Siemens (SIEMEN)

CMP: ₹3581 | Target ₹ 4340 (21%) | Target Period: 12 months | BUY

November 25, 2026

Strong order momentum with structural capex tailwind to drive growth...

About the stock: Siemens Ltd (Siemens) is a leader in technology solutions for smart, intelligent, building technologies, mobility and digital industries.

- It operates mainly in three key segments including smart infrastructure (56%), digital industries (23%), mobility (19%) & others (2%).

Q2FY27 performance: Siemens reported healthy consolidated revenue growth of 17.0% YoY to ₹5,734 crore in Q2FY27 compared to ₹4,900 crore in Q2FY26. However, operating profitability remained subdued, with reported EBITDA increasing by just 2.7% YoY to ₹626 crore from ₹609 crore, significantly lagging revenue growth. Consequently, EBITDA margin contracted by 152 bps YoY to 10.9% from 12.4%, indicating operating margin pressure despite healthy topline growth. PBT increased 2.8% YoY to ₹676 crore, while PAT grew 3.9% YoY to ₹504 crore.

Investment Rationale:

- **Strong order momentum and structural capex provide medium-term growth visibility:** Siemens continues to benefit from sustained capex across electrification, automation, infrastructure and transportation, with Q2FY27 order inflows increasing 37.8% YoY to ₹6,230 crore. Six-month order inflows grew 26.2% YoY to ₹12,560 crore, while order backlog reached ₹47,030 crore (+12.0% YoY), providing healthy execution visibility. Order momentum was supported by Smart Infrastructure and Digital Industries, while Mobility benefited from the higher value of the 9000 HP locomotive order. Data centres have emerged as an incremental growth driver, contributing around 8–10% of Smart Infrastructure's order book. Siemens to benefit from continued investments in T&D modernisation, renewable integration, data centres, industrial automation, metro and rail electrification, supported by ongoing capacity expansion and localisation. We expect Siemens to achieve order inflows of over ₹25 ,000 -₹28,000 crore in FY27E.
- **Calibrated price hikes and operating leverage to support gradual margin recovery:** While profitability remains under pressure from elevated commodity prices and rupee depreciation, management has undertaken calibrated price hikes over the past six months, particularly in Smart Infrastructure, with initial benefits reflected in sequential margin improvement. Siemens' Q2FY27 EBITDA margin stood at 10.9%, down 152 bps YoY, indicating that cost inflation is yet to be fully absorbed. However, continued price pass-through, execution of a strong order backlog, localization and capacity expansion should support profitability improvement as input-cost volatility moderates. Smart Infrastructure's strong order momentum and improving execution mix provide additional levers for margin recovery, while higher revenue scale offers scope for operating leverage over the medium term.

Rating and Target Price: We upgrade Siemens to **BUY** from HOLD with a target price of **₹4340 per share (based on 60x FY28E EPS)**, driven by improving order momentum and a favourable medium-term demand outlook across its key businesses.

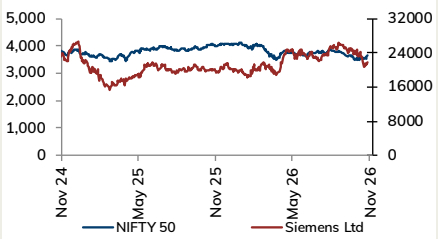
Particulars

	Rs. (in crore)
Market Capitalisation	123617
Total Debt (FY26)	0
Cash and Inv. (FY26)	5612
Enterprise Value	118005
52-week H/L (Rs.)	4149/2826
Equity capital	71.2
Face value (Rs.)	2

Shareholding pattern

%	Dec-25	Mar-26	Jun-26	Sep-26
Promoter	75.0	75.0	75.0	75.0
FII	6.9	6.8	6.5	6.8
DII	8.4	8.6	9.1	9.0
Public	9.8	9.6	9.5	9.2

Price Chart



Key risks

(i) Slowdown in domestic & global capex;

(ii)) Increase in commodity prices.

