

# Siemens on track for 2019 ahead of power and gas spinoff

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Siemens plans to spin off its struggling gas and power unit to prepare it for a potential stock market listing next year

German industrial conglomerate Siemens said Wednesday it was sticking to its targets for 2018-19 after a steady second quarter, having announced the spinoff of its historic power and gas unit a day before.

Net profits at the group fell five percent year-on-year, to 1.9 billion

euros (\$2.1 billion) between January and March.

Meanwhile revenues were up two percent adjusting for currency effects, at 20.9 billion euros.

In 2019, "we enter into a new era to become an even stronger and more focused Siemens," chief executive officer Joe Kaeser said in a statement.

Like other once-sprawling German conglomerates like Thyssenkrupp, Bayer or Continental, Siemens is slimming down via successive spinoffs and flotations of units that no longer fit into its bosses' vision.

By September 2020, the power and gas unit with its oil and gas, [gas turbines](#), [power transmission](#) and related services businesses is planned to be listed separately on the [stock market](#).

Siemens plans to remain a "strong anchor shareholder" with a blocking minority holding in the new company.

While the fossil fuels business is disliked by shareholders and has struggled with profitability in recent years, it lifted its operating margin to 5.6 percent in the second quarter, on adjusted revenues down six percent at 2.8 billion euros.

Outstanding orders at the unit were steady at 3.2 billion.

By contrast rail, another flagship division, saw large contracts for trains including in the US and Germany help swell the order book 42 percent to 3.5 billion euros.

But there was no clue from Siemens about a future strategy for its mobility activities, after its planned merger with France's Alstom was

blocked by the European Commission.

The group also saw a stable performance at its "digital factory" automation business, an investor favourite with operating profit margins amounting to 19.6 percent on revenues of 3.4 billion euros.

Looking ahead to the full year, Siemens remained cautiously confident, aiming for "moderate growth in [revenue](#)" and a profit margin of 11 to 12 percent in its core industrial businesses, adjusting for portfolio and currency effects.

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