

Siemens Energy AG

Germany | Industrial Goods & Services | MCap EUR 47,040m

7 January 2025

UPDATE



Riding 2024 success, looking to 2025: Downgraded to SELL

SELL (HOLD)

Target price	EUR 45.00 (45.00)
Current price	EUR 54.52
Up/downside	-17.5%



What's it all about?

Siemens Energy (SE) achieved a strong FY24 turnaround, surpassing key expectations. The company saw significant growth in orders and revenue, driven by strong performance across all segments. Profitability improved markedly, turning positive after a substantial loss in the previous year, supported by reduced losses at Siemens Gamesa. Free cash flow also increased significantly. For FY25, SE projects steady revenue growth and improved profit margins, with ambitious mid-term targets for FY28. Following a share price increase of more than 300% over the past year, reflecting the strong performance, we maintain our previously raised estimates with an unchanged PT of EUR 45.00 based on the DCF model. However, we downgrade our rating from HOLD to SELL as we believe that expectations are now more than priced in given the continued rise in the share price.

MAIN AUTHOR

Leon Mühlenbruch

l.muehlenbruch@mwb-research.com
+49 40 309 293-58

IMPORTANT. Please refer to the last page of this report for "Important disclosures" and analyst(s) certifications.

mwb-research.com

This research is the product of mwb research, which is registered with the BaFin in Germany.

Siemens Energy AG

Germany | Industrial Goods & Services | MCap EUR 47,040m | EV EUR 45,043m

SELL (HOLD)

Target price
Current price
Up/downside

EUR 45.00 (45.00)
EUR 54.52
-17.5%

MAIN AUTHOR

Leon Mühlenbruch
l.muehlenbruch@mwb-research.com
+49 40 309 293-58

Riding 2024 success, looking to 2025: Downgraded to SELL

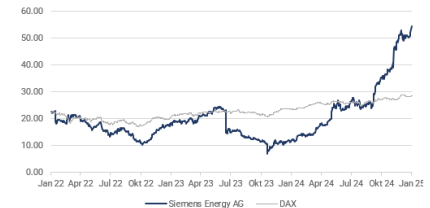
Review strong FY24. Siemens Energy (SE) achieved a successful turnaround in FY24 (ending September 30), surpassing or meeting its upgraded guidance across all key metrics. Orders totaled EUR 50.2bn, up 0.9% from the previous year, with a strong book-to-bill ratio of 1.54x and a robust order backlog of EUR 123bn, more than three times its revenue. This performance was driven by strong order intake in Gas Services, Grid Technologies, and Transformation of Industry. Revenue grew by 10.8% to EUR 34.5bn, reflecting growth across all segments. Profit before special items turned positive at EUR 345m (compared to a loss of EUR 2.78bn in FY23), bolstered by a significant reduction in losses at Siemens Gamesa and profit improvements in other segments. Net profit improved to EUR 1.34bn (FY23: EUR -4.59bn), with positive diluted EPS of EUR 1.35. Pre-tax free cash flow rose to EUR 1.86bn (FY23: EUR 784m), driven by strong performance and order momentum in Grid Technologies, despite ongoing challenges at Siemens Gamesa with high negative cash flow.

FY25 and mid-term targets (FY28). In FY25, SE expects comparable revenue growth of 8% to 10% and a profit margin before special items between 3% and 5%. Net income is projected to be around break-even (excluding assumed positive special items following the demerger of Siemens' energy business in India), with free cash flow pre-tax expected to reach up to EUR 1bn. Building on the success of FY24 and strong prospects for the coming years, SE has upgraded its mid-term targets in connection with its FY24 results. The company now targets a high single-digit to low double-digit compound annual revenue growth rate (CAGR) from FY25 to FY28. For FY28, SE aims to achieve a profit margin in the range of 10% to 12%.

Expectations more than priced in: Downgrade to SELL. SE delivered an outstanding performance in FY24, achieving operational recovery and a remarkable share price increase of over 300% within a year. We believe SE is on track to meet its FY25 and mid-term targets. However, the current share price already factors in these positive developments and elevated expectations, which could make it increasingly difficult for the company to exceed them. Even if SE achieves its FY28 targets, the EV/EBIT ratio would remain high at 9-10x. In addition, potential share sales by major shareholders may provide more attractive entry points in the future. We maintain our previously increased estimates, with an unchanged PT of EUR 45.00 based on the DCF model and downgrade our rating from HOLD to SELL as we believe that expectations are now more than priced in given the continued rise in the share price.

Siemens Energy AG	2022	2023	2024	2025E	2026E	2027E
Sales	29,005	31,119	34,465	37,222	40,423	43,455
Growth yoy	1.8%	7.3%	10.8%	8.0%	8.6%	7.5%
EBITDA	1,461	-1,364	3,893	3,310	4,409	4,803
EBIT	-678	-3,340	2,124	1,340	2,567	3,020
Net profit	-467	-4,532	1,185	792	1,613	1,927
Net debt (net cash)	-5,245	-527	-2,597	-3,547	-6,135	-8,671
Net debt/EBITDA	-3.6x	0.4x	-0.7x	-1.1x	-1.4x	-1.8x
EPS reported	-0.65	-5.47	1.35	0.92	1.87	2.23
DPS	0.00	0.00	0.00	0.00	0.00	0.00
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gross profit margin	11.5%	2.4%	13.1%	15.3%	17.8%	18.0%
EBITDA margin	5.0%	-4.4%	11.3%	8.9%	10.9%	11.1%
EBIT margin	-2.3%	-10.7%	6.2%	3.6%	6.3%	7.0%
ROCE	-2.8%	-18.7%	11.9%	7.7%	13.6%	14.5%
EV/EBITDA	29.0x	-34.5x	11.6x	13.4x	9.5x	8.2x
EV/EBIT	-62.5x	-14.1x	21.2x	33.0x	16.3x	13.0x
PER	-83.9x	-10.0x	39.7x	59.4x	29.2x	24.4x
FCF yield	5.7%	3.6%	6.1%	1.4%	5.4%	5.7%

Source: Company data, mwb research



Source: Company data, mwb research

High/low 52 weeks 54.80 / 11.12
Price/Book Ratio 5.2x

Ticker / Symbols

ISIN DE000ENER6Y0
WKN ENER6Y
Bloomberg ENR:GR

Changes in estimates

		Sales	EBIT	EPS
2025E	old	37,222	1,340	0.92
	Δ	0.0%	0.0%	0.0%
2026E	old	40,423	2,567	1.87
	Δ	0.0%	0.0%	0.0%
2027E	old	43,455	3,020	2.23
	Δ	0.0%	0.0%	0.0%

Key share data

Number of shares: (in m pcs) 862.80
Book value per share: (in EUR) 10.52
Ø trading vol.: (12 months) 3,709,607

Major shareholders

Siemens AG 17.1%
Siemens Pension Trust EV 10.0%
DWS Investment GmbH 3.1%
Free Float 61.1%

Company description

Siemens Energy offers a wide range of products, solutions and services in the field of power generation, power transmission, industrial application and renewable energy, including gas and steam turbines, generators, gas engines and wind turbines.

