

Siemens AG

Siemens has simplified its corporate structure and is now focusing on the core areas of industrial automation and software, smart infrastructure (building technologies, smart grid), and mobility (mainly rail transportation), all of which have secular growth drivers. Order intake and revenues were both strong and 10% and 8% above consensus, respectively. Order intake was up 14% y/y (up 7% y/y organically) to EUR21.8bn, while revenues were up 18% y/y (up 12% y/y organically) to EUR20.6bn. This reflected robust growth acceleration quarter-on-quarter and all segments reported above-consensus order intake and revenues. The book-to-bill ratio remained healthy at 1.06x (a ratio above 1x signals expansion). The operating profit in the industrial business grew 38% y/y to EUR3.2bn, 13% above consensus, implying a strong margin improvement of 220bps y/y to 16.2%. All segments reported better profits/margins than expected. EPS increased 123% y/y to EUR 3.59 vs consensus of EUR 3.42. Free cash flow was once again very strong, at EUR3.5bn, 24% better than consensus. Management issued solid guidance for the full year 2022/23 (year-end September 2023), including, among other things, organic revenue growth of 6%–9% y/y and an EPS of EUR 8.70–EUR 9.20, this compares to current consensus forecasts of ca 3% y/y organic revenue growth and an EPS of EUR 8.60. The full-year guidance is supported by the company's record order backlog, which stood at EUR102bn at end-September 2022. Importantly, the full-year guidance for the industrial automation business, which was particularly in focus, was ahead of consensus, with an organic revenue growth of 10%–13% y/y and an operating margin of 19%–22% (vs consensus of 4% y/y organic growth and a margin of 19.7%).

Corporate Ratings		Periodicity	Fiscal Quarterly	Currency	Default	Parent/Consolidated			C	Data	Adjusted (if Available)			
S&P	A+													
Outlook	Stable													
Moody's	A1													
Outlook	Stable													
Fitch	#N/A													
Outlook	Stable													
CDS Data														
5 YR CDS	57.82													
% 3 Months	-18.16													
% 6 Months	8.33													
% 1 Year	111.97													
52 Week Low	24.50													
52 Week High	100.25													
Profitability		Balance Sheet Summary		03/23 E	12/22 E	LTM	09/22 Q	06/22 Q	03/22 Q	12/21 Q	09/21 Q	06/21 Q	03/21 Q	12/20 Q
EBIT	9,473	Total Current Assets		58,829.0	58,829.0	58,239.0	55,650.0	56,365.0	52,340.0	52,012.0	63,793.0	54,119.0		
Operating Margin	13.16	Total Long-Term Assets		92,673.0	92,673.0	87,749.0	88,296.0	88,044.0	87,268.0	84,819.0	67,865.0	67,314.0		
Pretax Margin	10.32	Total Assets		151,502.0	151,502.0	145,988.0	143,946.0	144,409.0	139,608.0	136,831.0	131,658.0	121,433.0		
Return on Assets	2.70	Total Current Liabilities		42,686.0	42,686.0	43,910.0	42,684.0	40,693.0	39,952.0	40,209.0	34,629.0	34,627.0		
Return on Common Equity	8.44	Total Long-Term Liabilities		54,011.0	54,011.0	50,874.0	50,641.0	51,618.0	50,382.0	49,946.0	52,434.0	46,398.0		
Return on Capital	4.81	Total Liabilities		96,697.0	96,697.0	94,784.0	93,325.0	92,311.0	90,334.0	90,155.0	87,063.0	81,025.0		
Asset turnover	0.49	Total Shareholders' Equity		54,805.0	54,805.0	51,204.0	50,621.0	52,098.0	49,274.0	46,676.0	44,595.0	40,408.0		
Structure														
Current Ratio	1.38	Shares Outstanding		850.0	850.0	850.0	850.0	850.0	802.4	850.0	850.0	850.0		
Quick Ratio	0.86	Book Value per Share		--	--	57.5	57.5	53.8	53.6	55.3	55.3	49.5	47.2	43.6
Total Debt to Total Assets	35.72	Tangible Book Value / Sh		3.3	3.3	3.3	3.3	3.3	4.4	6.4	4.6	3.0	17.5	14.8
Total Debt to Com Equity	110.68	Shareholder Equity/Total Liab		36.2	36.2	35.1	35.2	36.1	35.3	34.1	33.9	33.3		
Growth Potential		Cash Flow Summary		03/23 E	12/22 E	LTM	09/22 Q	06/22 Q	03/22 Q	12/21 Q	09/21 Q	06/21 Q	03/21 Q	12/20 Q
Sales 1yr Growth	15.60	Net Income		1,536.5	1,510.8	3,723.0	2,701.0	-1,655.0	1,034.0	1,643.0	1,167.0	1,352.0	2,265.0	1,377.0
Asset 1yr Growth	8.52	Depreciation and Amortization		--	--	2,571.0	654.0	621.0	711.0	--	811.0	610.0	550.0	553.0
Capital 1yr Growth	8.51	Change in Working Capital				3,755.0	1,814.0	1,363.0	-2,706.0	3,284.0	585.0	-17,361.0	9,672.0	641.0
		Cash - Operating Activities				10,241.0	4,159.0	2,633.0	1,594.0	1,364.0	4,138.0	2,576.0	1,372.0	1,206.0
		Capital Expenditures		-532.3	-478.0	-2,084.0	-708.0	-471.0	-513.0	-392.0	-620.0	-418.0	-363.0	-329.0
		Cash - Investing Activities				-2,490.0	-428.0	-134.0	-939.0	-990.0	-1,616.0	-14,501.0	1,071.0	-448.0
		Cash - Financing Activities				-6,824.0	-3,404.0	-1,866.0	-3,325.0	2,280.0	-3,654.0	-1,036.0	7,113.0	-730.0
		Net Changes in Cash				927.0	327.0	633.0	-2,670.0	2,654.0	-1,132.0	-12,961.0	9,556.0	28.0
		Free Cash Flow		1,614.5	824.6	8,157.0	3,451.0	2,162.0	1,081.0	972.0	3,518.0	2,158.0	1,009.0	877.0

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