



Siemens Limited
Investor and Analyst Call
Q2 & H1 FY 2025

10.00 am (IST) to 11.30 am (IST)

20th May 2025

Management:

- Mr. Sunil Mathur – Managing Director and Chief Executive Officer, Siemens Limited
- Mr. Wolfgang Wrumnig – Executive Director and Chief Financial Officer, Siemens Limited
- Ms Radhika Arora – Head, Investor Relations, Siemens Limited

- **Radhika Arora – Head, Investor Relations, Siemens Limited:**

- Good morning and welcome to the Siemens Limited Quarter 2 and Half Year FY25 Analyst and Investor Call. I hope you all are in good health and would have seen the results that were announced last week.
- Please note that Siemens Energy India Limited is a separate company now and is being proposed subject to receipt of requisite approvals, market conditions and other considerations, to list its equity shares on BSE and NSE in the near future and is in the process of filing an information memorandum with the Stock Exchanges. We therefore request you to restrict your questions today to only Siemens Limited and not on Siemens Energy India Limited.
- Before we start this call, let me give you a few instructions about the technology that we are using here.
 - o We are using the Microsoft Teams platform for the meeting.
 - o All of you are on mute and the camera has been disabled.
 - o The meeting will start with a presentation by the management team of the company followed by Q&A.
 - o Anyone who wishes to ask a question should use the raise hand option and we will enable the microphone for the person in that order. After enabling the microphone at our end, the speaker must also enable it on their device and then start with question. In the interest of time each one of you is requested to limit your question to maximum two.
 - o After the question is over, the speaker's microphone will be disabled.
- Moving on to the presenters we have with us today Mr. Sunil Mathur – Managing Director and CEO and Mr. Wolfgang Wrumnig – Executive Director and CFO of Siemens Limited from the management team.
- They would present the operational and financial overview of the Company's performance post which we will move to the Q&A.
- Before I hand over to Mr. Mathur, please note that we take as having read the safe harbor statement, that you can see in the presentation and also on slide no. 2 and currently on the screen as well.
- With that, let me now hand it over to Mr. Mathur.

- **Sunil Mathur – Managing Director and Chief Executive Officer, Siemens Limited:**

- Good morning and a warm welcome to our analyst meeting today. We've got a couple of slides that we have prepared over here. I will start off by giving a little bit of an overview first. I'll hand over then to Wolfgang, who will then go into more details regarding the numbers and then we will sum up at the end before taking your questions.
- Let's start now with first an overview of the global economy. As we see it and as you are all probably aware, geopolitical uncertainty is really the order of the day right now. There are increasing trade tensions that are happening all around the world. The impact of that so far on India has not been very high. We will have to see whether there will be any direct or indirect impacts of that, but I think it is fair to say that supply chains are getting disrupted, delivery periods are getting disrupted until there is more certainty around what is happening

in terms of the trade, the tariff barriers there. And also caused the geopolitical scenarios around the world, which add another element of complexity into the ease of doing business on a global scale.

- Looking at it more from a domestic perspective, I think we're fairly positive about the Indian economy. We continue to grow at 6 ½ percent is the expectation for the financial year 25. We are beginning to see an uptick in manufacturing PMI 58.1 as you see is not bad. I will talk a little bit more about this and how we see things from our perspective in the next slides. Maybe just to summarize, however, does the results of the quarter for Siemens limited as Radhika mentioned, these figures and everything that we will talk about today exclude the Energy business.
- When we look at the new orders, there's a 43 ½ percent increase year on year in the in the order growth practically coming out of growth in orders in all our segments except for the Low Voltage Motors business, which is down for various reasons, partly commodity prices are down, partly the demand is down. And Wolfgang will talk more in detail about this as well.
- We do have a healthy Book-to-Bill at 1.25 which is good. Our Order Backlog stands at a healthy ₹415 billion, grown by 7.2%. So we continue to build the Order Backlog and we get good visibility. I would just like to mention this is a healthy Order Backlog – there are no compromises in our profitability there. We continue as we have always done, keeping our margin hurdles in in mind and therefore the quality of the Order Backlog is good and is margin accretive overall.
- When I look at the Revenue, this quarter has seen a slight growth in revenue, 2 ½ percent. While the Smart Infrastructure business did pretty well, the real impact on Revenue came from two areas. One is on DI where there has been or continues to be demand normalization with all the impacts that it has. And I know there's a little bit of an uncertainty around private sector CapEx and the impact on the DI normalization business.
- So we put in a separate slide which will walk you through to really explain what the impact of this demand normalization actually is and why it got triggered and where we believe we are on the trajectory right now. The other part is on the Mobility which slowed down in the quarter. Nothing to be concerned about from our perspective, this is just normal project delivery schedules and we expect that the deliveries to and the volumes over here to pick up in the second-half of the year.
- When I look at the EBITDA, we are on track 12 ½ percent. Yes, marginally impacted also because of the DI volume and cost elements, and Wolfgang will also walk you through. And apart from that, it's basically when you look at our profitability over here overall, our Smart Infrastructure and our Mobility businesses in terms of profitability are more or less in line with the global profitability levels as well.
- Our DIGITAL industries volume as, as I mentioned in the past, and the profitability is largely impacted through transfer pricing and therefore you will not see a correlation between the global volume and the global profitability levels and our profitability levels over here. But our Smart Infrastructure and our Mobility businesses are more or less in line with the global profitability targets as well.
- The PAT was impacted by two elements – one was essentially an extraordinary gain in quarter two of last year on account of sale of property of ₹192 crores. The second was demerger expenses in this quarter 2 of 2025 of ₹63 crores and that has really had an impact on reducing the Profit after Tax. On an overall basis I think we are still more or less comparable to the demand drop and of course Wolfgang will walk you through over here also in much more detail.