The following table displays the quarterly performance of **Siemens Energy AG**.

P&L data	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024
Sales	7,064.0	8,028.0	7,506.0	8,521.0	7,649.0	8,278.0	8,797.0	9,741.0
yoy growth in %	18.6%	22.0%	3.1%	-7.2%	8.3%	3.1%	17.2%	14.3%
Gross profit	449.0	998.0	-1,171.0	477.0	1,068.0	1,215.0	1,139.0	1,081.0
Gross margin in %	6.4%	12.4%	-15.6%	5.6%	14.0%	14.7%	12.9%	11.1%
EBITDA	-246.0	352.0	-1,803.0	-226.0	2,174.0	793.0	414.0	255.0
EBITDA margin in %	-3.5%	4.4%	-24.0%	-2.7%	28.4%	9.6%	4.7%	2.6%
EBIT	-605.0	-8.0	-2,209.0	-615.0	1,813.0	436.0	55.0	-178.0
EBIT margin in %	-8.6%	-0.1%	-29.4%	-7.2%	23.7%	5.3%	0.6%	-1.8%
EBT	-510.0	-44.0	-2,187.0	-647.0	1,701.0	298.0	-108.0	-69.0
taxes paid	88.0	146.0	744.0	224.0	119.0	189.0	-6.0	184.0
tax rate in %	-17.3%	-331.8%	-34.0%	-34.6%	7.0%	63.4%	5.6%	-266.7%
net profit	-473.0	-204.0	-2,955.0	-900.0	1,582.0	68.0	-174.0	-292.0
yoy growth in %	261.1%	26.7%	603.6%	-468.9%	-434.5%	-133.3%	-94.1%	-67.6%
EPS	-0.60	-0.25	-3.42	-1.09	1.79	0.08	-0.16	-0.34

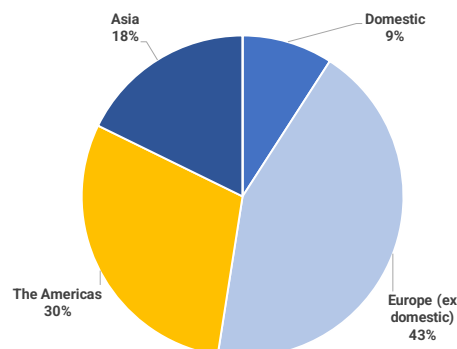
Source: Company data; mwb research

Investment case in six charts

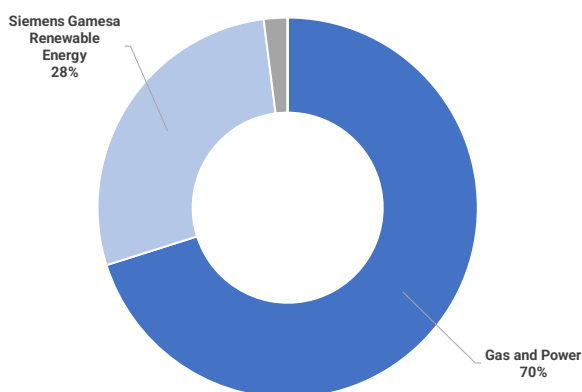
Products & Services



Regional sales split in %



Segmental breakdown in %



Market drivers



Electricity production will grow faster than GDP

- Increasing electrification of industries
- New electrical consumers (data centers, e-mobility)
- Sector coupling



Energy efficiency will be a competitive criteria across industries due to

- Higher cost
- Volatility of supply
- Regional differences



Production capacity will grow







- Capacity expansion will be covered by renewables
- Gas will continue to be a backbone of electricity production
- Coal will be phased out



Grid investment will rise to unprecedented levels

- Sustainable modernization of an ageing grid
- Ensure grid reliability and resiliency of a complex network
- Safely connect an ever-increasing amount of renewable energy

Siemens Energy along the Value Chain

	Low- or zero-emission power generation		Transport and storage of electricity		Reducing CO ₂ footprint and energy consumption in industrial processes	
						
Business Area	SGRE		Gas Services		Grid Technologies	
Market position	#1 Offshore	#3 Onshore	#1 Gas turbines >10 MW ²	#1	Leading market positions	
Examples	>100 GW wind turbine installations		7,800 units of rotating equipment installed		• Global leader in HVDC installations • Most comprehensive SF6-free switching portfolio	
	>60,000 Industrial steam units and >25,000 Compression units in Service Fleet					

Source: Company data; mwb research

SWOT analysis

Strengths

- Leading market position in more than 1/3 of revenues, top 3 in the remainder
- Huge installed base resulting in more than 30% stable service revenues

Weaknesses

- Bloated cost base depressing margins
- Still strong exposure to fossil fuel generation
- unable to fix problems in wind energy

Opportunities

- rising demand for renewable energy (wind!) and corresponding grid upgrades
- shift to cleaner fossil fuels (gas vs. coal)
- cost initiatives driving bottom line

Threats

- decarbonization could hurt legacy service business
- rising capital costs in oil & gas sector
- increasing competitive pressure in mature markets

Valuation

DCF Model

The DCF model results in a **fair value of EUR 44.31 per share:**

Top-line growth: We expect Siemens Energy AG to grow revenues at a CAGR of 4.3% between 2025E and 2032E. The long-term growth rate is set at 2.0%.

ROCE. Returns on capital are developing from 7.7% in 2025E to 9.6% in 2032E.

WACC. Starting point is a historical equity beta of 1.00. Unlevering and correcting for mean reversion yields an asset beta of 0.96. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 8.9%. With pre-tax cost of borrowing at 5.0%, a tax rate of 25% and target debt/equity of 0.3 this results in a long-term WACC of 7.8%.

[illegible]

DCF per share derived from	
Total present value	32,685
Mid-year adj. total present value	33,928
Net debt / cash at start of year	-2,597
Financial assets	2,304
Provisions and off b/s debt	600
Equity value	38,229
No. of shares outstanding	862.8
Discounted cash flow / share upside/(downside)	44.31 -18.7%
Share price	54.52

DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2025E-2032E)	4.3%
Terminal value growth (2032E - infinity)	2.0%
Terminal year ROCE	9.6%
Terminal year WACC	7.8%
Terminal WACC derived from	
Cost of borrowing (before taxes)	5.0%
Long-term tax rate	25%
Equity beta	1.00
Unlevered beta (industry or company)	0.96
Target debt / equity	0.3
Relevered beta	1.14
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	8.9%

Sensitivity analysis DCF

Change in WACC (%points)	Long term growth					Share of present value	
	1.0%	1.5%	2.0%	2.5%	3.0%		
2.0%	33.1	34.0	35.0	36.2	37.5	2025E-2028E	22.5%
1.0%	36.4	37.6	39.0	40.6	42.5	2029E-2032E	16.7%
0.0%	40.6	42.3	44.3	46.7	49.5	terminal value	60.8%
-1.0%	46.2	48.7	51.8	55.5	60.2		
-2.0%	54.2	58.1	63.1	69.6	78.4		

Source: mwb research

FCF Yield Model

Due to the fact that companies rarely bear sufficient resemblance to peers in terms of geographical exposure, size or competitive strength and in order to adjust for the pitfalls of weak long-term visibility, an Adjusted Free Cash Flow analysis (Adjusted FCF) has been conducted.

