Siemens (SIEMEN)

ICICI Direct

CMP: ₹4030 | Target ₹ 4150 (3%) | Target Period: 12 months | **HOLD**

August 13, 2026

Healthy demand outlook; margin recovery key monitorable...

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%).
- Well placed to gain from the automation and digitisation of industries in the new Viksit Bharat.

Q1FY27 performance: Siemens Ltd reported a mixed Q1FY27 performance, with revenue rising 14.8% YoY to ₹4,714 crore, while EBITDA declined 16.7% YoY to ₹431 crore and EBITDA margin contracted 340 bps YoY to 9.1%. PAT from continuing operations declined 18.7% YoY to ₹343 crore, with NPM at 7.3% vs 10.3% in Q1FY26. Revenue growth was broad-based, led by Digital Industries (+25.0% YoY), Mobility (+12.8%) and Smart Infrastructure (+10.7%); however, Smart Infrastructure EBIT declined 37.0% and Digital Industries EBIT declined 40.3%.

Investment Rationale:

- **Near-term profitability remains under pressure, limiting earnings upside:** Despite revenue growing 14.8% YoY to ₹4,714 crore, EBITDA declined 16.7% YoY to ₹431 crore, with margin contracting sharply to 9.1% from 12.6%, due to commodity-price volatility, higher material costs, FX movements and INR depreciation. Smart Infrastructure and Digital Industries remained the key margin drags, while Mobility's improvement was partly supported by a ₹39 crore one-time gain. Hence, reported PAT from continuing operations declined 18.7% YoY to ₹343 crore despite strong topline and order growth. While the structural demand outlook remains favourable, we expect profitability recovery to take time; consequently, near-term earnings upside remains limited.
- **Strong order momentum and structural demand provide medium-term growth visibility:** Siemens continues to benefit from structural capex across electrification, automation, mobility and infrastructure, with Q1FY27 order inflow increasing 16.5% YoY to ₹6,328 crore; excluding the large Mumbai–Ahmedabad HSR order in the base, underlying order growth was ~44% YoY. Order backlog reached a record ₹46,670 crore (+9.6% YoY), providing healthy execution visibility. We expect Siemens to achieve order inflows of over ₹27,000 -₹30,000 crore in FY27E. While the strong backlog and underlying order momentum support medium-term growth, the lack of near-term margin normalisation limits earnings upside.

Rating and Target Price: We recommend **HOLD** on **Siemens** with a target price of **₹4150 per share (based on 60x FY28E EPS).**

SIEMENS

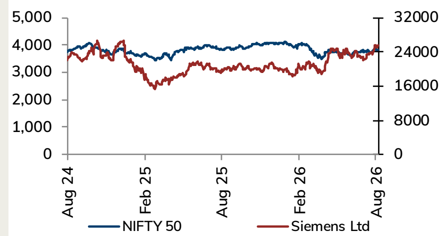
Particulars

	Rs. (in crore)
Market Capitalisation	1,43,723
Total Debt (FY26)	0
Cash and Inv. (FY26)	5612
Enterprise Value	1,38,111
52-week H/L (Rs.)	4074/2826
Equity capital	71.2
Face value (Rs.)	2

Shareholding pattern

%	Sep-25	Dec-25	Mar-26	Jun-26
Promoter	75.0	75.0	75.0	75.0
FII	7.0	6.9	6.8	6.5
DII	8.0	8.4	8.6	9.1
Public	10.0	9.8	9.6	9.5

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)	22,239.7	24,845.6	22,231.1	25,777.4	NA
EBITDA (₹ crore)	3,104.0	2,824.3	2,200.9	2,809.7	NA
EBITDA margin (%)	14.0%	11.4%	9.9%	10.9%	
Net Profit (₹ crore)	2,718.1	2,283.5	1,945.0	2,460.9	NA
EPS (₹)	76.3	77.3	54.6	69.1	
P/E (x)	52.8	62.8	73.8	58.3	
EV/EBITDA (x)	43.2	48.8	62.4	48.5	
RoCE (%)	24.1	22.8	17.6	19.6	
RoE (%)	17.7	19.9	13.0	14.5	

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

Q1FY27 key results highlights

- **Financial Performance**:
    - Siemens reported a healthy topline performance in Q1FY27, with consolidated revenue increasing 14.8% YoY to ₹4,714 crore.
    - However, EBITDA declined 16.7% YoY to ₹431 crore, with EBITDA margin contracting 340 bps YoY to 9.1%, while PAT from continuing operations declined 18.7% YoY to ₹343 crore. Profitability was impacted by elevated commodity costs and the weaker INR/EUR exchange rate.
- **Segment-wise Performance:**
    - **Smart Infrastructure:** Smart Infrastructure revenue grew 10.7% YoY to ₹2,633 crore, contributing ~56% of consolidated revenue, but EBIT declined 37% YoY to ₹201 crore, with EBIT margin falling sharply to 7.6% from 13.4%, making it the key drag on consolidated profitability.
    - **Digital Industries:** Digital Industries delivered the strongest revenue growth of 24.9% YoY to ₹1,144 crore, but EBIT declined 40.3% YoY to ₹59 crore, with margin contracting to 5.1% from 10.8%.
    - **Mobility:** Mobility revenue increased 12.8% YoY to ₹933 crore, while EBIT surged 199% YoY to ₹95 crore, with EBIT margin improving to 10.2% from 3.8%. However, the sharp EBIT growth was partly supported by a one-time gain of ₹39 crore.
- **Order Inflow & Order Book:**
    - New orders increased 16.5% YoY to ₹6,328 crore despite a high base that included a large Mumbai–Ahmedabad High-Speed Rail signalling order. Excluding this large order, underlying order growth was ~44% YoY, indicating strong underlying demand momentum.
    - Order backlog reached a fresh high of ₹46,670 crore (+9.6% YoY), providing strong execution visibility.
- **Margin Outlook:**
    - Margin recovery remains the key monitorable, with consolidated EBITDA margin at 9.1% vs 12.6% YoY. The pressure was primarily due to elevated commodity prices and INR depreciation against EUR, which impacted gross margins.
    - The strong order intake and record ₹46,670 crore backlog provide healthy near-term execution visibility, while the ramp-up of the large railway locomotive order should support revenue growth. However, margin recovery remains the key monitorable, particularly in Smart Infrastructure and Digital Industries, where Q1FY27 profitability remained significantly below the previous year.