- Lastly, just to highlight what Radhika also mentioned earlier on. The Siemens Energy demerger has been completed with the effective date of 1st of March 2025. So the financials will reflect five months of Siemens Energy in them. Therefore, they're not really comparable and we shown Siemens Energy as discontinued operations in the financials that you have seen.
- Moving on to the next slide. This is basically giving an overview of how we see the vertical markets moving in the next couple of months. Now with everything that is happening in terms of the global environment and so on, it's very difficult really to make a long-term prognosis of how we see the CapEx actually moving in the key verticals. But looking at it in the next our perspective or our visibility of the next three to six months is what we have tried to summarize over here, and as I mentioned already in our December meeting, we see the development of the market largely still driven by public CapEx. Private CapEx is still muted. Again, in the public CapEx, the power utilities, which impacts our Smart Infrastructure business largely is doing well, is growing very well. The Railways and Metros business, the pipeline is good. Ordering is happening and that we see also a robust pipeline there and Water is also picking up overall. Emerging verticals I talked about also in our December analyst meeting where I said we see continued investments happening in the emerging verticals, Electronics, Semiconductors, Batteries, Data Centers. And that has not slowed down. That continues and we expect continued growth to happen in this area as well. Major players who are all known and have already announced their CapEx investments are continuing with their plans of investment in these areas.
- So I think this is a positive side. When I look at the conventional verticals and this is more private CapEx, it's a mixed story. Again, not much change over what we talked about in December. While Commercial Building, Pharma, Cement and Chemicals are doing reasonably well, we do see, I wouldn't call it a slowdown, but we do see a flattish CapEx growth in Food and Beverage, Automotive, Machine Building and Metals. And if I take these individually, I think now this is really a surprise. There's hardly any CapEx happening in the Food and Beverage area. Overall, the Food and Beverage market is flattish due to urban lagging behind the rural economy over there. The Automotive business as well, there is a postponement in the CapEx plans in Automotives. Retail sales growth has been very, very low in the last quarter. Commercial Vehicles actually declined in in in the December quarter and retail inventories are actually still there. Depending on who you ask, we see between 30 to 60 days of inventories actually in the system. Machine Building is flattish again, I believe this is largely due to the geo economic situation, the macroeconomic uncertainties, exports are down. Delayed decisions by end users in the conventional sectors as they wait and watch to see what the impacts of all the tariff crisis will be around the world.
- And Metals you are aware of the dumping element that was there. I expect this could possibly pick up in the next couple of months thanks to the 12% anti-dumping duty that was put in by the Government. But again, Steel is a long-term investment. We will wait and see in in terms of the major announcements that are made by the major players over there. So really a mixed bag, private sector still slow, very, very muted whereas the public CapEx continues to flow in with emerging verticals continuing to be invested in CapEx by the major players who had already made the announcements.
- To summarize our Quarter 2 businesses and if I were to look at the three businesses that we have here, Digital Industries, as we mentioned is has largely continues on the normalization of inventories. It is a little bit early to talk about whether we think we've hit the bottom or not. The first signs of growth have come in in this last quarter. We will have to wait and see whether this continues and the curve is actually turned around, but of course large amount of our Digital Industries business is driven by private sector CapEx. Indeed, everything in our Digital Industries business is driven by private sector CapEx and this is where as I mentioned earlier, we see mixed developments. Inventory levels, however, with the channel, partners are definitely continuing to

come down and are beginning to normalize and we are beginning to see the first signs of some channel partners beginning to order.

- Is it too early to celebrate? I believe so, but we will watch in the next couple of quarters and see whether this growth curve continues and actually picks up over time.
- Smart Infrastructure business is growing well, particularly in the electrification space. Power Utilities are growing, transmission distribution are doing extremely well. Semiconductor factories are coming in. They require medium voltage, low voltage products. Data Centers as well continue to grow and we continue to invest as we had already announced in our vacuum interrupters, in our GIS technologies there in Goa and those investments are on track.
- Mobility, as I mentioned earlier on, shows a robust pipeline, quite a robust pipeline, predominantly in the rolling stock area. What we are not sure about though is how much of this is going to be solutions, in other words, complete trains being required, being tendered or whether it'll be components in the Indian Railways actually assembles them themselves. And this will depend tender to tender and we will see and we will react accordingly.
- Signaling continues to pick up and we see a huge market over there. This will be the next growth engine – both rolling stock and signaling in the country and we see continued growth prospect prospects over there.
- On exports, we've now got the third export order from our parent for bogies to be distributed in other parts of the world. And we continue to deliver on this. So the export business, while the bogies business is relatively slow from a domestic perspective we continue to get orders from our parent in terms of exports and that's what continues to help us grow this business as well.
- The 9000 horsepower project is also on track. We're in the process of homologation of the prototype right now. You must have heard the Honorable Minister for Railways visited our factory a couple of weeks ago was highly impressed by what he saw and by the progress over there. And has already mentioned that the homologation is on track and once this is done we will start mass production in line with the production schedules of the customers. So this project is very much on track. It's actually a product delivery. We are only delivering the locomotive as a product out of the factory. There's no civil work or any other project business linked to this. We have received an additional order for maintenance that we have booked during the quarter and Wolfgang will give more insights into that as well.
- With that, I'd like to hand over to Wolfgang to basically talk about each of the segments that we have got in more detail and then I will wrap up at the end of it. So over to you, Wolfgang. Thank you.
- **Mr. Wolfgang Wrumnig – Executive Director and Chief Financial Officer, Siemens Limited:**
- Thank you, Sunil! Good morning, everyone. Thank you for joining us today. I am excited to share with you the financial performance of our company and each of the businesses for the first half and second quarter of this fiscal year.
- Starting with Digital Industries, as you all know, this segment is going through a normalization cycle globally. On the performance of this business, we see positive order growth momentum: order growth from ₹7.6 billion in Q4 of last fiscal year to ₹8.1 billion in Q1 of this fiscal year and now ₹9.5 billion in Q2 of 25. H1 growth is at 1.2% while Q2 contributed with 6.1%. As Sunil said, while it may be too early to celebrate a return to growth in

this business, we will monitor the New Orders closely in the coming quarters before we make a definitive statement here.