The adjusted Free Cash Flow Yield results in a fair value between EUR 28.23 per share based on 2025E and EUR 61.86 per share on 2029E estimates.

The main driver of this model is the level of return available to a controlling investor, influenced by the cost of that investors' capital (opportunity costs) and the purchase price – in this case the enterprise value of the company. Here, the adjusted FCF yield is used as a proxy for the required return and is defined as EBITDA less minority interest, taxes and investments required to maintain existing assets (maintenance capex).

FCF yield in EURm	2025E	2026E	2027E	2028E	2029E
EBITDA	3,310	4,409	4,803	5,119	5,043
- Maintenance capex	1,742	1,631	1,586	1,616	1,655
- Minorities	16	33	39	43	42
- tax expenses	398	811	968	1,071	1,040
= Adjusted FCF	1,155	1,935	2,208	2,389	2,306
Actual Market Cap	43,578	43,578	43,578	43,578	43,578
+ Net debt (cash)	-3,547	-6,135	-8,671	-11,277	-13,559
+ Pension provisions	744	808	869	904	926
+ Off b/s financing	0	0	0	0	0
- Financial assets	2,304	2,304	2,304	2,304	2,304
- Acc. dividend payments	0	0	0	0	0
<i>EV Reconciliations</i>	-5,106	-7,630	-10,106	-12,677	-14,936
= Actual EV'	38,472	35,948	33,472	30,901	28,642
Adjusted FCF yield	3.0%	5.4%	6.6%	7.7%	8.1%
base hurdle rate	6.0%	6.0%	6.0%	6.0%	6.0%
ESG adjustment	0.0%	0.0%	0.0%	0.0%	0.0%
adjusted hurdle rate	6.0%	6.0%	6.0%	6.0%	6.0%
Fair EV	19,248	32,250	36,808	39,813	38,437
- <i>EV Reconciliations</i>	-5,106	-7,630	-10,106	-12,677	-14,936
Fair Market Cap	24,354	39,881	46,914	52,491	53,373
No. of shares (million)	863	863	863	863	863
Fair value per share in EUR	28.23	46.22	54.37	60.84	61.86
Premium (-) / discount (+)	-48.2%	-15.2%	-0.3%	11.6%	13.5%

Sensitivity analysis fair value					
Adjusted hurdle rate	4.0%	39	65	76	84
	5.0%	33	54	63	71
	6.0%	28	46	54	62
	7.0%	25	41	48	55
	8.0%	23	37	44	51

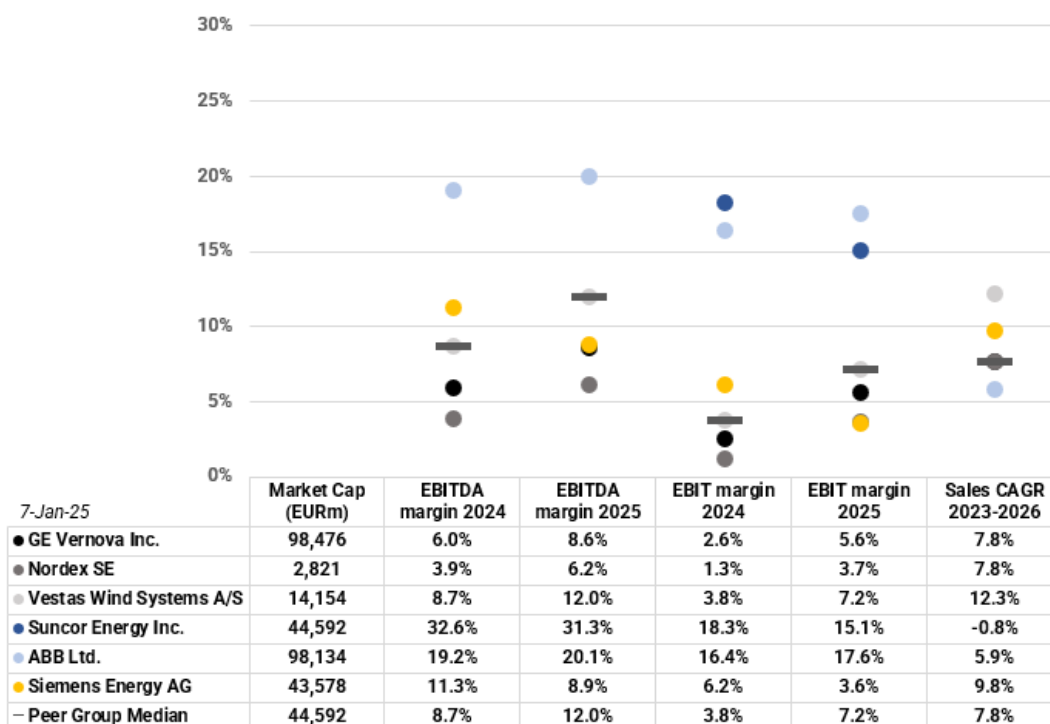
Source: Company data; mwb research

Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 6.0%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments might be applicable. A high score indicates high awareness for environmental, social or governance issues and thus might lower the overall risk an investment in the company might carry. A low score on the contrary might increase the risk of an investment and might therefore trigger a higher required hurdle rate.**

Peer group analysis

A peer group or comparable company (“comps”) analysis is a methodology that calculates a company’s relative value – how much it should be worth based on how it compares to other similar companies. Given that **Siemens Energy AG** differs quite significantly in terms of size, focus, financial health and growth trajectory, we regard our peer group analysis merely as a support for other valuation methods. The peer group of Siemens Energy AG consists of the stocks displayed in the graphs below. As of 7 January 2025 the median market cap of the peer group was EUR 44,592m, compared to EUR 47,040m for Siemens Energy AG. In the period under review, the peer group was more profitable than Siemens Energy AG. The expectations for sales growth are lower for the peer group than for Siemens Energy AG.

