



# Siemens Limited FY 2023

## Analyst Meet

**21<sup>st</sup> December 2023**

### **Management:**

- Mr. Sunil Mathur – Managing Director and Chief Executive Officer, Siemens Limited
- Dr. Daniel Spindler – Executive Director and Chief Financial Officer, Siemens Limited
- Mr. Venkatesh S. – Head, Investor Relations, Siemens Limited

- **Mr. Venkatesh S. – Head, Investor Relations, Siemens Limited:**

- Hello! Is it audible? At the back? Good afternoon and welcome to the Siemens Analyst Meet 2023. For those who don't know me, my name is Venkatesh. I am responsible for investor relations in Siemens Limited. So before we begin, I would request the gentlemen from the hotel to do a safety briefing as this is an important topic for us. Please!

- **Mr. Bhavesh – Security In-charge:**

- Good afternoon everyone! Good afternoon! Myself Bhavesh. I am the security shift in-charge over here. I will brief you about the hotel evacuation procedure and emergency protocols. So in case of emergency, our fire alarms will get activated followed by the public evacuation systems. Please do not panic on hearing the public evacuation systems. Please immediately vacate this place as soon as possible by using the nearest fire exits. We have 2 fire exits in the hall. One is behind me, behind the stage and 2<sup>nd</sup> is behind you, on both the sides, left and right sides. Also we have tied up with, in case of a medical emergency, we have on-call doctor and tied up with ambulance services. Thank you so much.

- **Mr. Venkatesh S. – Head, Investor Relations, Siemens Limited:**

- Thank you. So as you know, we have Mr. Sunil Mathur, Managing Director and Chief Executive Officer of Siemens Limited and Dr. Daniel Spindler, Executive Director and Chief Financial Officer of Siemens Limited who would present the operational and financial overview of the Company's performance. Post that, we will have the Q&A sessions. Before I hand it over to Mr. Mathur, let me begin with the safe harbor statement. Siemens Limited cannot give assurance to the correctness of such information and statements. These forward-looking information and statements can generally be identified by the fact that they will relate to only historical or current facts. Forward looking statements sometimes use terminologies such as "targets", "believes", "expects", "aims", "assumes", "intends", "plans", "seeks", "will", "may", "anticipates", "would", "could", "continues", "estimate", "milestone" or other words of similar meaning and similar expressions or the negatives thereof; By their nature, forward-looking information and statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company to differ materially from any future results, performance or achievements that may be expressed or implied by the forward-looking information and statements in this presentation. Should one or more of these risks or uncertainties materialize, or should any underlying assumptions prove to be incorrect, the Company's actual financial condition or results of operations could differ materially from that or those described herein as anticipated, believed, estimated or expected;

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- **Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited:**

- Thanks Venkatesh. A very good afternoon to everyone here. It's great to see everyone again in face after almost 4 years. I think the last time we had a physical analyst meet, it was about 4 years ago. So it's good to be able to interact with you. What I intend to do is really a start off with an overview of the Company and then take it from there. But both of us want to essentially run through the presentation pretty quickly. More importantly, answer questions of yours. So we will leave as much time as possible to be able to answer questions that are important to you. Maybe just kicking it off, I do believe we had a powerful finish to last year. Yet another good year and what I want to do really is, over the next couple of slides, start off really with an overview of the business.

- Now having talked to many of you over the last couple of months, there have been a lot of questions around what exactly do each of your business segments do? What can you kind of granularize for us? A little bit more about, what the businesses are actually doing? What is included in each of these segments? Where you see the opportunities and segment wise perspective? So this time, I thought we start off with that and give you first an overview of what the business is actually about, go back to the basics and a lot has evolved in the last couple of years. We continue to evolve as a Company and then try and bring that together, show you a little bit about the businesses, tell you a little about our future plans and then sum it up right at the end. Daniel will then take you through the financial highlights of 2023 and then I will wrap it up. Then we will open it up for questions as I said. We won't go into too much detail. We will show you the slides. We can always come back to them if you

are interested. The main purpose is over here is to answer the questions that are important to you rather than only give you a download from us.