Financial summary

Exhibit 1: Profit and loss statement (₹ crore)

(Year-end March)	FY24*	FY26**	FY27E	FY28E
Net Sales	22,240	24,846	22,231	25,777
Other Operating Income	-	-	-	-
Total Operating Income	22,240	24,846	22,231	25,777
% Growth		NA	NA	16.0
Other Income	925	753	667	773
Total Revenue	23,165	25,599	22,898	26,551
Cost of materials consumed	5,032	10,540	8,892	10,337
Purchase of stock-in-trade	5,363	5,676	5,558	6,187
Other Expenses	1,859	2,024	1,890	2,191
Total expenditure	19,136	22,021	20,030	22,968
EBITDA	3,104	2,824	2,201	2,810
% Growth		NA	NA	27.7
Interest	60.5	33.8	17.8	20.6
Depreciation	330	415	239	259
PBT	3,639	3,054	2,611	3,303
Tax	921	771	666	842
Adj. PAT	2,718	2,754	1,945	2,461
% Growth		1.3	(29.4)	26.5
Adjusted EPS	76.3	77.3	54.6	69.1

Source: Company, ICICI Direct Research

Exhibit 2: Cash flow statement (₹ crore)

(Year-end March)	FY24*	FY26**	FY27E	FY28E
Profit after Tax	2,718	2,754	1,945	2,461
Depreciation	330	415	239	259
Interest	60.5	33.8	17.8	20.6
Other income	(925)	(753)	(667)	(773)
Prov for Taxation	921	771	666	842
CF before WC changes	3,104	3,221	2,201	2,810
Change in Working Capital	(268)	(2,839)	118	(782)
Taxes Paid	(921)	(771)	(666)	(842)
Cashflow from Operating Activities	1,915	(389)	1,653	1,185
(Purchase)/Sale of Fixed Assets	(345)	(224)	2,371	(73)
(Purchase)/Sale of Investments	1.5	2.4	61.5	76.5
Cashflow from Investing Activities	(344)	(222)	2,433	3
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)	(17.8)	(20.6)
Cashflow from Financing Activities	(508)	(4,972)	(3,820)	(547)
Changes in Cash	1,770	(3,956)	630	974
Opening Cash/Cash Equivalent	7,798	9,568	5,612	6,242
Closing Cash/ Cash Equivalent	9,568	5,612	6,242	7,216

Source: Company, ICICI Direct Research

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	14,843	16,877
Networth	15,357	13,840	14,915	16,948
Total Debt	-	-	-	-
Deferred tax liability (net)	-	-	-	-
Total Liabilities	**16,496**	**14,850**	**15,815**	**17,990**
Gross Block	2,702	2,193	2,393	2,593
Acc: Depreciation	1,547	1,962	2,201	2,460
Net Block	989	744	794	844
Capital WIP	103.3	248.9	100.0	100.0
Investments	-	-	-	-
Inventory	2,631	2,589	2,924	3,390
Sundry debtors	4,410	3,902	4,002	4,640
Cash and bank balances	9,568	5,612	6,242	7,216
Loans and advances	462	733	656	761
Other Current Assets	311	686	445	516
Total current Assets	20,028	16,579	17,158	19,873
CL& Prov.	5,778	4,915	5,072	5,801
Net Current Assets	11,245	10,128	10,641	12,396
Total Assets	**16,496**	**14,850**	**15,815**	**17,990**

Source: Company, ICICI Direct Research

Exhibit 4: Key ratios

(Year-end March)	FY24*	FY26**	FY27E	FY28E
EPS	76.3	64.1	54.6	69.1
Cash EPS	85.6	75.8	61.3	76.4
BV	431.2	388.6	418.8	475.9
DPS	10.0	12.0	12.0	12.0
Cash Per Share	43.4	55.1	61.8	69.1
EBITDA Margin	14.0	16.0	9.9	10.9
PBT / Net Sales	12.5	13.6	8.8	9.9
PAT Margin	12.2	15.6	8.7	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	13.0	14.5
RoCE	24.1	22.8	17.6	19.6
RoIC	85.3	66.5	60.9	68.4
P/E	52.8	62.8	73.8	58.3
EV / EBITDA	43.2	48.8	62.4	48.5
EV / Net Sales	6.0	7.8	6.2	5.3
Market Cap / Sales	6.5	8.1	6.5	5.6
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

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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