

Germany's Siemens says plans to spin off oil and gas unit

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Siemens wants to increasingly focus on digital industries and smart infrastructure

German industrial conglomerate Siemens said Tuesday it plans to spin off its struggling gas and power unit to prepare it for a potential stock market listing next year.

The division to be carved out comprises its oil and gas, conventional power generation, [power transmission](#) and related services businesses.

Siemens' Gas and Power (GP) unit is to be "given complete independence and entrepreneurial freedom through a carve-out and a subsequent public listing," Siemens said in a statement.

The GP unit with 44,000 employees in 2018 booked sales worth 12.4 billion euros (\$13.8 billion) and 377 million euros in profit.

But its profitability is declining year on year, due to falling demand for power plant equipment as a result of the global shift from [fossil fuels](#) to [renewable energy](#).

The Munich-based [parent company](#) said it plans to give up its majority stake in GP and is preparing for a stock listing by September 2020.

The industrial behemoth would increasingly focus on digital industries and smart infrastructure as well as its health and mobility units under its Vision 2020+ strategy.

Siemens CEO Joe Kaeser said the goal was "further sharpening Siemens' focus and making our businesses faster and more flexible".

Key growth areas would include electric mobility infrastructure, distributed energy systems, smart buildings and energy storage, the company said.

Siemens AG said it also plans to contribute its majority stake in the renewable energies company SGRE, currently at 59 percent, to GP.

However, the parent company plans to "remain a strong anchor shareholder in the new company".

Its stake would be "initially somewhat less than 50 percent and, for the foreseeable future, above the level of a blocking minority holding".

Kaeser said the move will create a player in the energy and electricity sector "with a unique, integrated setup -- an enterprise that encompasses the entire scope of the [energy](#) market like no other [company](#)".

"Combining our portfolio for conventional power generation with [power](#) supply from renewable energies will enable us to fully meet customer demand," he said.

"It will also allow us to provide an optimised and, when necessary, combined range of offerings from a single source."

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