- Let me start first with the economy and with the way we see the economy over here. I think from an India perspective, very clearly, India is one of the growth markets of Siemens AG globally. We are the fastest growing market of Siemens globally. There is a huge amount of attention that we have here as the Indian company I think it is no.3 or no.4, I think we are no.4 in size of the Siemens' global volumes. The parent company is very keen on continued engagement. Will Siemens in India be looking at the Indian story? And the main reasons for all that is really the dynamics and the economics that you see here in the country. If you look at it, I think it is fair to say that we got a stable growth on the GDP side. The economic indicators are looking good. Inflation and interest rates are stabilized. The economic situation continues to grow for the 3<sup>rd</sup> year, 4<sup>th</sup> year in a row. Actually post 2019, as you remember in 2019, the GDP was down to 4.2% and we are now, for the 3<sup>rd</sup>, 4<sup>th</sup> year in a row, over 6%, continued growth there. A lot of growth happening in public infrastructure, public spending in capex. Roads, highways, bridges, railways, a lot of it happening over there. Central government is spending a lot. As you know, we started off in 2019-20. 350,000 crores spending on capital expenditure and on infrastructure went upto 5 lakhs, went upto 7,50,000 and now we are at 10 lakhs. But what is different? What is different is, for the 1<sup>st</sup> time, over 70-80% of these outlays, that have been announced by government have actually been implemented. And that is the difference! That is what gives us in Siemens in India and the parent company as well a huge amount of confidence. Now I have been asked multiple times, what is happening on the private capex?
- Private capex as you recall, pre-covid 2019 was down to about 52-53% capacity utilizations. Right now, we are close to 80%, I say 75-80% capacity utilization. Not across the board in every market vertical but definitely some of the larger ones. If you take the average room temperature in the country, I do believe that we are around 75-80% and that is why upto now private capex has not really taken off, fresh capacity additions. But I do believe that we are now at an inflection point where if this continues, we have no reason to believe that it will not continue, private capex will start kicking in because as you get to 80-85% capacity utilizations, this is when industry starts looking to what's the runway that's ahead of them and will start making their plans for investments. So a lot of that is actually happening. We are getting a lot of enquiries, private sector enquiries, a lot of these are already beginning to turn into tenders. Of course a PLI scheme is helping a lot and we are not really directly linked in ourselves. We don't benefit directly from the PLI but our customers are the ones who do get the PLI benefit. We are the ones who then are able to support them in their plans for growth. So overall I do see a very strong resilient economy ahead of us. Most of the macroeconomic indicators are in place and now it's really important that we wait and see how things actually develop. Whether the strength continues, as I said, we have no indication that they will not. We are very very positive about it.
- Now from a Siemens perspective, I would just like to quote from our President & CEO, Roland Busch which clearly outlines the strategy of Siemens at a global perspective. And this was the strategy that was launched 3 years ago where the aim is really to move from being an electrical company to an automation company, now to a technology company by really combining the real and the virtual worlds. Now this strategy is actually paying off. We are seeing this in a lot of our customers, not only globally but here in India as well. As we continue to accelerate our digital portfolio, I will talk a little bit about this and then demonstrate what we are really doing in India. Many of you visited our Innovation Day where we showcased a lot of the technology that we are introducing here in the country and we have been working with customers in the country and I will talk a lot about that. Primary driver for all that is the sustainability concerns that a lot of our customers have. A lot of it coming out of regulation, a lot of it coming out of conviction but either way, this is really the core business where we believe that we as Siemens do have the capability to support our customers on their digital transformation journeys as well as on their sustainability journey as well. So as we move forward. let me now just start – is the mic working? I am not sure. It's a bit low. Let me start right now with the explaining a little bit about the Digital Industries' Business.
- Now the Digital Industries Business is really looking at traditional parts or we have got the factory automation part which is part of, which is really dealing with discreet manufacturing. We have the process automation which deals with process industries. We have the Motion Control which is looking at the electrification, automation of machine building. For example, say we have got number one which is a digital CNC software which is really simulating and testing process workflows in a completely virtual environment. Now this is something where as machine building increases, there is a huge opportunity here and then of course we have got the customer services where customers are looking really around really to say, "We have got automation. We have got electrification. Can you help us to make that much more efficient? Can you help us with cyber security? Can you help us with logistics? Can you help us keep our machines more efficient?" So this is what this business does. In 2023, we launched the first industry ready 5G router here in India and this is used to really remotely monitor and service our plants and machines and devices actually via public 5G network. And this is really the take-off where you have machines communicating via communication device onto a platform, you get the data onto a platform. You use that data to create dash boards and then out of those dash boards create apps that make it user friendly to run your factories much more efficiently. This business is operating through multiple industrial market verticals and you see them all there at the bottom of the screen but in each of these, we have

the electrification know-how. We have the automation know-how. We have the know-how of the manufacturing processes and now the real challenge is, how can we bring that all together? These are the 4 product business units that we have within this vertical.

- Let me give you some example of the kind of things that we are actually doing now. If you look at metals for example. We have been asked by a metal production company – can you have a look at whether our manufacturing equipment, we use a lot of automation there. Can you check whether we are free from viruses? We went in, we did a virus check, cyber security check over there and found that they were very highly vulnerable in terms of their machines and technologies that they were having. And this is where, because we understood the domain, because we understood the processes, because we understood the technology, we were able to bring that entire know-how together and introduce, being introduced to them a completely cyber security framework which they can use and which we implemented in the plant to make the cyber secure. And these are the kind of things which bring the competence that we have across all the verticals that I showed you earlier, whether it is automation, whether it is machine building, whether it is the service business, bring that all together, bring all that know-how, bring on to that a layer of data management and so on and then provide them with the necessary inputs that are required to really monitor the virus attacks that they have on their machines and prevent them from happening, becoming increasingly critical. This is going to be one of the largest areas of growth that we see. As companies become grow greater for automation, the need for cyber security is going to increase. As there are more attacks coming in, the need for cyber security is a huge opportunity that we see over here.
- And then we went to 4-wheeler manufacturing company. On the production line, they have an aging production line. Efficiencies were going down over a period of time and they said, “Can you help us in improving the efficiencies?” Again over here, we were able to take all the systems that they had, all the sensors and communication devices that they had on all their machines, take them on to a common platform and remotely monitor and manage and improve their efficiencies of each of their production sub-systems and systems as a whole. Bringing them back up to what they were before they started declining their efficiency levels. This is again a huge area of growth. Not everybody has the capability to bring in latest technology, change complete production lines. What you do need to look at is how we can increase the efficiencies in our factories by doing more with less and more importantly, using what we have which is all tied up in different machines, different technologies, different automation systems, different platforms, bring that all together in order to create a homogenized platform which can then be used to drive productivity in the manufacturing space. If I look at the smart manufacturing space, here again we have got 6 verticals, the electrification and automation vertical is basically dealing with medium voltage, less than 33KV. Our ratings over here and they deal with medium voltage both in utilities and in all the other industrial verticals that we are looking at and with that, they are able to really be a part of the electrification process that we have across all our industries. Electrical products is more low voltage. Once primarily through distributor channels. These are MCBs, MCCBs, RCBs and so on.
- And then you have the regional solutions and services and building products which is basically building technologies, energy efficiencies, fire safety and security, both as individual products but our sub-system has finally platforms as well and I will talk a little bit about it later. Then you have the GRID Technology business that looks at the entire grid deficiencies, both in the transmission as well as in the distribution space and finally the e-mobility vertical which is a new vertical that we have installed addressing the drawing e-mobility market, here in India but also globally. And here again, we cover primarily buildings but also utilities and data centers and airports, every commercial establishment. It could be malls, stadiums, airports, ports and so on in addition to industries. Now here for example, I give you an example of a data center. Again one of the largest issues that data centers have is the consumption of power. They are the largest guzzlers of energy. And here we had a case where you had large data centers which were co-located, hyper scaled data centers which had different sub-systems, be the chiller, building management system, the electrical equipment and so on, on different platforms and different technologies. We were able to bring all that on to a centralized platform and use that platform really to drive energy efficiency for the data center operator energy savings, for them and also help them improve their efficiencies over there.
- Similarly on the commercial state developers, here again you have multiple systems. In this particular case, it is mainly electrical and the building automation system which we were able to bring on to a Cloud platform and use that to support them in bringing energy efficiencies and making them more greener. Now again, all of these are only to demonstrate, you saw the hardware part which comes across each of the verticals that I showed you there, the business segments, sub-segments that I just showed you earlier and this is where it all comes in. You have our medium voltage, our low voltage, our building management systems, our energy efficiency, all coming together to service a customer. So we are not only now looking at selling products, either directly or indirectly but we are using that to really add value and I will talk more about that later on.
- Then we have our mobility vertical which is known to you. We have got the electrification and the signaling part which is part of the rail infrastructure. We have got the rolling stock which is spread into components and into systems. So, you have got hotel load converters, axle counters, traction motors and so on which are being manufactured in our Nashik factory but then you have got the bogeys and locomotives and so on which can be