- When it comes to Revenue, we had a slow start in Q1 with a significant decline, but we saw a catch-up in Q2 with revenue of ₹10 billion, more or less flat compared to the previous year. A Book-to-Bill ratio of 1 supports our view of normalization in our Digital Industries business. Our EbitDA margin has dropped significantly due to three reasons and this I will discuss now, as we talk about the normalization cycle.
- To give you a sense of the normalization cycle and where we are heading, let's look at the historical performance of Digital Industries. We had a normal pre-COVID period with Book-to-Bill of around 1 and margins of around 6-8% from fiscal year 2019 to fiscal year 2021. This was followed by the COVID years starting March 2020, which led to supply chain challenges with orders dropping in fiscal year 2020 and then reaching its peak fiscal year 2022 as customers started ordering in advance to compensate for the longer lead times with a Book-to-Bill of 1.3. This situation enabled us to extract higher prices leading to higher levels of profitability. As lead times started stabilizing, customers changed their orders patterns and reduced orders significantly to bring down their own inventories back to normal levels. We did see lower orders in 2023 and 2024, when we executed our large order backlogs with peak revenues in fiscal year 2024, with good profitability. However, profitability started to decline in the second half of fiscal year 2024 and continued into H1 fiscal year 2025 due to muted pace of private sector CaPex, increased import prices and net of economies of scale on Revenue, and a change in product and channel mix. We are now consciously not pushing volumes to the channel to avoid overstocking once again – no “sales to stock” but only “sales for projects”. This should give you now some more insights into the somehow special cycle of this business and the development of Orders, Revenue, and EbitDA margins.
- Moving on to the Smart Infrastructure. This business shows orders are consistently growing with an increase of almost 14% in Q2 compared to the previous year and 11% for H1. The main driver for this positive development is the electrification and automation business with a positive market environment and competitive portfolio for power distribution networks with energy automation of the future. Revenue is also developing well, consistently growing by 6.6% in Q2 and 6.8% in H1 compared to the previous year. Product mix and stringent execution are driving consistent margin improvements, with EbitDA increasing from 15.3% in H1 2024 to 16.3% in H1 2025.
- C&S Electric, which we acquired in FY 2021, continues to grow profitably and we are very satisfied with their performance. In summary, Smart Infrastructure performs well despite a volatile business environment.
- The next business I am addressing is our Mobility business. It is a project business with a volatile order situation from quarter to quarter. Orders in H1 reached ₹24.2 billion compared to ₹6.1 billion in the previous year, an increase of almost 300%. An export order for bogies already mentioned by Sunil for a Metro project and local orders for propulsion systems and railway electrification contributed to this positive development. In addition, there was also an increase in the 9K HP locomotive order due to the expansion of scope of work for loco maintenance as per the terms of the contract (₹7.7 billion).
- Revenue in Q2 is ₹7.4 billion, up compared to the previous quarter but slightly down compared to the previous year. H1 revenue is also slightly down by 3.0% compared to the previous year following normal project delivery cycles as we execute our strong order backlog. EbitDA for Q2 is 7.2%, down compared to the previous year due to higher investments in R&D, engineering costs, and SG&A. Overall our H1 EbitDA margin went down marginally from 9.3% to 8.2%. We expect margin quality to improve going forward.

- Finally, our Low Voltage Motors (LVM) business continues to experience a weak market. New Orders dropped by 6.9% compared to the previous year due to continuous weak demand and price pressure, which is a common phenomenon in the market. For H1, the decline in new orders was 6.6%. Revenue grew by 6% compared to the previous year, resulting in H1 Revenue growth of 4.2%. We continue to execute our order backlog in the Motors business. This business reported an EbitDA of 9.5% in Q2, up 340bps compared to the previous quarter. Year-to-date, the business reported an EbitDA margin of 7.8%, down by 130bps due to lower price realization and higher royalties paid to Innometrics, the former global Siemens business, now owned by KPS Capital Partners.
- As already mentioned in 2023, our Low Voltage Motors business (LVM) is dependent on technical support from the global Innometrics business. In October 2024, Siemens AG, our parent, sold the global Innometrics business to KPS Capital Partners. In view of this sale and the dependency on the global Innometrics business, we will now explore options for the future of the Low Voltage Motors business.
- In conclusion, in summary, Digital Industries, after significant growth in the last few years, is now returning to normal cycles. Its performance is dependent on growth in private sector CaPex. Smart Infrastructure business continues to perform, growing the business and expanding profit margins. In our Mobility business, we see many market opportunities going forward and continue to invest in this business for a successful future. After the divestiture of the global Innometrics business, we will develop next steps for the Low Voltage Motors business.
- In the next slide, you will see the distribution of our business mix and also the geographic mix. There is a substantial improvement in our exports as a percentage of Revenue, with over 80% of exports from the Smart Infrastructure business and the balance from Mobility. We expect this development to continue. On the business mix, we are consistent with around 29-30% coming from projects, which will increase with the ramp-up of 9K HP locomotive production.
- Now, I come to the summary of Q2 financials. A very quick recap of the financials you might have already seen. We are positive about our Order Backlog, New Orders, and Revenue. The EbitDA was largely down due to the normalization in the Digital Industries business. FX and commodity hedging had a positive impact on our business positive by 30 bps in Q2 while in H1 the impact was negative 40 bps.
- Our Profit before Tax went down significantly from ₹8.8 billion to ₹5.9 billion, a decline of 37.6% vs. Q2 prior year. As already mentioned by Sunil, largely due to exceptional items including a gain on a property sale last year (₹1.9 billion) and demerger expenses incurred this year (₹0.6 billion). Excluding these extraordinary items, our underlying Profit before Tax (PBT) declined by 11% and this, as already explained, due to the normalized performance of Digital Industries. The decline in reported PAT was 37.1%.
- So this is my final slide summarizing the H1 performance. I won't go through all the details, but it provides a view of Siemens Limited for 6 months and Siemens Energy for 5 months, as the appointed date for the demerger of the Energy business was March 1. As mentioned by Sunil earlier, we demerged the business on March 1, and it was transferred to Siemens Energy India Limited, which will be listed on the BSE and NSE in due course. Overall, the Energy business, which you can see here for 5 months for fiscal year 25 is developing very well, with orders and revenue growing and profitability expanding.
- With this, let me hand it over to Sunil for his closing remarks. Thank you.
- **Sunil Mathur – Managing Director and Chief Executive Officer, Siemens Limited:**