Peer Group – Key data

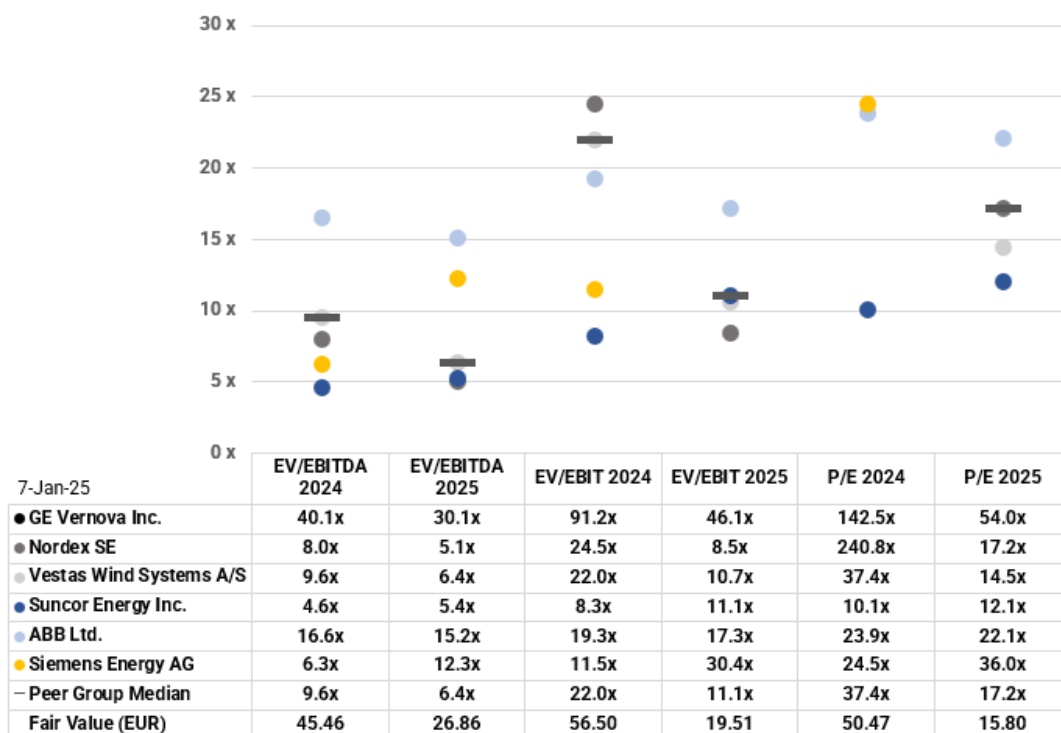


Source: FactSet, mwb research

Comparable company analysis operates under the assumption that similar companies will have similar valuation multiples. We use the following multiples: EV/EBITDA 2024, EV/EBITDA 2025, EV/EBIT 2024, EV/EBIT 2025, P/E 2024 and P/E 2025.

Applying these to Siemens Energy AG results in a range of fair values from EUR 15.80 to EUR 56.50.

Peer Group – Multiples and valuation

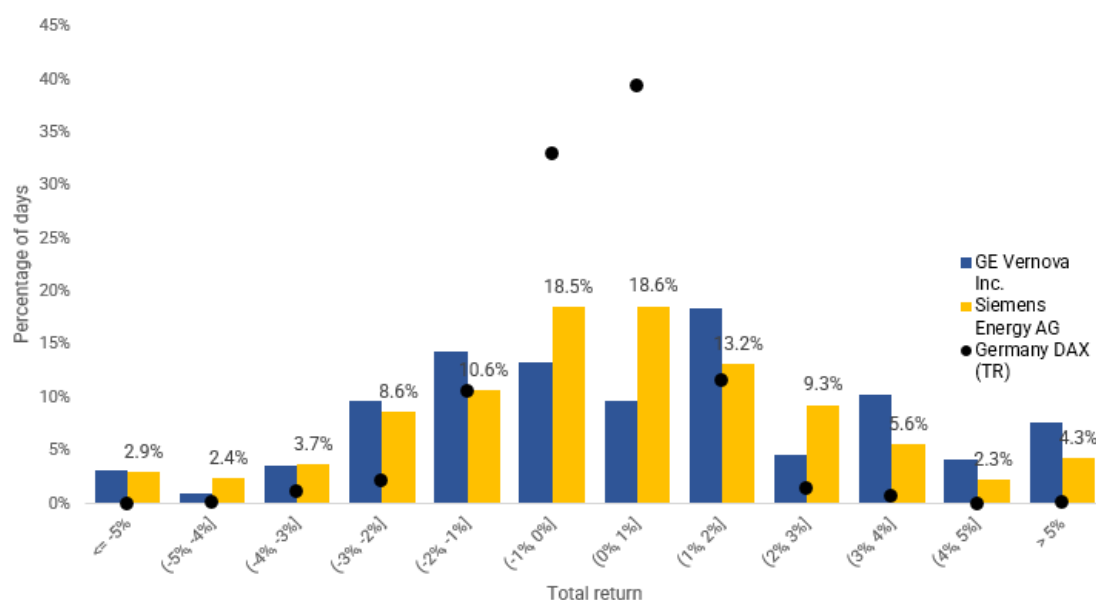


Source: FactSet, mwb research

Risk

The chart displays the **distribution of daily returns of Siemens Energy AG** over the last 3 years, compared to the same distribution for GE Vernova Inc.. We have also included the distribution for the index Germany DAX (TR). The distribution gives a better understanding of risk than measures like volatility, which assume that log returns are normally distributed. In reality, they are skewed (down moves are larger) and have fat tails (large moves occur more often than predicted). Also, volatility treats up and down moves the same, while investors are more worried about down moves. For Siemens Energy AG, the worst day during the past 3 years was 23/06/2023 with a share price decline of -37.3%. The best day was 13/11/2024 when the share price increased by 18.9%.

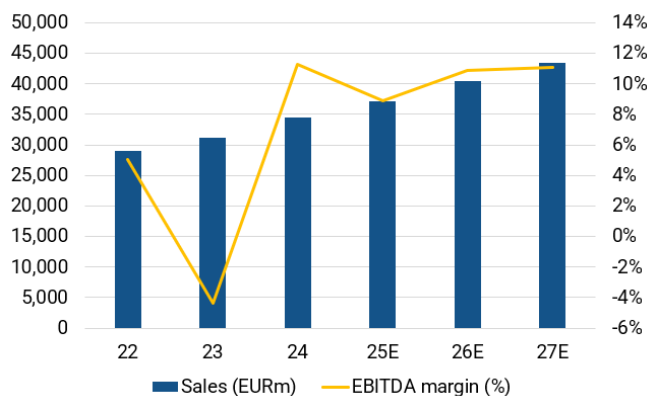
Risk – Daily Returns Distribution (trailing 3 years)