used, like bogeys for example can be used in metros, EMUs and so on, locomotives and passenger trains and so on. And this is where we believe that this is a huge growing market and then when you look at the entire package, you look at rail infrastructure and rolling stock and you have got to do a complete EPC, that is what we do together in the turnkey business where we bring it all together. Customer wants a metro project in totality, covering both electrification signaling as well as rolling stock. We bring that together in the turnkey business and then there is after-market sales over there. Here again, we have got the main customer over here is of course Indian Railways. Huge opportunities that we see with metros coming up, propulsion systems, locomotives, train sets and so on, bogeys as well. A lot of tenders coming out, lot of tenders in the pipeline but here again, propulsion systems particularly we delivered for the 6000 horse power of the Indian Railways as part of the tender that they came out with in the last year. As also on the metros, we did the electrification of the Ahmedabad and Surat metros bringing together medium voltage, low voltage, switch gears, transformers as well as the SCADA systems.

- Then we come to our Energy Business and this is where we have got the GRID technologies which is basically the transmission business. We are the transformation of industries technology which is basically generation and automation business. Then you have got the gas services which is basically service, aftermarket service both for steam and for gas business and finally we have got engineering hub which is really 1 of 3 hubs at the global parent has here in the country which is doing the engineering and project management, running across all these technologies, transmission, generation as well as service. They do the engineering as well project management for that. So this is really the energy portfolio. High voltage primarily, the distribution part comes in the smart manufacturing, the generation and transmission part comes here in the Energy part over here. Now here of course, we have got 765KV transformers that we deliver to some customers. We have also done some industrial steam turbine plants that we have installed together with GIS technology in terms of generation for the industrial customers. We are doing a lot of modernization and upgradation main customers over here are in the area of chemicals, fertilizers, sugar and so on, where they are looking at waste heat recovery, cement plants waste heat recovery is a huge area of opportunity out there.
- Now let me just address briefly, very briefly the recent announcements that were made around the energy business as you all are aware. Siemens AG, couple of weeks ago expressed an intention to increase their shareholding by 18% and took over the shares of Siemens Energy by 18% and then they expressed their intention to de-merge the India business of Siemens Energy into a stock market listed entity in 2025. Since then on Monday, we received a formal request from the promoters to consider and explore the option for de-merger and that is what the Board has finally approved is to start the exploratory process, to examine potential demerger of the Company's energy business. They have also approved of creating a separate 100% subsidiary of Siemens Limited should it be required at the time of demerger, provided the demerger is approved and that is basically kick starting the entire process that we have over here. This has been in line as you are aware 2017, Siemens Energy Global was demerged from Siemens AG Global into a separate stock listed company there as well and this is just a natural fallout request where the parent has turned around and said in order to increase the focus on the businesses for both companies it is important to ensure that we are able to demerge.
- Now, how does a future look like for Siemens? And I've touched a little bit on this. Last year we launched Siemens Xcelerator and this was basically a platform, which consisted of three layers. One was a tech stack essentially which is outlining the entire suite of technologies that Siemens has. The second is an ecosystem, in other words, we need to be partnering, and the third is a marketplace offering examples of use cases where real benefits have been provided to customers in different market verticals. The platform is interoperable, flexible, open. It can be provided as a service and of course the most important it has to be cyber secure. Now, when you look at this, this is where we are now moving up the value chain. We have been providing electrification and automation products and sub-solutions so to speak, but customers come back and say can you help solve a real problem for us? And this is where Siemens AG came up and said with Siemens Xcelerator, our intent is to provide a product that can be repeatable to answer a recurring customer problem.
- A repeatable product for a recurring customer product problem and this means essentially, can you create a solution that is typical to a particular customer, which can be scaled up within a customer, which can then be scaled up within a vertical, and finally can be scaled up across verticals in an ideal world. Can you create or can we create products of that kind? Obviously, everything that we do does not create a complete product of that kind. This is where we said we need a platform where we allow partners to come on partner with us to find real solutions that we can, where we can really answer customers problems and last year, we announced a launch. Already in the first year, we have over a 100 use cases that we can start operating on. We will start multiplying and this is where the scale effect comes in. The scalability factor does come in. We're starting with a couple of verticals. These four verticals that you see on the screen, but essentially what we can do and we've already started just to give you an idea, we had a steel customer- steel manufacturer came in and said can you help us streamline the logistics that we have in our steel plant, inbound logistics, intralogistics, outbound logistics, and we said as a technology company this should be possible for us to actually do. We know how steel is manufactured. We know how things move in and out. We are part of that ecosystem.