- Thank you, Wolfgang. So in summary, I think we can say that in spite of the global economic uncertainty, we believe that both our growth as well as our profitability is on track. I think when you look at the overall economy moving a large element of it is happening driven by public CapEx and then there's the emerging verticals over there and we are following that trend as well. I do expect, however, private sector CapEx to pick up. I do expect also that we have probably hopefully reached the low end of the curve on digital industries in terms of normalization. And inventory levels down with our channel partners, will start resulting in fresh ordering moving forward. We continue with our CapEx spending as well and we will continue to invest. Mobility and smart infrastructures are doing well and continue to be the growth drivers. We see that happening, particularly since both of them are very closely tied in to public CapEx over there. And finally, as Wolfgang mentioned, we will start exploring options for the Low Voltage Motors business. Moving forward, all in all, we are not concerned right now. We continue to be optimistic about our own numbers and we believe we are very much on track in terms of profitable growth continuing. We will have to wait and watch and see how things develop in terms of private sector CapEx, but that will definitely be an upside for us. With that, we come to the end of our presentation and hand it back to Radhika to moderate the Q&A.
- Thank you very much.
- **Radhika Arora – Head, Investor Relations, Siemens Limited:**
- Sure. Thank you. Thanks, Sunil. So we have the first question from Harshit Patel from Equirus. You may want to unmute at your end and please carry on.
- **Harshit Patel – Equirus**
- Hi, thank you very much for the opportunity. My first question is on the Digital Industries margins. What are the different levels that we have to expand the margins over here since the business does not have a much localized manufacturing footprint in the country? I understand that increasing share of software would be one of the drivers, so if you can share your thoughts on DI margin trajectory ahead, that will be helpful.
- Also, just a follow up to that, what kind of CapEx and localization we have done in case of the instrumentation portfolio, I mean by gas meters, your pressure transmitters, viscosity meters, that kind of a portfolio.
- **Sunil Mathur – Managing Director and Chief Executive Officer, Siemens Limited:**
- OK. Thanks Harshit. Let me take the first one. The levers to expand the DI business. I think look this is very, very much very clearly a volume story. And the more you sell, the greater the volumes because the more you are able to cover your fixed costs over there particularly since, as you rightly mentioned this is entirely important material that we are selling. Software does play a link and we are including that as part of solution providing as part of system integrations that we do with partners. Will this play a major role in the next couple of quarters? I doubt it because the first criteria for profitability growth is of course the volumes need to come in. The areas that are impacted that really have an impact on profitability in DI are of course the transfer pricing and that is the underlying element, but there is also foreign exchange and commodity prices that also have an impact on that. Broadly, though, we expect that the levels of profitability will go back to the levels of normalization that we had experienced couple of years ago as well as was showed in the chart by Wolfgang. On CapEx and localization of instruments, we do not currently have any plans to localize pressure transfer transmitters and sensors and communication devices here. We do not yet see a business case to set up local manufacturing for that.
- **Radhika Arora – Head, Investor Relations, Siemens Limited:**

- OK. Thank you. We have the next question from Subhadip Mitra from Nuvama. You may go ahead.

- **Subhadip Mitra – Nuvama Institutional Equities**

- Hello. Am I audible now?

- **Radhika Arora – Head, Investor Relations, Siemens Limited:**

- Yeah. Yeah, we can hear you.

- **Subhadip Mitra – Nuvama Institutional Equities**

- Hello. Good morning and thank you for the opportunity. So my first question is with regard to the Mobility segment. As I understand that, you know, we have probably three legs of growth there, Indian Railways related orders, Metros and high-speed rail signaling and exports. Would it be possible to throw some color as to, you know, what is the overall size of the market or potential orders that you might see in each of these three segments?

- **Sunil Mathur – Managing Director and Chief Executive Officer, Siemens Limited:**

- So I don't want to give you numbers over here, but what I can tell you is in each of the three segments that you that you described, I can give you a qualitative response to that Subhadip. As far as the railways are concerned in terms of rolling stock you are aware of the entire Vande Bharat trains. There's propulsion systems, there is bogies, there is locomotives, all of which are in the pipeline as far as the Indian Railways are concerned. So you are aware that they want to introduce Vande Bharat trains running between all the major cities in the country and that pipeline will start. You're also aware that locomotives are going to be we've done the 9000 or we're doing the 9000 horsepower. There are also other horsepower levels, 6000 horsepower being discussed, 12,000 horsepower being discussed. The market definitely needs many more locomotives than are currently out there and that brings demand automatically for bogies as well. When I move on to Metros, I think it's every single city in the country requires metros, not only the Tier 1 cities, but it's now moving to Tier 2 Tier 3 cities as well. And every city will require more than one line, as you have seen already in the major metros, they will require multiple lines. So the demand for Metros is also there. I must put a word of caution in over here, of course, because Metros is run not by the Ministry of Railways. It's run by the Ministry of Housing and Urban Development and consequently it is not only a central issue, it is a central and state issue. And linked to that is of course the financing model for Metro. So This is why currently there aren't too many metros happening, but at some point in time PPPs will probably kick in and we expect this market to pick up as the need for urban mobility increases. Moving on to signaling and electrification, I think electrification of the main line is pretty much done, over 97-98% of mainline has been electrified. So there's too much more on the main line. There is however much. A very large opportunity for electrification of Metros, as this market grows and this is something that is still happening independent of the rolling stock activities. Signaling you have heard already, 67,000 kilometers of signaling still need to be upgraded with the new Kavach system that the government is bringing in.

