

Q1SY24 Result Highlights

- **Diversified business mix enabled strong growth of 20% YoY** – SIEMENS Revenue in Q1SY24 grew 20.2% YoY (-16.9% QoQ) to ₹48.3bn supported by strong execution across Mobility (₹6.6bn; +62% YoY), Smart infra segment (₹18.5bn; +22% YoY), and Digital Industries segment (₹10.4bn; +33.3% YoY). However, the energy segment witnessed a moderate execution during the quarter (₹18.5bn; +13% YoY). Energy segment revenues declined 1.3% YoY and 38% QoQ to ₹11.5bn with EBIT margin at 10.9% (-55 bps YoY and 94 bps QoQ) which was covered by the other segments mentioned above. EBITDA margin declined by 257bps YoY but grew 30bps QoQ to 12.4% with the gross margin at 52.9%, +186 bps YoY as raw material cost declined 18.8% QoQ to ₹22.7bn. EBIT margin in the smart infra segment and mobility segment stood at 10.6% (+186bps YoY) and 7.4% (+394bps YoY) respectively, compared to drop in the margin in the Digital industries segment margin which was at 12.7% (v/s 26.9% YoY). PAT grew 9.2% YoY (-11.5% QoQ) to ₹5.1bn.
- Both depreciation (+3% YoY to ₹785mn) and employee cost (+14% YoY to ₹5.6bn) grew slower than revenue growth in the quarter gone by. Purchase of stock-in-trade + projects bought-outs and other direct costs grew in line with sales and form a dominant share of the total cost of materials. Royalty has started to increase up 80 bps over FY2018-23.
- **Order inflows came in at ₹59bn** – Order inflows at ₹59bn grew a healthy 10% YoY on a high base. This is the first quarter of strong on order inflows in some time. The company attributed the strength in ordering to uptick in orders from transmission while sharing effect of destocking on weak (and declining) orders for the digital industries segment. It highlighted that the weakness in digital industries would continue for another quarter. It shared that the capex demand would be good across segments, largely driven by capex spending in public infrastructure.
- **During the quarter ended 31 December 2023, the management had reorganised the Digital Industries segment.** Due to which the Low Voltage motor business is reported under Portfolio companies segment which declined 7.7% YoY and 9.2% QoQ to ₹2.2bn with EBIT margin at 6.4% (v/s 13.9% YoY and 10.6% QoQ).
- **Low Voltage motor business hive-offs likely to happen in next 2 years.** More clarity is awaited on its sale. Another proposal that will be closely monitored is the demerger of the energy business by 2025.
- **Confident of rail order profitability** – The 9000HP locomotive orders is for supply of 1,200 coaches over 11 years with a 35-year maintenance contract. The company is confident of making good margins on this order.
- **Private expenditure to catch up** – Private capex in key sectors of pharma, data center, automotive, electronics, metals, intralogistics, chemical, water, and cement is expected to increase. Capacities were earlier being utilised to the tune of 52- 53%, which has now gone up to 75-80% on average. The company expects continuing private capex and fresh capacity addition in the private sector. It also believes that this is an inflection point for capacity addition and investment plans. It has already received several enquiries, many of which have turned into tenders. PLI schemes by the government have an indirect benefit on Siemens, in the sense that they spur capacity addition and increased operations for its customers, which in turn benefits the company.

Important Statistics

Nifty	21,864
Sensex	71,860
MCAP (₹ bn)	₹1,554.9
52 Week H/L (₹)	4,500/3,081
NSE Code	SIEMENS
BSE Code	500550
Bloomberg Code	SIEM:IN

Shareholding Pattern Dec'23 (%)

Promoters	75.0
DIIs	7.7
FIIIs	7.9
Public	9.4

FINANCIALS

Particulars	SY20	SY21	SY22
Revenue	99,465	131,985	161,378
EBITDA	10,036	14,880	17,573
EBITDA Margin (%)	10.1	11.3	10.9
Net Profit	7,686	10,877	15,429
EPS (₹)	21.6	30.6	43.3
RoE (%)	8.1	10.5	13.3
RoCE (%)	7.5	10.6	11.9
P/E (x)	200.9	142.0	100.1
EV/EBITDA (x)	148.8	101.0	84.8
P/BV (x)	16.3	14.9	13.3

Particulars	SY23	SY24E	SY25E
Revenue	195,538	228,974	269,973
EBITDA	24,872	28,367	33,997
EBITDA Margin (%)	12.7	12.4	12.6
Net Profit	19,609	23,284	28,221
EPS (₹)	55.1	65.4	79.3
RoE (%)	15.0	16.6	17.7
RoCE (%)	15.8	17.4	18.6
P/E (x)	78.8	66.3	54.7
EV/EBITDA (x)	59.4	51.9	42.7
P/BV (x)	11.8	10.5	9.2