- We are part of the electrification automation. We can do the digitalization as well. This is where we brought in sensors, RFID's, counters, platforms, etc., used some of their existing devices and then brought them onto mounted them on weighbridges at the entry and exit points, created brought all that information via the sensors onto a platform, and we're able to then monitor the complete inflow and intralogistics and outflow of equipment within the plant, use that information through data analytics to actually find the seamless way to improve the productivity of that entire process. Now again, this required automation from a part of the Digital Industries Business. There was an integration of the IoT, it required software, it required digital know how as well, and this is where you are able with this platform to bring everything together. It's answering a customer need. Now, if you can do this in the steel plant, there's no reason why you can't do it in a food and beverage, pharmaceutical, packaging, paper, any other plant over there, and this is what we mean by being able to scale a solution based on the pilot cases that you have with one customer into multiple customers and indeed across verticals.
- Another example was the cable equipment manufacturer where he has equipment that is actually manufacturing cables and he wanted to use or improve the efficiency of that equipment and here again using the complete sensors and communication devices across all our equipment, we are able to provide them with those platforms, use the platforms to give him information about the wear and tear of the machines, give him information about the speed and utilization levels of the machines, give him information about the quality of the raw materials, bring all that together with the process know how that we have, and then provide a solution with which they are able to actually monitor the efficiencies of the plant. Finally, we had FMCG, again a similar process where we are able to create a digital tool of the process of a particular process and this was a process where he was looking at converting milk into powder and can we increase the efficiency or the purity of the powder and use that for other purposes as well? Again, because we have the process know how, we are able to bring all that together not only the factory automation part that we have, not only the process automation part that we have, but including the software and the process knowledge that we have to put it on to a platform, and support them by providing them with dashboards that they can use to increase the efficiencies that they have.
- When I look at sustainability, customers come to us very clearly with sustainability targets. We have hospitality or hotels coming to us saying we have to 40% of the cost of running a hotel is actually energy cost. Can you help us bring down those costs? And this is where with our building technology systems, with the platforms that we have, we are able to take all the data that they have, and help them increase their energy efficiency, bring down their costs, bring down their carbon footprint. The same with food and beverages, where we are able to now graduate from a pure vanilla solution in a hotel industry. For example, in this one chain, we actually brought them financing from our NBFC; Siemens Financial Services. We went in, we told them you need to incur certain capex if you want energy efficiencies. They said what efficiency levels will you guarantee? And we said we can do so much efficiency level, but you're going to have to incur capex and then we told them and they told us, no, no, you make a single the capex and then the efficiency doesn't come and then we are stuck, and that's where we were able to bring in our financing company to go in and finance the capex and out of the savings that they achieved through the energy efficiencies, they were able to pay back the EMI's to the financing company and these were the solutions that we did in hotels, in food and Bev, in one customer we were able to graduate from there to one step further to a pay as you save model and these are different business models that come in, but again they run across the hardware verticals, bring in a layer of software and digitalization and process know how on top of it.
- Of course, you are aware of the e-mobility acquisition that we did 38 crores acquisition of Mass-Tech that is now completely integrated. We are now looking at scaling that up. Maybe a short word to sustainability within Siemens. As you are aware, we launched our DEGREE platform, our sustainability platform three years ago, very clearly covering these six areas of sustainability that we want to focus on around the decarbonization and resource efficiency areas. We made an announcement globally and this is applicable for us here in the Company as well, that we will achieve a 55% reduction in carbon footprint by 2025 and come down 90% reduction by 2030 in the carbon footprint of our own operations. From our supply chains, we will get to net 0 by 2050 and get to a 20% improvement, reduction in the in the carbon footprint by 2030 and then we said we will get to 0 waste to landfill by 2030, 50% of that coming by 2025. From an Indian perspective, we are well on track to achieve that. Already a lot of our own energy is coming from renewable sources and we are adding on to that. Our carbon footprint has substantially reduced in scope one and scope two. Plastic waste is zero completely in the organization and we're also moving towards, we are on track towards reduction in the overall waste to landfill. So, that's just a brief overview of some of the areas that I thought may interest you. We will then take questions at the end where you can add if there are anything further, you'd like me to dive deeper into.
- Let me hand over now to Daniel to take you through the financial highlights of 2023 and take it from there. Over to you, Daniel.
- **Dr. Daniel Spindler – Executive Director & Chief Financial Officer, Siemens Limited:**
- Thank you. So, good afternoon and a very warm welcome also from my side. It's really nice to see you in person. For me it's only the second time that I have this pleasure to speak to you in person. First one was yeah, late in 2019 and it's very nice to see you all here. Similar to what Sunil was saying, I will also update quickly whatever

that means in financial terms because there's a lot to be talked about, about our financial performance, whatever, I have tried to rather not overwhelm you with financial details because we want to have also afterwards some time for Q&A, but I would like the opportunity over the next 20 or 30 minutes to give you a broad overview about our financial performance and for '23 as well as some highlighting our final quarter, the fourth quarter which was on quarter four financial year '23 and just to remind our financial year goes from 1<sup>st</sup> of October to 30<sup>th</sup> of September. So, when I'm talking about quarter four, it's from 1<sup>st</sup> of July to 30<sup>th</sup> of September financial year '23.