- And signaling is really a large opportunity over there as well. So overall and on high-speed trains and bullet trains, as you call them, this again you're aware the Ahmedabad-Mumbai sector is under construction. There are seven other sectors that are in the pipeline as well. I think the government has to take a view when they want to start the next one or the next ones, but the market is definitely there for that as well. So effectively I would see this market pretty robust with the visibility that we have already in the short term of the pipeline, I see this pretty robust in the next five to seven years.

- **Subhadip Mitra – Nuvama Institutional Equities:**
- Thanks. Just as a follow up on the Smart Infra piece, we've seen strong margins and strong growth, do you see that level of growth and margins also continuing?
- **Sunil Mathur – Managing Director and Chief Executive Officer, Siemens Limited:**
- Yes, I would expect them to actually increase.
- **Subhadip Mitra – Nuvama Institutional Equities:**
- Understood. That's it from my side. Thank you so much.
- **Radhika Arora – Head, Investor Relations, Siemens Limited:**
- Thank you. The next question is from Mohit Kumar from ICICI Securities. Please go ahead Mohit.
- **Mohit Kumar – ICICI Securities:**
- Am I audible? Hi.
- **Radhika Arora – Head, Investor Relations, Siemens Limited:**
- Yeah, yeah. Now we can hear you. Can you just be a little bit close to, you know, your speaker?
- **Mohit Kumar – ICICI Securities:**
- Yeah. Good morning, Sir, and thanks. Morning and thanks for the opportunity. My first question is on the mobility, the shaping up there. I think very strong order booked for last few years. My question is, any color on the execution as you move forward, especially with your larger order? You got a large order in this quarter. And the 9000HP order. Any color on the execution as you move to next fiscal? And as you start executing the large orders, any color on the margin profile is still the single digit right now?
- **Sunil Mathur – Managing Director and Chief Executive Officer, Siemens Limited:**
- So as far as the Mobility orders, look, there are again, as Subhadip mentioned earlier, if I break this down into the three different segments that we have – on the electrification, these are orders that run for 18 to 24 months, are supply and commissioning, and those orders are all on track. No area of concern, this is routine business for us as is also the signaling business. So, I don't have too many concerns over there, implementation is not an issue. The 9000 horsepower production, as I mentioned, the prototype is under homologation. I expect that to happen in the next couple of months and then it is basically moving on towards commercial production. We are completely on track with the schedules of the manufacturing there. And I think we will continue to deliver as per the contract requirements, ramping up from 5 to 20 to 60 to 100 eventually and I do not have any areas for concern over there.
- The order that you mentioned that was booked in the quarter was more for maintenance, which will be post deliveries. So, this is a part of the post-delivery 30 year maintenance project or order that we have received as well and that is also more or less business as usual. I do not have any concerns on the execution cycle. These are not large projects that we are implementing which are highly complex. These are largely production orders and the electrification and signaling are more smaller orders that we've been doing regularly without

any slippages for the last couple of years. In terms of margins, we are moving up in the range of the margins that are also globally the target margins and our intent is to continue to be in that range. You need to keep in mind that we continue to invest also in this business. We are investing in capacities. We're investing additional technologies, etc. and that is where part of the margins are initially impacted. But of course, all this investment plays out eventually in the ordering that we get for bogies, propulsion and so on. And so on for bogies, propulsion equipment and so on that we that we have set up over here.

- **Radhika Arora – Head, Investor Relations, Siemens Limited:**

- Thank you, Mohit. The next question is from Renu Baid from IIFL. Renu, you can unmute yourself and go ahead. Renu? I think we go to the next question. Maybe she's not able to hear us. The next question is from Sameer Thakur from Ambit. Sameer, you want to go ahead? Sameer? So we move on to Amit Mahawar from UBS. Amit, you want to go ahead? We have unmuted you.

- **Amit Mahawar – UBS**

- Yep. Can you hear me, Radhika? Yeah.

- **Radhika Arora – Head, Investor Relations, Siemens Limited:**

- OK. Yeah. Yeah, we can hear you. Yeah.

- **Amit Mahawar – UBS**

- Hi Sunil, you know. Good performance in order. I just have one question on Mobility and SI. C&S electric, you know. Somehow C&S and Siemens. Do you think you're very happy with the C&S Electric ramp up when it comes to the, you know low, medium voltage value exports? And also on the Mobility side, do you think we're under shooting on the export orders from parent? Can we do much better? So just on these two parts, largely on export business. Thank you.

- **Sunil Mathur – Managing Director and Chief Executive Officer, Siemens Limited:**

- So on C&S, we are actually quite, quite pleased with the progress of C&S. Exports has picked up tremendously this year. Double digit numbers growth already in the exports and we expect this to continue to grow in exports as well. We are very, very happy with the overall performance of C&S. In terms of Mobility. Look, we've got a massive domestic demand already in place. And there is a pipeline over there. Our bogie factory is already being filled up with orders coming in from the parent. We continue to export propulsion equipment as well out of our Aurangabad factory. So there is a steady pipeline coming in from our parent for bogies as well as components. Can we do more? Yes, we can do more. Once we start the locomotive productions and this gets more into a steady state mode of production, I'm sure there are possibilities to export locomotives out of our Dahod factory as well. So yes, as the business starts increasing and as we continue to build local capacities over here, opportunities in the global markets will come up as well.

- **Amit Mahawar – UBS**

- And can I say Mobility and SI next year is going to be meaningful ramp up in profitability because in SI we are late/ If you see medium and low voltage players like Schneider, I'm sure portfolios are different but still we have a lot of headroom on SI Profitability and even on the Mobility side next year can be an inflection point for profitability. That's it. Thank you.