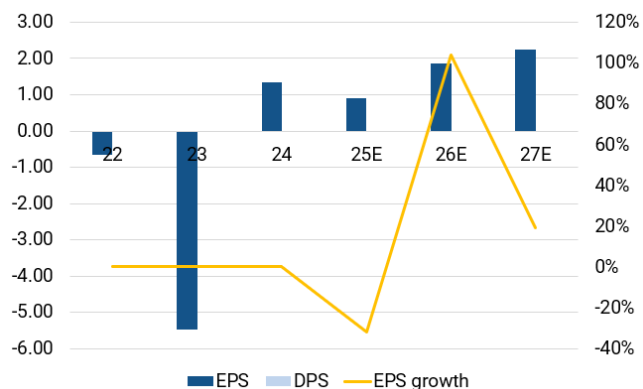
Source: FactSet, mwb research

Financials in six charts

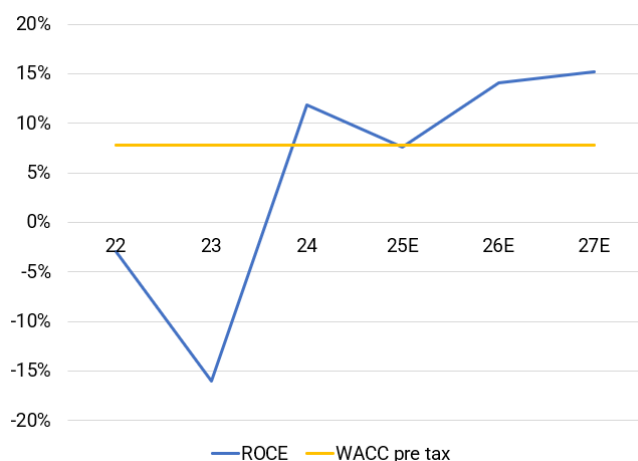
Sales vs. EBITDA margin development



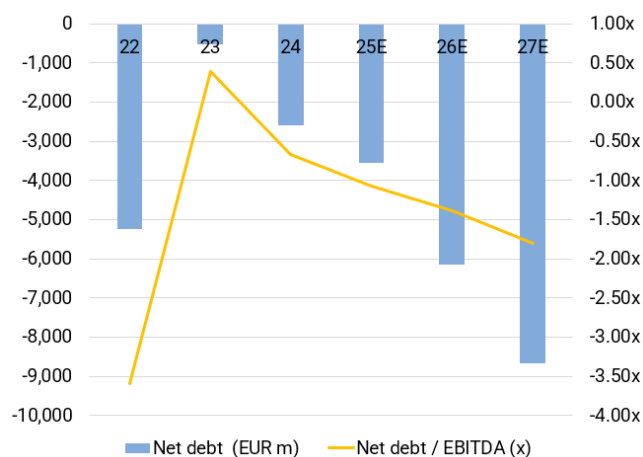
EPS, DPS in EUR & yoy EPS growth



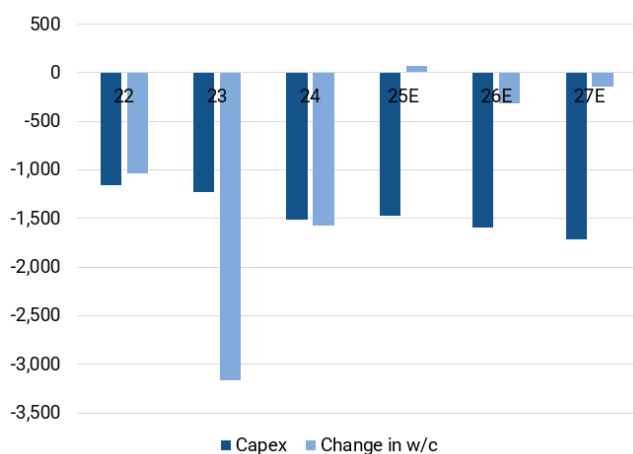
ROCE vs. WACC (pre tax)



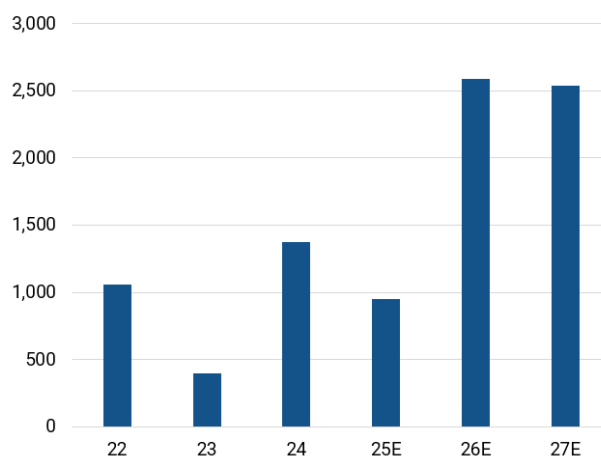
Net debt and net debt/EBITDA



Capex & chgn in w/c requirements in EURm



Free Cash Flow in EURm



Source: Company data; mwb research

Financials

Profit and loss (EURm)	2022	2023	2024	2025E	2026E	2027E
Sales	29,005	31,119	34,465	37,222	40,423	43,455
Sales growth	1.8%	7.3%	10.8%	8.0%	8.6%	7.5%
Cost of sales	25,665	30,366	29,962	31,527	33,228	35,633
Gross profit	3,340	753	4,503	5,695	7,195	7,822
SG&A expenses	2,778	2,996	3,388	2,978	3,153	3,216
Research and development	1,078	1,123	1,209	1,303	1,415	1,521
Other operating expenses (income)	162	-26	-2,218	74	61	65
EBITDA	1,461	-1,364	3,893	3,310	4,409	4,803
Depreciation	1,633	1,515	1,511	1,742	1,631	1,586
EBITA	-172	-2,879	2,382	1,569	2,779	3,216
Amortisation of goodwill and intangible assets	506	461	258	229	212	196
EBIT	-678	-3,340	2,124	1,340	2,567	3,020
Financial result	75	-47	-302	-135	-111	-86
Recurring pretax income from continuing operations	-603	-3,387	1,822	1,205	2,456	2,934
Extraordinary income/loss	0	0	0	0	0	0
Earnings before taxes	-603	-3,387	1,822	1,205	2,456	2,934
Taxes	108	1,202	487	398	811	968
Net income from continuing operations	-711	-4,589	1,335	808	1,646	1,966
Result from discontinued operations (net of tax)	0	0	0	0	0	0
Net income	-711	-4,589	1,335	808	1,646	1,966
Minority interest	244	57	-150	-16	-33	-39
Net profit (reported)	-467	-4,532	1,185	792	1,613	1,927
Average number of shares	718.46	828.52	862.80	862.80	862.80	862.80
EPS reported	-0.65	-5.47	1.35	0.92	1.87	2.23

Profit and loss (common size)	2022	2023	2024	2025E	2026E	2027E
Sales	100%	100%	100%	100%	100%	100%
Cost of sales	88%	98%	87%	85%	82%	82%
Gross profit	12%	2%	13%	15%	18%	18%
SG&A expenses	10%	10%	10%	8%	8%	7%
Research and development	4%	4%	4%	4%	3%	4%
Other operating expenses (income)	1%	-0%	-6%	0%	0%	0%
EBITDA	5%	-4%	11%	9%	11%	11%
Depreciation	6%	5%	4%	5%	4%	4%
EBITA	-1%	-9%	7%	4%	7%	7%
Amortisation of goodwill and intangible assets	2%	1%	1%	1%	1%	0%
EBIT	-2%	-11%	6%	4%	6%	7%
Financial result	0%	-0%	-1%	-0%	-0%	-0%
Recurring pretax income from continuing operations	-2%	-11%	5%	3%	6%	7%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	-2%	-11%	5%	3%	6%	7%
Taxes	0%	4%	1%	1%	2%	2%
Net income from continuing operations	-2%	-15%	4%	2%	4%	5%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	-2%	-15%	4%	2%	4%	5%
Minority interest	1%	0%	-0%	-0%	-0%	-0%
Net profit (reported)	-2%	-15%	3%	2%	4%	4%