Source: Company, Way2Wealth

Relative Performance

Return (%)	1 Yr	3Yr	5 Yr
SIEMENS	34.6	133.4	359.2
Nifty 50	21.4	42.8	103.9
Sensex	17.3	37.8	100.7

Source: Company, Way2Wealth

Jayakanth Kasthuri
jayakanthk@way2wealth.com

Ph:022-4019 2914

View

SIEMENS had a strong Q1SY24 performance boosted by profitability in the new age technology segments which is likely to continue its growth trajectory in coming quarters. The company is witnessing substantial on-ground interest from private companies and some of these orders have started to get converted into tenders. Ordering was strong at 1.35x revenues with renewed strength in T&D ordering compensating for reducing relevance of the cyclical digital industries segment. The base business remains strong and enjoys a robust outlook as diverse customer segments enable it to play the capex cycle. We believe that the company is benefiting from structural tailwinds in its digitalisation and automation businesses, as well as the traction mobility segment. The company is also well positioned to harness the opportunities from green energy transition. **Hence, we view it as a *ACCUMULATE* stock trading at P/E 54.7 x SY25E EPS of ₹79.3.**

15th February 2024

CMP – ₹4,338.3/-

 View – **ACCUMULATE**
FINANCIAL PERFORMANCE

(₹ mn)

Particulars	Q1SY24	Q1SY23	YoY (%)	Q4SY23	QoQ(%)	SY23	SY22	YoY (%)
Revenue	48,252	40,151	20.2	58,077	(16.9)	243,790	161,378	51.1
Cost of Matl	13,258	10,157	30.5	11,525	15.0	57,314	36,707	56.1
Stock Purchases	14,389	14,034	2.5	13,035	10.4	69,259	44,490	55.7
Inventory Changes	(4,904)	(3,469)	41.4	3,443	(242.4)	(7,815)	(1,706)	358.1
RM Cost	22,743	20,722	9.8	28,003	(18.8)	118,758	79,491	49.4
Employee Costs	5,635	4,963	13.5	5,141	9.6	25,765	18,057	42.7
Project bought outs & other direct costs	10,001	5,980	67.2	13,024	(23.2)	47,812	29,772	60.6
Other Exps	3,912	2,494	56.9	4,907	(20.3)	20,622	16,485	25.1
EBITDA	5,961	5,992	(0.5)	7,002	(14.9)	30,833	17,573	75.5
EBITDA Margin (%)	12.4	14.9	(257)	12.1	30	12.6	10.9	176
Other Income	1,641	1,017	61.4	1,455	12.8	6,603	3,078	114.5
Finance Cost	34	37	(8.1)	49	(30.6)	262	363	(27.8)
Depreciation	785	761	3.2	786	(0.1)	3,993	3,171	25.9
Profit/ (Loss) Associates	-	-	-	(1)	(100.0)	(1)	-	-
Tax Exp	1,726	1,584	9.0	1,905	(9.4)	8,504	4,498	89.1
Profit/ (Loss) from Discontinued Operations	-	-	-	-	-	-	2,811	(100.0)
Minority Exps	3	-	-	3	-	13	1	1,200.0
Net Profit	5,054	4,627	9.2	5,713	(11.5)	24,663	15,429	59.8
EPS (₹)	14.2	13.0	9.2	16.0	(11.5)	69.3	43.3	59.8
Adjus Net Profit	5,054	4,627	9.2	5,713	(11.5)	24,663	12,618	95.5
Adjus. EPS (₹)	14.2	13.0	9.2	16.0	(11.5)	69.3	35.4	95.5

Source: Company, Way2Wealth

As % to Sales	Q1SY24	Q1SY23	YoY(BPS)	Q4SY23	QoQ(BPS)	SY23	SY22	YoY(BPS)
Raw Matl Cost	48.2	46.4	186	48.1	11	49.1	49.3	(15)
Gross Margin	51.8	53.6	(186)	51.9	(11)	50.9	50.7	15
Employee Costs	8.9	10.3	(141)	10.2	(130)	10.3	11.2	(89)
Other Exps	30.9	32.3	(142)	30.1	76	27.9	28.7	(78)