- **Sunil Mathur – Managing Director and Chief Executive Officer, Siemens Limited:**

- So I'm not going to compare to the competition, but I think all I can say is that the profitability levels that we achieved last year in September is very much comparable with local competition as well in SI. And I see that our profitability levels... Look, we are not lumpy in our growth and we are not lumpy in our profitability. You know, we will continue to grow steadily and we will continue to grow the bottom line steadily as well because we want to ensure that this is a steady state growth and that this is not spikes that you see quarter to quarter that we then got to come back and explain to everyone and therefore we are very, very conscious that we build up a pipeline that is robust. That pipeline helps us grow the top line, but also helps us grow the bottom line. So the intent is very clearly in SI to do that. In mobility as well as we start getting into execution of these orders the top line and the bottom line will start coming in as well. I don't know what you mean by meaningful, but we will get continue to increase the ... or our aim is very clearly to increase the bottom lines as well for Mobility indeed, also for our Digital Industries business, once we start growing the volumes over there as well. So, as I mentioned in my summary slide, we are continuing to look and continuing on our path of profitable growth in every single segment.

- **Amit Mahawar – UBS**

- Good luck, Sunil. Thank you.

- **Radhika Arora – Head, Investor Relations, Siemens Limited:**

- Thank you. We have the next question from Jonas Bhutta from Aditya Birla Capital. Jonas, you can go ahead now. You'll have to unmute at your end.

- **Jonas Bhutta – Aditya Birla Capital**

- Hi, good morning and thank you for the opportunity and great set of numbers in the current environment. Mr. Mathur, just two quick questions. Firstly, and this is continuing from Amit's question. So you know what we see is the share of exports is about 12-odd %. The consolidated entity with energy used to have exports of closer to 20%-plus. Over a three-to-four-year period, should one assume that this portfolio, the residual portfolio that we have now, can have the export share going up back to 20%?

- And the second question was on SI. You know, our parent entity derives almost 20% plus of its segment revenues from services. Could you share what it is for the Indian entity here and in a way you know, these two questions are sort of interrelated because, as we see the financials of Siemens India ex-Energy now, we see that almost 28-30% of sales come from traded goods. While we understand it's largely the impact of DI, I was looking at what could be the offsetting levers in the form of either services or exports that could probably help margins on a more medium-term basis. Those are the only two questions. Thank you.

- **Sunil Mathur – Managing Director and Chief Executive Officer, Siemens Limited:**

- OK so I think the simple answer to your question in terms of exports currently at 12%, is yes, our intent is to grow the exports. They will grow or we will aim to grow them primarily in the SI and the Mobility businesses. Again, this will be a steady growth. We will have to see how we can contribute more. The SI business is very closely linked in to the global electrification environment and to data centers and areas like that. There's been a little bit of a slowdown over there at a global level, which has probably also impacted us marginally over here as well. But I do expect that our SI business as global exports or global economies pick up over there, in a three to five year time frame, as you mentioned, the intent would be to grow it. Mobility as well as we, as I

said earlier, once we stabilize production locally, once we are able to develop completely localized products over here, the intent very clearly of the global parent is to source out of India. So, whether this is 3-5 or it is over 5, I can't tell you, but a lot of it depends on how soon we can localize here, which is dependent on local demand and the execution over here. Once we have localized here, stabilized here, then the exports will start. I must mention, though, that we are very fast adopters and adapters of global technology. In the 9000 horsepower, first time ever done by Siemens, were done in the country. We are already 90+ percent localization and bogies we are already exporting. This is the third export job that we have obtained. So we are able to quickly turn around adoption of technology here, build our factories, adopt the technology, adapt it, bring the right price levels and export. So the intent very clearly will be and I think globally it is also a part of their strategy to use India much more, particularly taking into account the geopolitical situation right now, is really to use India much more for their export business.

- In terms of the mix between traded and services and exports, we do have a service business. If I were to break this down DI has got a good service business in it. SI is a growing service business. Right now it is not very material, but there is a potential for it. There is a growing market for services. Mobility services are largely done by the Railways themselves and therefore that market for us is more or less not there but very, very small because the Indian Railways does their own service activities, although that is marginally also engaging as you see with the maintenance orders that we have started getting. They include all the orders for supply, also include maintenance in them.
- So again, margin expansions will come with increased localization with increased export business as well as well with the volume increases that. We can expect in India's private sector CapEx picks up.
- **Radhika Arora – Head, Investor Relations, Siemens Limited:**
- OK. Thank you. The next question is from Bhavan Vithlani from SBI Mutual Fund. Bhavin, you can go ahead.
- **Bhavin Vithlani – SBI Mutual Fund**
- I hope I'm audible.
- **Radhika Arora – Head, Investor Relations, Siemens Limited:**
- Bhavin. Yeah. Yeah, we can hear you. Yeah.
- **Bhavin Vithlani – SBI Mutual Fund**
- I have two questions. First is now post the demerger of the Energy segment. If you could just help us understand for Siemens in India, what are the entities which would be outside the listed entities when you compare the parent business? That's the first question. The second question is when I look at the Smart Infra business and compare with some of your peers like ABB, Schneider, L&T where the margins are in the 20s. Could you help us understand qualitatively the difference in the margins? Is it due to the mix or is it due to some where localization levels or could be lower. These are my two questions.
- **Sunil Mathur – Managing Director and Chief Executive Officer, Siemens Limited:**
- So ex-Energy Siemens Limited has got basically two subsidiaries. One is C&S and the other is Siemens Rail Automation Limited. So, these are the two subsidiaries of Siemens Limited which 100% roll into Siemens Limited. Siemens has other entities outside of the listed company. One of them is basically almost entirely

captive for software, DI Software, which is basically primarily local for global. The other is captive for shared services, which takes into account the technology, R&D, technology, application software, but also shared services in terms of accounting, HR and so on. These are the two major entities outside Siemens Limited.