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Result Update

ICICI Securities – Retail Equity Research

Key Financial Summary

(| Crore)*	FY24*	FY26**	FY27E	FY28E	2 -Year CAGR FY26-FY28E
Revenue (| crore)	22,240	24,846	23,589	27,178	NA
EBITDA (| crore)	3,104	2,824	2,713	3,207	NA
EBITDA margin (%)	14.0%	11.4%	11.5%	11.8%	
Net Profit (| crore)	2,718	2,284	2,167	2,575	NA
EPS (|)	76.3	77.3	60.8	72.3	
P/E (x)	46.9	55.8	58.9	49.5	
EV/EBITDA (x)	38.0	43.2	44.8	37.5	
RoCE (%)	24.1	22.8	19.4	20.2	
RoE (%)	17.7	19.9	14.3	14.9	

*Source: Company, ICICI Direct Research *Year ended Sep 24: **18-Month Period ending Mar 26. CAGR not calculated because FY24 numbers include Energy business.*

Q2FY27 key results highlights

- **Financial Performance**:
  - Siemens reported healthy consolidated revenue growth of 17.0% YoY to ₹5,734 crore in Q2FY27 compared to ₹4,900 crore in Q2FY26. However, operating profitability remained subdued, with reported EBITDA increasing by just 2.7% YoY to ₹626 crore from ₹609 crore, significantly lagging revenue growth. Consequently, EBITDA margin contracted by 152 bps YoY to 10.9% from 12.4%, indicating operating margin pressure despite healthy topline growth. PAT grew 3.9% YoY to ₹504 crore.
  - Segment-wise, Smart Infrastructure remained the key growth driver, contributing 57% of revenue and registering 20.4% YoY growth to ₹3,281 crore. Mobility revenue grew 13.8% YoY to ₹1,291 crore, while Digital Industries reported relatively moderate growth of 8.0% YoY to ₹1,150 crore. Others segment revenue increased 33.8% YoY to ₹75.3 crore.
- **Order Inflow & Order Book:**
  - New orders grew 37.8% YoY to ₹6,230 crore, supported by strong order intake across businesses.
  - Order backlog increased 12.0% YoY to ₹47,030 crore, providing strong revenue visibility.
- **Smart Infrastructure (SI):**
  - Order intake grew 5.4% YoY to ₹2,960 crore, while revenue increased 21.9% YoY to ₹3,281 crore.
  - Six-month order intake rose 30.4% YoY to ₹7,040 crore, while revenue increased 17.0% YoY to ₹5,870 crore.
  - Profitability remained resilient despite elevated and volatile commodity prices and foreign-exchange movements.
- **Mobility:**
  - Order intake surged 209.7% YoY to ₹2,130 crore, primarily benefiting from the increase in value of the 9K HP locomotive order.
  - Revenue grew 13.5% YoY to ₹1,291 crore, largely driven by execution of the 9K HP locomotive order.
  - Six-month order intake increased 32.8% YoY to ₹3,370 crore, while revenue grew 13.1% YoY to ₹2,210 crore.
- **Digital Industries:**
  - Order intake increased 11.4% YoY to ₹1,140 crore, while revenue grew 7.3% YoY to ₹1,150 crore.
  - Six-month order intake increased 6.6% YoY to ₹2,140 crore, with revenue growing 15.8% YoY to ₹2,240 crore.
  - Order momentum remained healthy across OEMs, partners and end-users, with demand across water and wastewater, semiconductors, electronics, energy, automotive, pharma and chemicals, and machine building.
  - Revenue growth was supported by backlog execution. Margins are normalising amid higher material costs due to rupee depreciation.

- **Management commentary:**
  - Management highlighted resilient domestic economic growth despite geopolitical headwinds, volatile energy and commodity prices, and elevated inflation.
  - Data centres have emerged as an incremental growth driver, contributing around 8–10% of Smart Infrastructure's order book, supported by demand for power distribution and building management solutions.
  - Management stated that announced investments in capacity expansion and localisation are progressing as planned. Key initiatives include expansion at Goa Works and localisation of gas-insulated switchgear and vacuum interrupters. These initiatives are aimed at strengthening domestic manufacturing capabilities and supporting growing demand across electrification and industrial applications.

Financial summary

Exhibit 1: Profit and loss statement ₹ crore

(Year-end March)	FY24*	FY26**	FY27E	FY28E
Net Sales	22,240	24,846	23,589	27,178
Other Operating Income	-	-	-	-
Total Operating Income	22,240	24,846	23,589	27,178
% Growth		NA	NA	15.2
Other Income	925	753	590	679
Total Revenue	23,165	25,599	24,179	27,858
Cost of materials consumed	5,032	10,540	10,827	12,230
Purchase of stock-in-trade	5,363	5,676	3,774	4,620
Other Expenses	1,859	2,024	2,005	2,310
Total expenditure	19,136	22,021	20,876	23,971
EBITDA	3,104	2,824	2,713	3,207
% Growth		NA	NA	18.2
Interest	60.5	33.8	35.4	40.8
Depreciation	330	415	359	389
PBT	3,639	3,054	2,908	3,457
Tax	921	771	742	881
Adj. PAT	2,718	2,754	2,167	2,575
% Growth		1.3	(21.3)	18.9
Adjusted EPS	76.3	77.3	60.8	72.3