Segmental Revenues(₹ mn)	Q1SY24	Q1SY23	YoY(%)	Q4SY23	QoQ(%)	SY23	SY22	YoY(%)
Energy	11,454	11,601	(1.3)	18,467	(38.0)	72,257	53,710	34.5
Smart Infra	18,523	15,197	21.9	21,092	(12.2)	89,267	59,488	50.1
Mobility	6,597	3,838	71.9	7,124	(7.4)	28,199	14,286	97.4
Digital Inds	10,379	7,789	33.3	9,459	9.7	55,155	36,055	53.0
Others	2,219	2,404	(7.7)	2,444	(9.2)	-	-	-
Portfolio Companies	161	233	(30.9)	332	(51.5)	1,333	1,040	28.2
Inter Segment	1,081	911	18.7	841	28.5	3,559	3,201	11.2
TOTAL	48,252	40,151	20.2	58,077	(16.9)	242,652	161,378	50.4

Segmental EBIT(₹ mn)	Q1SY24	Q1SY23	YoY(%)	Q4SY23	QoQ(%)	SY23	SY22	YoY (%)
Energy	1,251	1,331	(6.0)	2,191	(42.9)	6,873	5,648	21.7
Smart Infra	1,964	1,328	47.9	2,439	(19.5)	7,450	3,842	93.9
Mobility	491	135	263.7	235	108.9	1,166	1,231	(5.3)
Digital Inds	1,313	2,092	(37.2)	1,088	20.7	6,132	3,600	70.3
Portfolio Companies	142	335	(57.6)	259	(45.2)	-	-	-
Others	14	10	40.0	2	600.0	42	81	(48.1)

15th February 2024

CMP – ₹4,338.3/-

 View – **ACCUMULATE**

Segmental EBIT Margin (%)	Q1SY24	Q1SY23	YoY(BPS)	Q4SY23	QoQ(BPS)	SY23	SY22	YoY(BPS)
Energy	10.9	11.5	(55)	11.9	(94)	9.5	10.5	(100)
Smart Infra	10.6	8.7	186	11.6	(96)	8.3	6.5	189
Mobility	7.4	3.5	393	3.3	414	4.1	8.6	(448)
Digital Inds	12.7	26.9	(1,421)	11.5	115	11.1	10.0	113
Portfolio Companies	6.4	13.9	(754)	10.6	(420)	-	-	-
Others	8.7	4.3	440	0.6	809	3.2	7.8	(464)

Segmental Revenue Mix (%)	Q1SY24	Q1SY23	YoY(BPS)	Q4SY23	QoQ(BPS)	SY23	SY22	YoY(BPS)
Energy	23.7	28.9	(516)	31.8	(806)	29.8	33.3	(350)
Smart Infra	38.4	37.8	54	36.3	207	36.8	36.9	(7)
Mobility	13.7	9.6	411	12.3	141	11.6	8.9	277
Digital Inds	21.5	19.4	211	16.3	522	22.7	22.3	39
Portfolio Companies	4.6	6.0	(139)	4.2	39	-	-	-
Others	0.3	0.6	(25)	0.6	(24)	0.5	0.6	(10)

Source: Company, Way2Wealth

FINANCIALS & VALUATIONS

(₹ mn)

Particulars	SY18	SY19	SY20	SY21	SY22	SY23	SY24E	SY25E
Order Backlog	123,528	118,795	123,596	135,198	171,830	455,227	404,018	397,679
Order Inflow	127,404	132,377	107,517	142,344	194,221	463,829	235,545	230,639
Revenue	127,953	137,672	99,465	131,985	161,378	195,538	228,974	269,973
EBITDA	13,273	14,903	10,036	14,880	17,573	24,872	28,367	33,997
EBITDA Margin (%)	10.4	10.8	10.1	11.3	10.9	12.7	12.4	12.6
Net Profit	9,012	10,994	7,686	10,877	15,429	19,609	23,284	28,221
EPS (₹)	25.3	30.9	21.6	30.6	43.3	55.1	65.4	79.3
DPS (₹)	7.0	7.0	7.0	8.0	10.0	10.0	11.0	11.0
RoE (%)	10.9	12.1	8.1	10.5	13.3	15.0	16.6	17.7
RoCE (%)	13.2	13.6	7.5	10.6	11.9	15.8	17.4	18.6
Cash Balances	36,916	50,019	57,096	51,591	65,391	65,391	85,974	90,321
FCF	(908)	11,726	7,017	13,048	8,225	11,980	10,147	12,365
Receivable Days	105	101	115	102	86	88	87	87
Inventory Days	74	66	101	105	99	95	94	94
Payable Days	196	196	251	214	186	91	91	91
Net Debt/ Equity (x)	(0.4)	(0.5)	(0.5)	(0.4)	(0.5)	(0.4)	(0.4)	(0.4)
P/E (x)	172.4	141.3	202.1	142.8	100.7	79.2	66.7	55.0
EV/EBITDA (x)	114.6	101.2	149.7	101.6	85.3	59.7	52.2	43.0
P/BV (x)	18.7	17.2	16.4	15.0	13.4	11.9	10.6	9.3

