

Interview: Siemens' Dr. Armin Bruck

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Asia's emerging markets will require economic infrastructure investments of \$20 trillion over the next 15 years, according to a McKinsey report published this year. The biggest need will be for power, followed by roads, water, telecommunications, railways, then ports and airports.

With so much investment needed, Dr. Armin Bruck, CEO of Siemens for the Association of Southeast Asian Nations (ASEAN) region, told *IJGlobal* that he sees growth across the board in the nine ASEAN member countries (Brunei, Cambodia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam) that he oversees. Siemens treats the tenth ASEAN member country, Indonesia, as a separate entity for which Josef Winter is serving as chief executive.

"ASEAN has unbelievable potential, but the biggest needs are in the power chain and mobility, or transportation. We see a bright future for the region," Dr. Bruck said.

In particular, "Vietnam, Malaysia, Thailand and the Philippines are top picks in terms of growth, both in power and transit," he said.

Siemens won multiple contracts in those key markets in 2016, from a turnkey supply and long-term maintenance for PV Power Nhon Trach 2 gas-fired power plants in Vietnam, supplying rolling stock for the Klang Valley mass rapid transit line 1 in Malaysia, an order of 90 wind turbines for Southeast Asia's largest onshore wind farm in Thailand, to developing the 81MW Caparispisan wind farm in the Philippines.

Siemens is also "pretty upbeat" about Vietnam. The new government of Prime Minister Nguyen Xuan Phuc, who was elected in April 2016, has a much more market-orientated approach with more talk investments in transport infrastructure, according to Dr. Bruck.

Though GDP growth in Vietnam has slowed recently, it has been above 5% since 2013 and investment in infrastructure has been growing in recent years according to the Asian Development Bank (ADB). Vietnam's GDP is forecast to grow by 6.5% in 2017 and 6.7% in 2018, faster than the ASEAN's average of 4.6%.

Vietnam only comes second to China in terms of infrastructure spending as percentage of GDP, spending 5.7% of GDP in 2016, compared to China's 6.8%, according to the ADB. Growth is expected to continue because Hanoi sees "urgent" infrastructure investment needs of \$480 billion, including 11 power stations with a combined capacity of 13.2GW and various urban and regional railways.

One development that Siemens is eyeing is the 11.3km Ho Chi Minh City Metro (HCMC) Line 2. After repeated delays, the tender for the KfW-backed metro line has been launched.

In the transportation sector, Dr. Bruck said that Siemens is also likely to bid on the Kuala Lumpur-Singapore high speed rail and is “exploring all options.”

As for the power sector, the trend for base-load power is shifting towards gas-fired, Dr. Bruck said, but he is still expecting coal-fired power plant development to “continue for a while.”

Going forward, he also sees promising growth in wind power. Following the merger with Gamesa, “Siemens is in a strong position to build renewables. We see the Philippines and Thailand as particularly promising markets for wind power,” he said.

Another reason for Dr. Bruck’s overall bullishness is that Siemens has given him more options on funding. “We just set up Siemens Bank in Singapore, the first outside of Germany, and we will have more flexibility on financing, from lending to taking equity stakes,” he said.

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