- The other question was margins above 20%. To be honest, I don't see those margins in the other companies that you mentioned as being sustainably around 20%. Our margins are growing. I mentioned that, I mean, we started three or four years ago, four or five years ago with 8 or 9%. Our margins are now close, in the SI business to around 13 percent, 12 to 13% and we will continue to grow them. Taking into account the level that I just mentioned, I do not see 20% margins with the other companies that you've talked about as being sustainable margins and they have maintained over the last couple of years, couple of quarters. I cannot compare our margins on a like-to-like basis in terms of businesses also with their business. L&T overlaps with us are very, very negligible. And the others are also not at 20% right now.

- **Radhika Arora – Head, Investor Relations, Siemens Limited:**

- Thank you. The next question is from Renu Baid from IIFL. You're back in the queue, Renu. So you want to unmute yourself. We have unmuted you from our end. Renu? OK. We will go to Sameer Thakur from Ambit. He isn't able to unmute at his end, but he's put his question, he said. My questions are just for clarity whether DI normalization is on volume or as well as on price. Also, what is the software percentage in DI Revenue? Is it in low single digits? And on MO yesterday your JV was awarded the bullet train signaling contract where your bid was 1/3 of that of the L2. I believe that includes maintenance as well. And what's the length of the maintenance contract? What's your share in the overall contract.

- **Sunil Mathur – Managing Director and Chief Executive Officer, Siemens Limited:**

- So I think in terms of DI as I mentioned, DI is a volume game and the volumes and the margins are very closely interlinked. So we expect the volume to be normalized both or we expect the business to be normalized both on the volumes as well as on the margins. Software is negligible right now in the overall DI business. We want to build this up and we see an opportunity over here and we are also collaborating with the other sister company outside of the legal entity. To see whether we can combine our hardware solutions, their software solutions, and bring in fresh solutions over here for the customer. And this is part of Siemens Xcelerator, which is what we are now building up here as a business where we already have over 200 use cases and we are looking to now expand on this business. Currently, however, the software business is negligible in overall volume. On the Mobility signaling order the prices have been opened recently. The tender is still under evaluation. I would not like to talk about it at this point in time. Once there has been a conclusion to the order, we will give you complete transparency about that business.

- **Radhika Arora – Head, Investor Relations, Siemens Limited:**

- Thank you. We have the next question from Suraj Malu from Catamaran. You want to go ahead, Suraj.

- **Suraj Malu – Catamaran**

- Yeah. Thank you very much. My first question is on some numbers reconciliation. If I look at the last H2 FY 24 presentation, the order intake for March 24 says 2000, it says ₹1790 crores. Whereas if I look at the current presentation, the March 2024 order intake for smart increase ₹2220 crores. So that's a difference of more than ₹400 crores. So can you help reconcile these numbers?

- **Radhika Arora – Head, Investor Relations, Siemens Limited:**

- Yeah. So, Suraj, just on your this question, what you're looking at for the previous year numbers, those are on a standalone basis, what you're seeing now is consolidated including C&S, yeah.
- **Suraj Malu – Catamaran**
- OK. Got it, got it. And the next question is to understand for the past two years, FY23 and FY24, the Energy segment has grown like 13% and 4% whereas there was huge demand for Power Transformers, switchgears and like other peers have grown at like 20-30% so just wanted to understand what was the reason for that?
- **Sunil Mathur – Managing Director and Chief Executive Officer, Siemens Limited:**
- So as Radhika mentioned Suraj, we will not talk about the Siemens Energy business in this analyst meeting. There will be a separate analyst meeting that will be called at the right time with the management of Siemens Energy and we will allow them to provide the responses to that.
- **Radhika Arora – Head, Investor Relations, Siemens Limited:**
- Yeah, you have any other question, Suraj?
- **Suraj Malu – Catamaran**
- No, thank you.
- **Radhika Arora – Head, Investor Relations, Siemens Limited:**
- Thank you. The next question is from Sai Sidharth from Kotak. So I have unmuted you from our end. You can unmute and go ahead please. OK. We have the next question from Harshit Patel. Harshit you're back in the queue from Equirus. Please go ahead.
- **Harshit Patel – Equirus**
- Thank you very much for the follow up question. So my question is on the Smart Infrastructure business. So as I understand there are three distinct and large segments within this one. Electrification and Automation, Electrification Products as well as Building Solutions. Could you explain how these large 3 segments have felt in the past few quarters and outlook for these segments? Also, is there a very substantial difference in the margins between these three? That is my only question.
- **Sunil Mathur – Managing Director and Chief Executive Officer, Siemens Limited:**
- The Electrification and Automation business is primarily in simple terms, medium voltage, right? So everything that is primarily medium voltage switchgear and solutions comes under the Electrification and Automation business. The Electrical Products business is low voltage business and this covers low voltage switchgear and panels as well, and the Building Solution is energy efficiency solutions, which is basically a mixture of fire safety, security and building management systems. So that is the split of the three segments or subsegments that we have in the SI business.
- Electrification, when I talk about electrification which might talk about both the medium voltage as well as the low voltage business and both of these businesses in the last couple of quarters, and I expect in the couple of quarters moving ahead. Looking at the at the increased demand for energy in the country, I expect there these businesses will continue to do fairly well. I must, however, put in a little bit of a rider over here. Both

Electrification and Automation, as well as the Energy Products businesses have an element of private sector investment as well, right? So this is not only in terms of the Electrification and Automation business, it is very largely Public Utilities, but there is also a very large private sector component in there. Medium voltage. The Electrical Products has a mixture also of selling in to the industrial segment as also into the infrastructure segment. As I mentioned in my in my comments right at the beginning the Infrastructure segment is doing well, although the industrial segment right now is a little bit muted and that's what we see reflected in the Electrification Automation as well as in the Electrical Products business. As a private sector opens up and starts their expansions, we expect both these businesses to expand further. On the Building Solutions, this is primarily going around commercial buildings, malls, stadiums, commercial buildings as well. Here, there is a growth that is coming in. Both for Greenfield, but also for Brownfield, increasing interest in energy efficiency solutions, increasing interest as regulations come in, in fire safety and security solutions. But this is largely project business. So this takes into account not only the products of fire safety security but also takes into account projects where we work on an EPC basis with other suppliers and system integrators, either work into system integrators or do the EPC activity ourselves. And therefore this business is OK but will grow as public CapEx in the building space actually starts expanding. I hope that answers the question.