- Today, a few days before Christmas, basically we already almost at the end of our first quarter financial year '24, but I would like to tap into our performance from now already previous year 23 and I structured my part basically into four different chapters. The first one this time to give you an overview about our key metrics for the financial '23, followed by quarter four '23 and then I'm tapping into the different metrics and new orders, revenue, profitability mix followed by a swift chapter which is about the performance of each and every of our four Businesses. You heard about 10 portfolios starting from Digital Industries or short DI. So, if you talk about DI, it's Digital Industries, Smart Infrastructure, SI; Mobility as well as Energy and then lastly, since the numbers that we are usually talking about and all these chapters that I just described, they are based on standalone figures. So, it's only Siemens Limited, whereas I know that you have a lot of interest in also understanding the consolidated numbers, the group numbers, and in addition to Siemens Limited, we have two subsidiaries - fully consolidated subsidiaries. One is the e-mobility, some Siemens Rail Automation, and the other one is the newly acquired C&S Electric entity that is part of smart infrastructure. Then, I will explain to you how the Group is looking like when it comes to financial performance.
- So, having said this and let me start with financial year '23. It was not only a powerful finish, I would say it was a powerful year throughout and we have seen new orders increased by 138.8% compared to the previous year, largely on account of a very robust base business, which is our short cycling product business, primarily in DI as well as in SI products. Certainly, there's some huge spike as you all know comes from the 9K Loco order that we were able to record in quarter two financial year '23, but overall it was a very compelling performance that we have seen and probably has also to a record high order backlog and we finished the year from 45,518 crores of order backlog. It was the all-time high that was after quarter two when we had 9K Loco and since then we are very stringently executing on our order backlog to turn it into revenue.
- Revenue very nicely was growing with 21.3% for the entire year. All our four Businesses have achieved a double-digit revenue growth and for the entire Company, we were ending above 20%. EBITDA, which is the earnings before interest, taxes, depreciation and amortization, which really gives you the performance - the operational performance of our Businesses was standing at +12.7%. The year before, we were at 11.0, so that is an improvement by 170 basis points. Similar profit before tax was 14.4%, up by 270 basis points compared to prior year, and profit after tax still double digit with 10.8%. Remarkably, also our ETR, effective tax rate was improving coming down from 25.6% to 24.9%, and personally I'm very delighted to talk also about the wonderful cash performance that we have been achieving, which is mentioned here ₹19.3 billion of a cash from operations. It's purely from operational operating activities primarily. Putting that into relation, we have had about 25.5 profit before tax in absolute terms and our goal is to turn from that profitability a cash conversion rate of 1 minus growth into cash and if you have a 21.3% revenue growth, then you want to have at least some 80% of that is cash and we have been able to achieve this very nicely in the financial year '23.
- So, well a very compelling performance and talking about the last quarter of that financial year. We also finished on a very strong trajectory on our profitable growth from and to put it into numbers as you can see here very nicely orders were finishing with +12.2%. Again, very robust in our short cycling product business supported by some bigger orders. Revenue quarter four ended even on the 25.0% growth year over year. Again, all are for Businesses have been able to achieve a double-digit revenue growth also in the fourth quarter. EBITDA was standing and 11.9%, plus profit before tax 13.4%, after tax 10.1%, all still in the double-digit, which is our benchmark, and we have been able to achieve a double-digit profitability not only in the fourth quarter, but consistently throughout the entire year around every quarter of the last financial year. We have been delivering on a nice double-digit profitability. Earnings per share, first quarter at ₹15. For the entire year if you add up all the four quarters, ₹53.67. Also, nice improvement compared to the previous year when it comes to earnings per share.
- With this, I want to show a little bit more in detail our development of the key metrics. I'm starting here with our new order situation and prior year is always in blue and the current financial year, which is 23 is in bright green color and I wanted them to share with you here, our previous five quarters to put them into perspective and as you can nicely see we have always over the last five quarters seen a year over year growth. So, the number within the column gives you the absolute numbers in billion rupee and above you can see the growth year over year, so compared to the respective previous quarter and the previous financial year. So, starting with on quarter four, we have seen a 25.4% and then throughout the entire year financial 23, we have seen positive orders growth starting with 5.7% in the first quarter and then by a wonderful 491.3% in the second quarter and this is 9K, but also couple of other orders that we have been able to record third quarter 5.9% and the fourth quarter 12.2%. So, we see a very nice surge in our order backlog. We finished at 455.2 billion, a little bit below what we

had in quarter two and quarter three and you see our orders are coming down and this is a structural normal natural behavior that we have seen also in financial year '22 also have repeated in '23 and that allows you will see that on the next slide that allows us to have a very steady revenue increase throughout the entire year. So, as far as very important to have a strong order intake in the first half, so that we can see also strong order conversion for the entire year.

