on a customer-centric product strategy, more compelling marketing and on a reduction in complexity. In addition to this, the current planning status means that, for reasons of costs, a relocation of further parts of washing machine production in Gütersloh and associated areas to the Miele plant in the Polish town of Ksawerów is inevitable.

Subject to the outcome of negotiations with employee representatives, it is also planned to relocate the assembly of almost all domestic washing machine to Ksawerów in stages through to 2027. In total, this would result in staggered cuts to around 700 jobs at the Gütersloh plant. The remaining parts of appliance production there, such as the press-shop, the foundry and the machining of castings, would not be affected and would remain in Gütersloh until further notice. This also applies to the assembly of washer-dryers and small commercial machines.

## **Cutbacks as socially compatible as possible**

Taking the measures described together, potentially 2,700 of the current 23,000 or so jobs would be affected. 'These are grave measures, and we are fully aware that this will hit many colleagues hard', the Executive Board continues. Only this way will it be possible to put Miele back on track towards a successful future – as a strong and independent family company with a clear focus on premium and with the necessary earning power in all areas.

Which areas will be affected by staff cutbacks and to what extent has not yet been decided as details are to be further fleshed out over the coming months and will be the subject of

negotiations with social partners. Potential downsizing to the extent described does not, though, mean that anywhere near the same number of redundancy notices are to be expected. The Executive Board also stressed a further point: 'Miele would not be Miele if the pending transformation were not to be conducted as socially compatibly as possible and in close collaboration with employee representatives'. As announced, hopes will be pinned on a constructive dialogue with the IG Metall trade union.

## **Strategic investments in innovation and growth**

In the year which marks 125 years of company history, a further avowed goal is to set the signals for growth once again. In this respect, Miele can build on its strong brand, on a unique claim to premium and quality within its branch, on delightful products and committed and creative teams in 50 countries. 'Besides that, we are a family company which thinks in generations and not in terms of quarterly reports', the Executive Board reiterated as it mapped out the prospects for the coming years. As a consequence, Miele is continuing to invest consistently in its strategically important projects. Current examples are the development of new product generations, the construction of an additional production plant in the USA, the complete takeover of the outdoor cooking specialist Otto Wilde – and the intended joint venture with Metall Zug AG to strengthen medical technology at Miele.

## **Media contact**

Carsten Prudent

Phone: +49 5241 89-1951

Email: [carsten.prudent@miele.com](mailto:carsten.prudent@miele.com)

**Company profile:** Miele is the world's leading manufacturer of premium domestic appliances including cooking, baking and steam-cooking appliances, refrigeration products, coffee makers, dishwashers and laundry and floor care products. Their product portfolio also includes dishwashers, washing machines and tumble dryers for commercial use as well as washer-disinfectors and sterilisers for use in medical and laboratory applications. Founded in 1899, the company has eight production plants in Germany, one each in Austria, the Czech Republic, China, Romania and Poland as well as two production plants belonging to its Italian medical technology subsidiary Steelco. Sales in the 2022 business year amounted to around € 5.43 bn. Miele is represented with its own sales subsidiaries and via importers in almost 100 countries/regions. Throughout the world, the family-run enterprise, now in its fourth generation, employs a workforce of around 23,000, of which approx. 11,800 employees work in Germany. The company has its headquarters in Gütersloh in Westphalia.

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