

Germany : Siemens to explore gas turbine deal with Asian partner



Mar 22, 2019 (Euclid Infotech Ltd via COMTEX) – Siemens AG is exploring a combination of its large gas turbine business with an Asian partner, according to people familiar with the matter.

The German company has held talks with firms including Mitsubishi Heavy Industries Ltd, said the people, who asked not to be identified because the talks are private. Options range from a full or partial sale of the division to a joint venture, the people said. No final decisions have been made and Siemens may still decide to keep the unit, they said.

Siemens has been considering options for the large gas turbine business, which forms the biggest part of its power-and-gas division, since at least last June, when people familiar with the matter said the German engineering company was considering a potential sale. The business was worth about 3.2 billion

euros (S\$4.9 billion), Berenberg analyst Simon Toennesen estimated at the time.

“The situation on the global market for fossil power-plant technology remains unchanged,” the company said in a statement, declining to comment on talks about the turbine business. “Siemens began tackling these challenges back in early 2015.”

A spokesman for Mitsubishi Heavy declined to comment. Siemens shares advanced as much as 2.6% following the Bloomberg report, the most in more than a month. The stock was up 0.9% to €98.20 at 1:13pm in Frankfurt yesterday.

The global market for gas turbines has collapsed as renewable energy has become cheaper. Siemens announced in 2017 it would cut 6,900 jobs in its power and gas division to respond to that shift. General Electric Co was the top producer of gas turbines last year, with about 33% of global orders by capacity, according to Barclays Plc. Mitsubishi Hitachi Power Systems followed with 30%, while Siemens was third with 26%.

The German company was set to generate about €5.2bn in revenue from turbine sales and service in 2018, Berenberg estimated last year. Siemens’s power-and-gas division will be renamed gas and power on April 1, reflecting the company’s new structure. Siemens announced last year that it was shrinking the number of operating divisions from three to five and that it would focus on factory software and energy distribution, attempting to get the jump on newer technologies that had been disrupting its core business.