- Strong growth momentum in base business on to put it into a number, it's roughly around 20% on what we see is a growth we have seen multiple large orders in mobility, not only 9K and we heard from Sunil it was also for instance, Gujarat Metro, I mean Ahmedabad and then Surat, but also data center, some transmission oil and gas, just to name a few. So, we had a couple of large orders throughout three of our four Businesses. DI as you know is typically not a big project business, but in mobility as SI as well as in SE, we have seen nice large orders as well and that's also something to spend a few words on. We have seen a normalization of an advanced ordering effect how we call it, what does that mean? You may recall in the previous year and especially also the second-half of '22, there was a lot of disruption and constraints in our supply chain and that was leading to a behavior on the our channel partner side and customer side to start ordering in order to secure slots and in order to secure their deliveries.
- Obviously, on advanced ordering effect especially in Digital Industries and now with the supply chains almost completely easing up, it hasn't been much of a problem anymore. You're every now and then hear a little bit of a supply chain issue, but I think that is an ongoing and that will be recurring all the going forward. We will never have any more situation where the supply chain is perfectly running, but we manage it very well and we manage it for instance also with a very close collaboration with our suppliers. We have strategic partnerships, some who are also to have some preferred partners, some to work closely together with our partners not to rely on single sources, and so on and so forth. So, we have a very elaborate supply chain strategy in place in order to secure our supply and respectively also in the supply of our channel partners and customers. So, this has been normalizing, meaning there was a huge ordering effect especially in Digital Industries in the first half of the year and that is now coming down and it is very important for us to execute on this order backlog and turn it into revenue by avoiding other cancellations, which has been also on a very, very low level thankfully.
- With this, let me tap into the revenue side and put it as a header. Also, there's a very strong double-digit year over year growth which has repeated for several quarters now. You can see, almost double digit starting from the last quarter of financial year '22 with 10.8 followed by 17.2, 28.8, 14.0, and the first quarter with 25% revenue growth and the 53 billion for that particular quarter from July to September '23 was the highest - the highest absolute revenue that our Company has ever recorded. So, all we see a very stringent order backlog execution, which is leading us to this some steady revenue increase. As you can see, it's from an absolute perspective throughout the entire year. We saw an increase in absolute numbers. Again, just jumping back to others, we have seen a very strong order intake in the first half that allowed us to have a steady revenue increase throughout the entire year. Book to bill including 9K Loco is at 2.62, meaning we have a very slow order rate almost three years. However, if I take out 9K Loco, it's still at 1.13, so attending towards future growth also going forward and lastly, H2 was benefiting from a strong order intake in the first half, which I have already mentioned.
- Now, want to give you a bit more insights when it comes to our mix - portfolio mix, and business mix, and let me start with the first one which is on the mix, when it comes to domestic and export business. You know that we have a lot of factories here in India, which is part of the global supply chain for Siemens. So, there's a lot of export business happening also towards direct customers or towards other Siemens entities around the world and then traditionally, we were roughly around 20% when it came to our export business. In '22, it was at 17.8 and in '23, it came further down to 15.4%, and the pure reason for this is a very strong domestic market that we are very delightful seeing here in India, which is allowing us to have a very strong growth and this is how revenue numbers to have a very strong growth on the revenue side. So, again, our total revenue growth was around 21%.
- If I now divided into our export business, even so relatively it was going down, but on an absolute number, our export business was increasing by 5% as well. So, don't get misled by the information. I think that our export business is declining just a portion, the relative portion was coming down due to the strength of the domestic market in India, whereas in absolute terms our export business was increasing by 5% and our domestic business by 25%. On the business mix side, which is some project versus some product and service business. Also, on the revenue side, we saw very steady development almost on very same terms. So, 13.5 - 13.6 is our project business in revenue and the remainder is some product and service business. Service business is roughly in the range from 10% to 15% supposedly to increase because it gives us a very nice profitability. So, our aim is also to increase our service business and on the other hand, what is very important for us is also when it comes to execution of this large orders to have a very solid project execution in terms of focusing that this projects also gives us a decent profitability like we have been enjoying it on the product side.
- What you can't see here on the slide, but maybe also of interest for you, what is the portion of private versus some public business. Traditionally, we have been in the area of 20% of our business was public governmental

business. It has come down with a strong private focus of our Company. It has come down considerably to 10% in '22, now increasing towards 14% in '23, and in future now think of the 9K Loco order which is public business and as you know with Indian Railways, our portion in public business will again come back to historical levels which were more in the area 20%-25% and even above since it's a large order that we are seeing with Indian Railways. Having said this on, let me guide you through our EBITDA. Same picture like for new orders and revenue. Header says its probability was maintained well above +12% on a comparable basis and I will explain to you later on our impact that we are seeing from FX and commodities.