Source: Company data; mwb research

Balance sheet (EURm)	2022	2023	2024	2025E	2026E	2027E
Intangible assets (exl. Goodwill)	3,592	3,169	2,811	2,599	2,407	2,231
Goodwill	10,456	9,982	9,461	9,461	9,461	9,461
Property, plant and equipment	5,435	5,724	6,220	5,930	5,876	5,984
Financial assets	2,984	2,465	2,304	2,304	2,304	2,304
FIXED ASSETS	22,467	21,340	20,796	20,294	20,047	19,980
Inventories	7,983	8,961	9,792	8,638	9,104	9,763
Accounts receivable	10,290	10,690	11,262	12,747	13,844	14,882
Other current assets	785	551	1,006	1,006	1,006	1,006
Liquid assets	8,468	5,308	6,363	6,313	8,401	10,437
Deferred taxes	0	0	360	360	360	360
Deferred charges and prepaid expenses	1,091	1,057	1,295	1,079	1,172	1,260
CURRENT ASSETS	28,617	26,567	30,078	30,143	33,886	37,708
TOTAL ASSETS	51,084	47,907	50,874	50,437	53,934	57,688
SHAREHOLDERS EQUITY	17,122	8,502	9,075	9,883	11,528	13,494
MINORITY INTEREST	-4	285	289	289	289	289
Long-term debt	2,474	3,190	3,287	2,787	2,287	1,787
Provisions for pensions and similar obligations	570	519	600	744	808	869
Other provisions	2,990	3,812	4,153	3,722	4,042	4,346
Non-current liabilities	6,034	7,521	8,040	7,254	7,138	7,002
short-term liabilities to banks	749	1,591	479	-21	-21	-21
Accounts payable	6,782	6,658	6,293	7,342	7,738	8,298
Advance payments received on orders	13,774	16,793	18,867	19,728	21,020	22,162
Other liabilities (incl. from lease and rental contracts)	4,558	4,276	4,860	5,583	5,861	6,084
Deferred taxes	145	296	380	380	380	380
Deferred income	1,924	1,985	2,591	0	0	0
Current liabilities	27,932	31,599	33,470	33,012	34,979	36,903
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	51,084	47,907	50,874	50,437	53,934	57,688

Balance sheet (common size)	2022	2023	2024	2025E	2026E	2027E
Intangible assets (excl. Goodwill)	7%	7%	6%	5%	4%	4%
Goodwill	20%	21%	19%	19%	18%	16%
Property, plant and equipment	11%	12%	12%	12%	11%	10%
Financial assets	6%	5%	5%	5%	4%	4%
FIXED ASSETS	44%	45%	41%	40%	37%	35%
Inventories	16%	19%	19%	17%	17%	17%
Accounts receivable	20%	22%	22%	25%	26%	26%
Other current assets	2%	1%	2%	2%	2%	2%
Liquid assets	17%	11%	13%	13%	16%	18%
Deferred taxes	0%	0%	1%	1%	1%	1%
Deferred charges and prepaid expenses	2%	2%	3%	2%	2%	2%
CURRENT ASSETS	56%	55%	59%	60%	63%	65%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	34%	18%	18%	20%	21%	23%
MINORITY INTEREST	-0%	1%	1%	1%	1%	1%
Long-term debt	5%	7%	6%	6%	4%	3%
Provisions for pensions and similar obligations	1%	1%	1%	1%	1%	2%
Other provisions	6%	8%	8%	7%	7%	8%
Non-current liabilities	12%	16%	16%	14%	13%	12%
short-term liabilities to banks	1%	3%	1%	-0%	-0%	-0%
Accounts payable	13%	14%	12%	15%	14%	14%
Advance payments received on orders	27%	35%	37%	39%	39%	38%
Other liabilities (incl. from lease and rental contracts)	9%	9%	10%	11%	11%	11%
Deferred taxes	0%	1%	1%	1%	1%	1%
Deferred income	4%	4%	5%	0%	0%	0%
Current liabilities	55%	66%	66%	65%	65%	64%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100%	100%	100%	100%	100%	100%

Source: Company data; mwb research

Cash flow statement (EURm)	2022	2023	2024	2025E	2026E	2027E
Net profit/loss	-647	-4,588	1,335	808	1,646	1,966
Depreciation of fixed assets (incl. leases)	1,633	1,515	1,511	1,742	1,631	1,586
Amortisation of goodwill	0	0	0	0	0	0
Amortisation of intangible assets	0	0	0	229	212	196
Others	196	1,534	-1,524	-286	384	364
Cash flow from operations before changes in w/c	1,182	-1,539	1,322	2,492	3,872	4,112
Increase/decrease in inventory	-1,549	-1,235	-1,221	1,154	-466	-659
Increase/decrease in accounts receivable	340	-951	-824	-1,485	-1,096	-1,038
Increase/decrease in accounts payable	810	116	-147	1,049	396	560
Increase/decrease in other w/c positions	1,434	5,232	3,759	-791	1,478	1,276
Increase/decrease in working capital	1,035	3,162	1,567	-73	311	139
Cash flow from operating activities	2,217	1,623	2,889	2,418	4,184	4,251
CAPEX	-1,157	-1,228	-1,514	-1,469	-1,595	-1,715
Payments for acquisitions	-2	-138	16	0	0	0
Financial investments	-16	-298	2,461	0	0	0
Income from asset disposals	57	31	287	0	0	0
Cash flow from investing activities	-1,118	-1,633	1,250	-1,469	-1,595	-1,715
Cash flow before financing	1,099	-10	4,139	950	2,588	2,536
Increase/decrease in debt position	871	963	-1,262	-1,000	-500	-500
Purchase of own shares	0	-130	-130	0	0	0
Capital measures	0	1,243	0	0	0	0
Dividends paid	-72	0	0	0	0	0
Others	-1,367	-3,208	-866	0	0	0
Effects of exchange rate changes on cash	156	-290	-106	0	0	0
Cash flow from financing activities	-412	-1,422	-2,364	-1,000	-500	-500
Increase/decrease in liquid assets	687	-1,432	1,775	-50	2,088	2,036
Liquid assets at end of period	6,020	4,588	6,363	6,313	8,401	10,437

Source: Company data; mwb research

Regional sales split (EURm)	2022	2023	2024	2025E	2026E	2027E
Domestic	5,885	2,532	3,144	3,396	3,688	3,964
Europe (ex domestic)	10,330	12,243	14,943	16,138	17,526	18,841
The Americas	7,909	9,986	10,258	11,079	12,031	12,934
Asia	4,873	6,358	6,120	6,610	7,178	7,716
Rest of World	0	0	0	0	0	0
Total sales	29,005	31,119	34,465	37,222	40,423	43,455

Regional sales split (common size)	2022	2023	2024	2025E	2026E	2027E
Domestic	20.3%	8.1%	9.1%	9.1%	9.1%	9.1%
Europe (ex domestic)	35.6%	39.3%	43.4%	43.4%	43.4%	43.4%
The Americas	27.3%	32.1%	29.8%	29.8%	29.8%	29.8%
Asia	16.8%	20.4%	17.8%	17.8%	17.8%	17.8%
Rest of World	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total sales	100%	100%	100%	100%	100%	100%