- **Harshit Patel – Equirus**

- Yes, Sir. Thank you very much for answering my questions and all the very best.

- **Radhika Arora – Head, Investor Relations, Siemens Limited:**

- Thank you. OK. I think Renu can also not unmute herself, but she sent her questions. The first question is can you share business outlook for the Siemens buildings automation portfolio? Second one is, can you quantify the value of maintenance order value for the loco recently one? Also, what is the mix of short cycle electrification and SMT orders? Sorry, short cycle, short cycle electrification and signaling orders versus long lead cycle mega orders with more than five years execution cycle, the third one being by when will the bogie factory be ready for exports? Execution has been in the last six months versus strong double strong double digit inflows. By when do we see execution headwinds easing out and execution catching up with double digit growth?

- **Sunil Mathur – Managing Director and Chief Executive Officer, Siemens Limited:**

- OK. So on the building automation, I just responded to Harshit's question over there. We see that very closely linked in to commercial buildings. And the business is mixed. We see as I mentioned in my slide today, commercial buildings increasing. A large element of this is Greenfield and they are using our safety security systems as well and building management systems. How fast will this grow? I think it is. We are growing reasonably well over there, but we are watching it because we are concentrating on margins in this business because it is profitable, it is a project business. Right now, the margins are below what we would like them to be. So we are actually being cautious in first getting the margin levels up to levels that meet our requirements before we start taking every order that is out there on the market. So you will probably see a slightly slow development on the building automation side as we concentrate and focus on margin improvements vis-a-vis the volumes over there.

- On the maintenance job of the current project booked. It's about ₹7.5- ₹7.7 billion. As Wolfgang mentioned, this is part of the contract which allows for certain expansions based on technical agreements and technical solutions that are provided. So that's on the 9000 horsepower maintenance project ₹7.7 billion.

- The short cycle, electrification and signaling, yes, in terms of the long lead projects I think right now the short cycle business, 1 ½ to 2-year projects, electrification signaling will dominate. The long leads are basically product linked and are primarily as we speak right now linked in to product supplies coming out of factories for bogies for the export jobs and for the 9000HP, which is in line with their delivery schedules by moving to 60, moving to 100 locomotives a year and this will kick in within the next one to two years in terms of the in terms of the delivery schedules over there. So I see overall the stabilization of the 9000HP products in the next two years probably. Once we get this up to 60 and 100. I think once we get to 100 a year, which will probably be in about three years' time, then we will be in a stable mode and then we can start looking at export projects products after that. In terms of the bogie factory, the bogie factory is already ready and we've already started exporting over there. As I mentioned, this is the third export job that we have got. The 9000 horsepower factory is also ready and was viewed by the Minister. As I mentioned earlier, it is now really gearing up to start commercial production of the Locomotives five first and then sixty and then moving up to 100. So this will happen in the next two or three years.
- **Radhika Arora – Head, Investor Relations, Siemens Limited:**
- Thank you. So we'll take one last question. I think Sai again from Kotak is not able to hear us but he sent his questions. So his first question is what kind of orders will be undertaken for the bullet train orders? How different are these in the fitting versus the orders with L&T? And the second question being, is cash being paid out to Siemens Energy and the related reduction in other income for continuing operations?
- So I'll take the first one, Wolfgang will take the second one. The first one was in terms of the...is this talking specifically about which order? The current signaling order. Yeah. Look at this point in time. I wouldn't like to talk about details of the current signaling order or signaling tender. It is under tender evaluation. Both. There are two parties. One of us is and we will allow the Technical Evaluation Committee to do their evaluation, award the contract and once that is done, we will provide you all the details of the order. All I can tell you is I don't know what the strategy of the competition was in bidding, but our bid price over here meets our margin orders and meets our overall strategy of profitable growth. So there is there is no compromise on that. As I said, I can't comment on what the competition has done.
- **Mr. Wolfgang Wrumnig – Executive Director and Chief Financial Officer, Siemens Limited:**
- OK. On the matter of the demerger. So yes, we went through the demerger process and in this process we allocated assets and liabilities to the Energy business and certainly a cash position was also part of this allocation and was transferred 1st of March to the Energy business. So the amount was in the range of ₹25 billion.
- **Radhika Arora – Head, Investor Relations, Siemens Limited:**
- Yeah. Thank you. So that was the last question for today. Thank you very much.
- **Sunil Mathur – Managing Director and Chief Executive Officer, Siemens Limited:**
- Maybe just one. Last sentence from my side. We continue to be positive about the economy. We expect private sector CapEx to pick up. We are very committed to continue on our path of profitable growth. Mobility will be the growth driver, but we will not compromise there on the profitability. Even as we grow there. Smart infrastructure is doing well. We will continue to grow that business both on the top line as well as the bottom line as well. Digital Industries business is a business where we see a huge upside coming in. As companies start expanding their CapEx, there will be a need for automation and digitalization solutions. We have the

portfolio within Siemens Limited of Siemens Xcelerator where we can provide a complete solution to customers in 13 market verticals. And so we are well positioned over there. In spite of the fact that it is largely or entirely an import product-based business. But we see here as the economy grows, private sector CapEx picks up, we see that this business will pick up as well in the short-to-medium term. I do not see this as a long-term challenge. I see this more as a short-to-medium-term upside potential for our businesses. Thank you very much for joining us and have a great day.

- **Radhika Arora – Head, Investor Relations, Siemens Limited:**
- Thank you everyone. You can now disconnect the call.

END OF TRANSCRIPTION