- Typically, we have quite a volatile profitability on high level so, but there are some volatility in especially because others have FX. We have a lot of import and export content that's why we also prone to FX volatility even though we have a stringent FX hatching policy. Same on the commodity side, commodity is also sparking, let's say last 12 to 18 months quite considerably, now normalizing. Still our three most important commodities, aluminum, copper, and silver, we have seen a little increase, but we are hedging against that, but overall, we see a very, very strong profitability when it comes to Siemens Limited. So, I'm very happy to say actually that every of this quarters that you can see on this slide was above 10%. First quarter '23, even 15.3%, and here exactly that effect where there was just describing was kicking in that we saw quite some impact out of FX and commodities, but nevertheless, it was a strong quarter also in the second one, third one, and finally we finished the fourth quarter with 11.9% EBITDA and I put it here on the right-hand side first bullet without FX and commodity, we have seen a stable development 12.4% from '22 to '23 for the entire year.
- So very strong and stable operational performance, unchanged. Operational margin remains on a very constant level. NCCs, which is Non-Conformance Cost Non-Conformance Cost typically arise in terms of project execution, if you have additional unforeseen costs, liquidated damages, etc. Our goal is to keep them on a very, very low single-digit (if not even below 1%) level. And, we have been able to achieve this, which is very important if you have a high portion of project business to keep your NCCs under control, which we have been able to achieve.
- Then, another very important thing to mention here is, we were very successful, especially in Digital Industries, as well as in Smart Infrastructure, to get through with some price increases. So when commodity prices were increasing, we were able to forward those price increases, input price increases, towards our customers in several rounds in order to secure our margin. And lastly, we have seen some increases in discretionary spending, especially travel expenses or professional legal services or IT licenses and the like. Personnel expenses also went up. But we have been very much able to offset that with a higher productivity, and I will come to that on my very next slides. Actually, this one and the slide afterwards, to give you a bit more of a flavor about our operational performance on this one, and we have shown this in our last analyst call, because you had over so many questions about FX and commodity impact. So, we created this table here. I want to show this to you again for this year and for the 2<sup>nd</sup> half of last financial year.
- So let me guide you through this one. It may be a little bit complicated for the ones that are not so financially expertised, but let me try to help you a little bit what we wanted to show you here. So, we have here the revenue, and then we have the EBITDA in absolute terms, and that gives you the margin, the EBITDA margin. And in that EBITDA margin, there's typically also included FX gains and losses, gains and losses that we have been recording through volatility, in especially Euro, Dollar versus Rupee terms. And you know also, the Rupee, now it's at 91.2 versus the Euro. There's some volatility in the Rupee. And then commodity, also very high fluctuation in commodity prices, and that's why we wanted to eliminate those effects and wanted to show you the adjusted EBITDA and percentage of revenue. So, for '22 and '23, if we now concentrate on the first two columns, then you can see that the EBITDA, as reported for financial year '22 was at 11.0%, and for '23 it was at 12.7%. However, in '22 we had huge losses out of FX and out of commodities, whereas we were able to record gains in commodity and forex in the financial year '23 through our stringent hedging policy when it comes to commodities, but also out of mark-to-market and realized, unrealized gains and losses from revaluation from creditors and debtors when it comes to FX. So, if we eliminate this, then you see exactly what I mentioned on the slide before, that we have a very stable operational EBITDA performance. Actually, it's on the same level on both years. We have been able to achieve a 12.4% EBITDA margin for all our Businesses.
- In the 2<sup>nd</sup> half, you see, if you do the same exercise, you see a little deterioration, and that has nothing to do with an operational performance. It has to do also with some additional expenditures now that we are doing in order to secure our further expansion. You have heard also with the last press release that we are investing quite a lot here in India into further expansion, 416 crore in VI, vacuum interrupter or power transformer. In '23 we have invested a lot into our Aurangabad bogey bogie factory that Sunil was talking about. So, we have some additional operational expenses when it comes to factory ramp-up, R&D expenses and the like. And that's why you saw a little deterioration in the performance in the 2<sup>nd</sup> half, purely out of that reason. And later on, you will see that in much more detail when I guide you through the four different Businesses.
- And I thought it would be also very interesting for you to see a bridge when it comes to Profit Before Tax from '22 to '23. And we have been having a PBT, you remember from my first slide, it was 11.5% for '22, then going up to 14.4%. That was the 290 basis points improvement that I was talking about. And why have we been able

to achieve this? Because in the very first place of a favorable volume mix and price extraction. And that has improved our profitability by 8.4 billion Rupee. So volume mix means we are shifting your business towards more favorable, more profitable business, product lines, service, software business, etc. And price extraction is what I talked about, that we were able to also increase prices into the market.