Source: Company data; mwb research

Ratios	2022	2023	2024	2025E	2026E	2027E
Per share data						
Earnings per share reported	-0.65	-5.47	1.37	0.92	1.87	2.23
Cash flow per share	3.09	1.96	3.35	0.78	2.96	3.09
Book value per share	23.83	10.26	10.52	11.45	13.36	15.64
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00
Valuation						
P/E	-83.9x	-10.0x	39.7x	59.4x	29.2x	24.4x
P/CF	17.7x	27.8x	16.3x	69.5x	18.4x	17.7x
P/BV	2.3x	5.3x	5.2x	4.8x	4.1x	3.5x
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	5.7%	3.6%	6.1%	1.4%	5.4%	5.7%
EV/Sales	1.5x	1.5x	1.3x	1.2x	1.0x	0.9x
EV/EBITDA	29.0x	-34.5x	11.6x	13.4x	9.5x	8.2x
EV/EBIT	-62.5x	-14.1x	21.2x	33.0x	16.3x	13.0x
Income statement (EURm)						
Sales	29,005	31,119	34,465	37,222	40,423	43,455
yoy chg in %	1.8%	7.3%	10.8%	8.0%	8.6%	7.5%
Gross profit	3,340	753	4,503	5,695	7,195	7,822
Gross margin in %	11.5%	2.4%	13.1%	15.3%	17.8%	18.0%
EBITDA	1,461	-1,364	3,893	3,310	4,409	4,803
EBITDA margin in %	5.0%	-4.4%	11.3%	8.9%	10.9%	11.1%
EBIT	-678	-3,340	2,124	1,340	2,567	3,020
EBIT margin in %	-2.3%	-10.7%	6.2%	3.6%	6.3%	7.0%
Net profit	-467	-4,532	1,185	792	1,613	1,927
Cash flow statement (EURm)						
CF from operations	2,217	1,623	2,889	2,418	4,184	4,251
Capex	-1,157	-1,228	-1,514	-1,469	-1,595	-1,715
Maintenance Capex	0	0	0	1,742	1,631	1,586
Free cash flow	1,060	395	1,375	950	2,588	2,536
Balance sheet (EURm)						
Intangible assets	14,048	13,151	12,272	12,060	11,868	11,692
Tangible assets	5,435	5,724	6,220	5,930	5,876	5,984
Shareholders' equity	17,122	8,502	9,075	9,883	11,528	13,494
Pension provisions	570	519	600	744	808	869
Liabilities and provisions	6,783	9,112	8,519	7,233	7,117	6,981
Net financial debt	-5,245	-527	-2,597	-3,547	-6,135	-8,671
w/c requirements	-2,283	-3,800	-4,106	-5,685	-5,811	-5,816
Ratios						
ROE	-4.2%	-54.0%	14.7%	8.2%	14.3%	14.6%
ROCE	-2.8%	-18.7%	11.9%	7.7%	13.6%	14.5%
Net gearing	-30.6%	-6.2%	-28.6%	-35.9%	-53.2%	-64.3%
Net debt / EBITDA	-3.6x	0.4x	-0.7x	-1.1x	-1.4x	-1.8x

Source: Company data; mwb research

Conflicts of interest

Disclosures regarding research publications of mwb research AG pursuant to section 85 of the German Securities Trading Act (WpHG) and distributed in the UK under an EEA branch passport, subject to the FCA requirements on research recommendation disclosures. It is essential that any research recommendation is fairly presented and discloses interests of and indicates relevant conflicts of interest. Pursuant to section 85 of the German Securities Trading Act (WpHG) a research report has to point out possible conflicts of interest in connection with the analyzed company. Further to this, under the FCA's rules on research recommendations, any conflicts of interest in connection with the recommendation must be disclosed. A conflict of interest is presumed to exist in particular if mwb research AG

- (1) or its affiliate(s) (either in its own right or as part of a consortium) within the past twelve months, acquired the financial instruments of the analyzed company,
- (2) has entered into an agreement on the production of the research report with the analyzed company,
- (3) or its affiliate(s) has, within the past twelve months, been party to an agreement on the provision of investment banking services with the analyzed company or have received services or a promise of services under the terms of such an agreement,
- (4) or its affiliate(s) holds a) 5% or more of the share capital of the analyzed company, or b) the analyzed company holds 5% or more of the share capital of mwb research AG or its affiliate(s),
- (5) or its affiliate(s) holds a net long (a) or a net short (b) position of 0.5% of the outstanding share capital of the analyzed company or derivatives thereof,
- (6) or its affiliate(s) is a market maker or liquidity provider in the financial instruments of the issuer,
- (7) or the analyst has any other significant financial interests relating to the analyzed company such as, for example, exercising mandates in the interest of the analyzed company or a significant conflict of interest with respect to the issuer,
- (8) The research report has been made available to the company prior to its publication. Thereafter, only factual changes have been made to the report.

Conflicts of interest that existed at the time when this research report was published:

Company	Disclosure
Siemens Energy AG	

Important disclosures

1. General Information/Liabilities This research report has been produced for the information purposes of institutional investors only, and is not in any way a personal recommendation, offer or solicitation to buy or sell the financial instruments mentioned herein. The document is confidential and is made available by mwb research AG, exclusively to selected recipients [in DE, GB, FR, CH, US, UK, Scandinavia, and Benelux or, in individual cases, also in other countries]. A distribution to private investors in the sense of the German Securities Trading Act (WpHG) is excluded. It is not allowed to pass the research report on to persons other than the intended recipient without the permission of mwb research AG. Reproduction of this document, in whole or in part, is not permitted without prior permission mwb research AG. All rights reserved. Under no circumstances shall mwb research AG, any of its employees involved in the preparation, have any liability for possible errors or incompleteness of the information included in this research report – neither in relation to indirect or direct nor consequential damages. Liability for damages arising either directly or as a consequence of the use of information, opinions and estimates is also excluded. Past performance of a financial instrument is not necessarily indicative of future performance.

2. Responsibilities This research report was prepared by the research analyst named on the front page (the "Producer"). The Producer is solely responsible for the views and estimates expressed in this report. The report has been prepared independently. The content of the research report was not influenced by the issuer of the analyzed financial instrument at any time. It may be possible that parts of the research report were handed out to the issuer for information purposes prior to the publication without any major amendments being made thereafter.

3. Organizational Requirements mwb research AG took internal organizational and regulative precautions to avoid or accordingly disclose possible conflicts of interest in connection with the preparation and distribution of the research report. All members of mwb research AG involved in the preparation of the research report are subject to internal compliance regulations. No part of the Producer's compensation is directly or indirectly related to the preparation of this financial analysis. In case a research analyst or a closely related person is confronted with a conflict of interest, the research analyst is restricted from covering this company.