*Source: Company, ICICI Direct Research, *Year ended Sep 24: **18-Month Period ending mar 26*

Exhibit 2: Cash flow statement ₹ crore

(Year-end March)	FY24*	FY26**	FY27E	FY28E
Profit after Tax	2,718	2,754	2,167	2,575
Depreciation	330	415	359	389
Interest	60.5	33.8	35.4	40.8
Other income	(925)	(753)	(590)	(679)
Prov for Taxation	921	771	742	881
CF before WC changes	3,104	3,221	2,713	3,207
Change in Working Capital	(268)	(2,839)	(182)	(792)
Taxes Paid	(921)	(771)	(742)	(881)
Cashflow from Operating Activities	1,915	(389)	1,789	1,534
(Purchase)/Sale of Fixed Assets	(345)	(224)	2,251	(203)
(Purchase)/Sale of Investments	1.5	2.4	61.5	76.5
Cashflow from Investing Activities	(344)	(222)	2,313	(127)
Changes in Minority Interest	0.8	1.8	(11.2)	(11.2)
Changes in Networth	(449)	(4,940)	(3,791)	(515)
Interest	(60.5)	(33.8)	(35.4)	(40.8)
Cashflow from Financing Activities	(508)	(4,972)	(3,837)	(567)
Changes in Cash	1,770	(3,956)	471	1,076
Opening Cash/Cash Equivalent	7,798	9,568	5,612	6,083
Closing Cash/ Cash Equivalent	9,568	5,612	6,083	7,159

*Source: Company, ICICI Direct Research, *Year ended Sep 24: **18-Month Period ending mar 26*

Exhibit 3: Balance sheet ₹ crore

(Year-end March)	FY24*	FY26**	FY27E	FY28E
Share Capital	71.2	71.2	71.2	71.2
Reserves & Surplus	15,286	13,769	15,065	17,213
Networth	15,357	13,840	15,136	17,284
Total Debt	-	-	-	-
Deferred tax liability (net)	-	-	-	-
Total Liabilities	**16,496**	**14,850**	**16,091**	**18,382**
Gross Block	2,702	2,193	2,393	2,593
Acc: Depreciation	1,547	1,962	2,321	2,709
Net Block	989	744	794	844
Capital WIP	103.3	248.9	100.0	100.0
Investments	-	-	-	-
Inventory	2,631	2,589	3,102	3,574
Sundry debtors	4,410	3,902	4,246	4,892
Cash and bank balances	9,568	5,612	6,083	7,159
Loans and advances	462	733	696	802
Other Current Assets	311	686	472	544
Total current Assets	20,028	16,579	17,665	20,504
CL& Prov.	5,778	4,915	5,351	6,089
Net Current Assets	11,245	10,128	10,781	12,648
Total Assets	**16,496**	**14,850**	**16,091**	**18,382**

*Source: Company, ICICI Direct Research, *Year ended Sep 24: **18-Month Period ending mar 26*

Exhibit 4: Key ratios

(Year-end March)	FY24*	FY26**	FY27E	FY28E
EPS	76.3	64.1	60.8	72.3
Cash EPS	85.6	75.8	70.9	83.2
BV	431.2	388.6	425.0	485.3
DPS	10.0	12.0	12.0	12.0
Cash Per Share	43.4	55.1	65.2	76.1
EBITDA Margin	14.0	16.0	11.5	11.8
PBT / Net Sales	12.5	13.6	10.0	10.4
PAT Margin	12.2	15.6	9.2	9.5
Inventory days	43.2	53.4	48.0	48.0
Debtor days	72.4	80.5	65.7	65.7
Creditor days	77.1	84.0	75.0	75.0
RoE	17.7	19.9	14.3	14.9
RoCE	24.1	22.8	19.4	20.2
RoIC	85.3	66.5	71.0	76.2
P/E	46.9	55.8	58.9	49.5
EV / EBITDA	38.0	43.2	44.8	37.5
EV / Net Sales	5.3	6.9	5.1	4.4
Market Cap / Sales	5.7	7.2	5.4	4.7
Net Debt / Equity	(0.6)	(0.4)	(0.4)	(0.4)
Current Ratio	1.4	1.7	1.6	1.6
Quick Ratio	0.9	1.2	1.0	1.0

*Source: Company, ICICI Direct Research, *Year ended Sep 24: **18-Month Period ending mar 26*

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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