Source: Company, Way2Wealth

15th February 2024

CMP – ₹4,338.3/-

View – **ACCUMULATE**

Disclaimer

Analyst Certification: I, Jayakanth Kasthuri, the research analyst and author of this report, hereby certify that the views expressed in this research report accurately reflect our personal views about the subject securities, issuers, products, sectors or industries. It is also certified that no part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research. The analyst(s), principally responsible for the preparation of this research report, receives compensation based on overall revenues of the company (Way2Wealth Brokers Private Limited, hereinafter referred to as Way2Wealth) and has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations.

It is confirmed that Jayakanth Kasthuri, the author of this report has not received any compensation from the companies mentioned in the report in the preceding 12 months. Our research professionals are paid in part based on the profitability of Way2Wealth, which include earnings from other business. Neither Way2Wealth nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information contained in this report.

This report is for the personal information of the authorized recipient and does not construe to be any investment, legal or taxation advice to you. Way2Wealth is not soliciting any action based upon it. Nothing in this research shall be construed as a solicitation to buy or sell any security or product, or to engage in or refrain from engaging in any such transaction. The contents of this material are general and are neither comprehensive nor appropriate for every individual and are solely for the informational purposes of the readers. This material does not take into account the specific objectives, financial situation or needs of an individual/s or a Corporate/s or any entity/s.

This research has been prepared for the general use of the clients of the Way2Wealth and must not be copied, either in whole or in part, or distributed or redistributed to any other person in any form. If you are not the intended recipient, you must not use or disclose the information in this research in any way. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. Way2Wealth will not treat recipients as customers by virtue of their receiving this report. The distribution of this document in other jurisdictions may be restricted by the law applicable in the relevant jurisdictions and persons into whose possession this document comes should inform themselves about, and observe any such restrictions.

The report is based upon information obtained from sources believed to be reliable, but we do not make any representation or warranty that it is accurate, complete or up to date and it should not be relied upon as such. Way2Wealth or any of its affiliates or employees makes no warranties, either express or implied of any kind regarding any matter pertaining to this report, including, but not limited to warranties of suitability, fitness for a particular purpose, accuracy, timeliness, completeness or non-infringement. We accept no obligation to correct or update the information or opinions in it. Way2Wealth or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. The recipients of this report should rely on their own investigations. In no event shall Way2Wealth be liable for any damages of any kind, including, but not limited to, indirect, special, incidental, consequential, punitive, lost profits, or lost opportunity, whether or not Way2Wealth has advised of the possibility of such damages.

This material contains statements that are forward-looking; such statements are based upon the current beliefs and expectations and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. These uncertainties include but are not limited to: the risk of adverse movements or volatility in the securities markets or in interest or foreign exchange rates or indices; adverse impact from an economic slowdown; downturn in domestic or foreign securities and trading conditions or markets; increased competition; unfavorable political and diplomatic developments; change in the governmental or regulatory policies; failure of a corporate event and such others. This is not an offer to buy or sell or a solicitation of an offer to buy or sell any security or instrument or to participate in any particular trading strategy. No part of this material may be copied or duplicated in any form by any means or redistributed without the written consent of Way2Wealth. In no event shall any reader publish, retransmit, redistribute or otherwise reproduce any information provided by Way2Wealth in any format to anyone. Way2Wealth and its affiliates, officers, directors and employees including persons involved in the preparation or issuance of this report may from time to time have interest in securities / positions, financial or otherwise in the securities related to the information contained in this report.

To enhance transparency, Way2Wealth has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report.

Disclosure of Interest Statement Siemens Ltd. as on 15 February 2024

Name of the Security	Siemens Ltd.
Name of the analyst	Jayakanth Kasthuri
Analysts' ownership of any stock related to the information contained	
Financial Interest	No
Analyst :	No
Analyst's Relative : Yes / No	No
Date of buying	
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
Way2Wealth ownership of any stock related to the information contained	NIL
Broking relationship with company covered	NIL
Investment Banking relationship with company covered	NIL

This information is subject to change without any prior notice. Way2Wealth reserves at its absolute discretion the right to make or refrain from making modifications and alterations to this statement from time to time. Nevertheless, Way2Wealth is committed to providing independent and transparent recommendations to its clients, and would be happy to provide information in response to specific client queries.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.