4. Information Concerning the Methods of Valuation/Update The determination of the fair value per share, i.e. the price target, and the resultant rating is done on the basis of the adjusted free cash flow (adj. FCF) method and on the basis of the discounted cash flow – DCF model. Furthermore, a peer group comparison is made. The adj. FCF method is based on the assumption that investors purchase assets only at a price (enterprise value) at which the operating cash flow return after taxes on this investment exceeds their opportunity costs in the form of a hurdle rate. The operating cash flow is calculated as EBITDA less maintenance capex and taxes. Within the framework of the DCF approach, the future free cash flows are calculated initially on the basis of a fictitious capital structure of 100% equity, i.e. interest and repayments on debt capital are not factored in initially. The adjustment towards the actual capital structure is done by discounting the calculated free cash flows with the weighted average cost of capital (WACC), which takes into account both the cost of equity capital and the cost of debt. After discounting, the calculated total enterprise value is reduced by the interest-bearing debt capital in order to arrive at the equity value. Detailed information on the valuation principles and methods used and the underlying assumptions can be found at <https://www.mwb-research.com>.

mwb research AG uses the following three-step rating system for the analyzed companies:

- **Speculative (Spec.) BUY:** Sustainable upside potential of more than 25% within 12 months, above average risk
- **BUY:** Sustainable upside potential of more than 10% within 12 months
- **SELL:** Sustainable downside potential of more than 10% within 12 months.
- **HOLD:** Upside/downside potential is limited. No immediate catalyst visible.

NB: The ratings of mwb research AG are not based on a performance that is expected to be "relative" to the market.

The decision on the choice of the financial instruments analyzed in this document was solely made by mwb research AG. The opinions and estimates in this research report are subject to change without notice. It is within the discretion of mwb research AG whether and when it publishes an update to this research report, but in general updates are created on a regular basis, after 6 months at the latest. A sensitivity analysis is included and published in company's initial studies.

5. Date and time of first publication of this financial analysis
7-Jan-25 09:39:28

6. Risk information

- Stock exchange investments and investments in companies (shares) are always speculative and involve the risk of total loss.
- This is particularly true in respect of investments in companies which are not established and/or small and have no established business or corporate assets.
- Share prices may fluctuate significantly. This is particularly true for shares with low liquidity (market breadth). Even small orders can have a significant impact on the share price.
- In the case of shares in narrow markets, it may also happen that there is no or very little actual trading there and that published prices are not based on actual trading but have only been provided by a stockbroker.
- In such markets a shareholder cannot expect to find a buyer for his shares at all and/or at reasonable prices. In such narrow markets there is a very high possibility of manipulating prices and in such markets there are often considerable price fluctuations.
- An investment in shares with low liquidity and low market capitalization is therefore highly speculative and represents a very high risk.
- There is no regulated market for unlisted shares and securities and a sale is not possible or only possible on an individual basis.

7. Major Sources of Information Part of the information required for this research report was made available by the issuer of the financial instrument. Furthermore, this report is based on publicly available sources (such as, for example, Bloomberg, Reuters, VWD-Trader and the relevant daily press) believed to be reliable. mwb research AG has checked the information for plausibility but not for accuracy or completeness.

8. Competent Supervisory Authority mwb research AG are under supervision of the BaFin – German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), Graurheindorfer Straße 108, 53117 Bonn and Marie-Curie-Straße 24 – 28, 60439 Frankfurt a.M. This document is distributed in the UK under a MiFID EEA branch passport and in compliance with the applicable FCA requirements.

9. Specific Comments for Recipients Outside of Germany This research report is subject to the law of the Federal Republic of Germany. The distribution of this information to other states in particular to the USA, Canada, Australia and Japan may be restricted or prohibited by the laws applicable within this state.

10. Miscellaneous According to Article 4(1) No. i of the delegated regulation 2016/958 supplementing regulation 596/2014 of the European Parliament, further information regarding investment recommendations of the last 12 months are published free of charge under <https://www.mwb-research.com>.

Contacts

mwb research AG
Mittelweg 142
20148 Hamburg
Germany

Tel.: +49 40 309 293-52
Email: contact@mwb-research.com
Website: www.mwb-research.com
Research: www.research-hub.de

Research

HARALD HOF
Senior Analyst
Tel: +49 40 309 293-73
E-Mail: h.hof@mwb-research.com

LEON MÜHLENBRUCH
Analyst
Tel: +49 40 309 293-77
E-Mail: l.muehlenbruch@mwb-research.com

ABED JARAD
Junior Analyst
Tel: +49 40 309 293-74
E-Mail: a.jarad@mwb-research.com

JENS-PETER RIECK
Junior Analyst
Tel: +49 40 309 293-74
E-Mail: jp.riek@mwb-research.com

THOMAS WISSLER
Senior Analyst
Tel: +49 40 309 293-78
E-Mail: t.wissler@mwb-research.com

DR. OLIVER WOJAHN, CFA
Senior Analyst
Tel: +49 40 309 293-75
E-Mail: o.wojahn@mwb-research.com

ALEXANDER ZIENKOWICZ
Senior Analyst
Tel: +49 40 309 293-76
E-Mail: a.zienkowicz@mwb-research.com

Sales

HOLGER NASS
Head of Sales
Tel: +49 40 309 293-52
E-Mail: h.nass@mwb-research.com

Team Assistant

HANNAH GABERT
Team Assistant
Tel: +49 40 309 293-52
E-Mail: h.gabert@mwb-research.com

mwb fairtrade
Wertpapierhandelsbank AG
Rottenbucher Straße 28
82166 Gräfelfing

Tel: +49 89 85852-0
Fax: +49 89 85852-505
Website: www.mwbfairtrade.com
E-Mail: info@mwbfairtrade.com

Sales / Designated Sponsoring / Corporate Finance

ALEXANDER DEUSS
Institutional Sales
Tel: +49 40 36 0995-22
E-Mail: adeuss@mwbfairtrade.com

SASCHA GUENON
Head of Designated Sponsoring
Tel: +49 40 360 995-23
E-Mail: sguenon@mwbfairtrade.com

JAN NEYNABER
Institutional Sales
Tel: +49 69 1387-1255
E-Mail: jneynaber@mwbfairtrade.com

DIRK WEYERHÄUSER
Corporate Finance
Tel: +49 69 1387-1250
E-Mail: dweyerhaeuser@mwbfairtrade.com

Locations

HAMBURG (Research)
Mittelweg 142
20148 Hamburg
+49 40 309 293-52

HAMBURG (Corporates & Markets)
Kleine Johannisstraße 4
20457 Hamburg
+49 40 360 995-0

FRANKFURT A.M.
Unterlindau 29
60323 Frankfurt am Main
+49 40 360 995-22

MUNICH
Rottenbucher Str. 28
82166 Gräfelfing
+49 89-85852-0

BERLIN
Kurfürstendamm 151
10709 Berlin

HANNOVER
An der Börse 2
30159 Hannover

Our research can be found at

ResearchHub
Bloomberg
FactSet
Thomson Reuters / Refinitiv
CapitalIQ

www.research-hub.de
www.bloomberg.com
www.factset.com
www.refinitiv.com
www.capitaliq.com