- This was very much offsetting some counter effects like, for instance, employee benefits, expenses, employee welfare, salary increases that we have here experiencing in India. Also offsetting asset expenses. I mentioned some of the marketing, logistics, professional service, travel expenses, licenses, IT. The more we are going now into becoming a digital company, the more we also have to pay for licenses, for instance, or for IT tools and processes. Traveling has picked up. We want to be closer to our customers now than we were in the past, especially during Corona. We want to showcase our technology and that requires also customer proximity, meaning more travel expenses, which we were able to offset with a better volume and price extraction.
- Then I mentioned already, we are experiencing some Fx gains out of mark-to-market, some revaluation of creditors and debtors. And, through our very stringent and strict hedging when it comes to commodities, we were also able to record a gain. And then finally, we had also some other income since we were also giving out some corporate deposits. With our nice cash position, we were able to record some nice interest income, and the interest rates were also going up compared to the year before. It's not only that we have more funds available to place these deposits, but also the interest rate was going up to 6.8% in average. That also allowed us to get more interest income plus dividends from our subsidiaries, which are also now very successful and are able to give us some nice dividend payouts. So all in all, we were then, with all these factors, able to improve our profitability by 290 basis points from 11.5 to 14.4%.
- Now, let me run you through the performance of our four Businesses starting with Digital Industries or DI. On the left-hand side, you will always see the full year performance. Top is the orders. On the bottom, you see the revenue plus the margin, which you see here on the percentage points within the boxes. And on the right-hand side, you see the breakdown into the five previous quarters. So let me guide you through that. I'll try to be a little bit quicker because I saw already that time is running and we want to have some Q&A for you available.
- But let me give you a bit of an insight how DI was developing. 4% for the full year and orders growth. And here we see that impact out of this advanced ordering effect, where channel partners had ordered already quite a lot, and now it's normalizing and de-stocking is happening. And for the quarterly breakdown, you see that we had a very strong 1<sup>st</sup> quarter, followed by a solid 2<sup>nd</sup> quarter, and then normalizing in the 3<sup>rd</sup> and 4<sup>th</sup> quarter. Book-to-bill is still at 1.1, meaning that there's some growth to be expected also going forward. And we see a stable year, where your growth on account of normalization of the automation demand here also in the market.
- Markets are intact. You heard it from Sunil. We see our key verticals being very strong, let it be metals or cement or food and beverage and the like, which are important for Digital Industries. So all in all, our market condition is still very favorable and continues to remain favorable. We have had a huge order backlog, which is now supporting the quarterly revenue. And there you see the nice impact now out of a stringent order backlog conversion, our revenue in DI was steadily increasing over the last five quarters. For the full year, 24% up compared to 22%. And on a quarterly breakdown, you see that every quarter was stronger than the quarter before, and ended at 11.5, which is 26% higher than the same quarter previous year.
- Profitability remains very, very strong in DI. Always double-digit. 24.9 in the first quarter of '23. FX and commodity was playing a major role here. But in the 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> quarter, you see kind of normalized profitability, which is in DI, nicely in the range of 10-12%. So, we see a double-digit profitability out of productivity gains, higher volumes plus tight cost control, and also good price conversions.
- Next one would be smart infrastructure. '23 had a very strong top-line development, which was leading to consistently improved margin quality. So, smart infrastructure was doing exceptionally well in '23. I don't want to say against odds, but smart infrastructure, I have to say to some extent, surprised me a little bit with the very strong development that they were showing quarter over quarter. So, this is really becoming a crown jewel here in our Company. And just to put it into numbers, 25% orders growth, 20% revenue growth, and especially if you look into the margin quality of smart infrastructure, and let me read it out here for you, 12.6%, 14.2%, 13.3%, and the 1<sup>st</sup> quarter at 14.1% is a very compelling performance of smart infrastructure here in India. And we are really delighted about the development that we see in our SI Business. So, a big thanks to our colleagues here in smart infrastructure.
- What helped them to achieve this margin? I put it there, some better product mix, shifting to higher margin products and product lines, but also increased revenue, again, with combination with a tight control of your costs, allowed us to achieve that nice margin.
- Thirdly, mobility. Mobility got a lot of attention and focus in financial year '23. 746% order growth, and you know that our 9K loco order is part of that, with 263 billion Rupees. Nicely, not only growing, but actually surging, spiking, so gave us a very nice performance in the 2<sup>nd</sup> quarter, as you can see here. And then we have also been in the 3<sup>rd</sup> quarter, able to get some nice projects. A couple of them we heard already in electrification,

those in rolling stock, but mainly electrification and some also in signaling. So solid order growth. Maybe a little bit underplayed, solid order growth. If you take, of course, 9K into consideration, then it's a massive order growth. But also underlying, even without 9K, I would call it a solid order growth, which was coming especially out of rolling stock and rail infrastructure segments.

- Then we see a strong revenue growth out of that project execution that we are seeing, and here it's of paramount importance that the project execution is going smoothly. It's really very large-scale projects that we have, especially in rolling stock, and a proper project execution will be key for success. So far, we have been able to achieve this, and I'm confident also that it will continue like that.
- Profitability, a bit volatile, as you can see. Mobility, I'm starting with 0.8%, followed by 7.2%, 4.0%, 2.1%. This is impacted by ramp-up costs. This is impacted also by R&D costs. The underlying performance without such extraordinary effects would still be in a nice mid-single-digit range, and as per our expectations.
- Lastly, energy. Energy was benefiting from favorable conditions in our key markets, which was leading to a top-line growth and also to a continuous margin expansion. Order's growth in '23 was some plus 9%, revenue also some double-digit plus 13% in energy. If you break it down into quarterly development, let me focus here only on the revenue, then you see that we have been nicely increasing also our revenue from one quarter to the other. And then finishing with a very strong quarter at 18.3 billion, which also allowed us to record a very decent profitability with 13.0%. So very stable operational EBITDA margin here as well.
- And as you have heard, we have also large projects in Siemens Energy Division, whether it be from oil and gas or transmission and the like. So also it's very important that the proper project execution is solidifying our top-line development, which we have been able to achieve in every quarter in financial year '23.
- With this, I basically come to my last slide. As promised in my introduction, I wanted to show to you how the group is developing. So far, we have only spoken about Siemens Limited's standalone on continuing operations. Here, I want to share with you the performance of the entire group, which is Siemens Limited, SL, which is then our 99.22 subsidiary C&S Electric, which was an acquisition 2-3 years ago, plus Siemens Rail Automation Private Limited, which is a subsidiary of our Business Unit, Rail Infrastructure. And, if you add up these three different entities when you come to the total, however, for the ones who are not so familiar with bookkeeping and accounting terms, there's also some eliminations happening until you come to the consolidated numbers, meaning that you have some intercompany purchases, sales, etc., that you have to eliminate for the group. So, if you add that up under different three entities, then you have to also subtract in the end intercompany effects.
- Most important here is the last line. So, for the Profit Before Tax margin, this 14.4%, if you recall, that Siemens Limited has been achieving. For C&S, we have seen 10.9%, which is very much in line with our expectations. One-time integration costs have not been happening anymore. Integration is fully completed. C&S is fully running, fully operational, and also up to the expectations that we were having into this acquisition, even slightly above that. So, I'm happy to report that in 2023, we have seen C&S already with an underlying performance of 10.9%.
- And Siemens Rail Automation is a rather small one, as you can see, 2.5 billion of revenue. But that's a crown jewel that we are having here in our group, because it is not only in '23 recording a 37.2% profitability, but also in the years before. So that is a substantial contribution to the success of our Siemens Limited group here in India, and it's a very successful business.
- C&S, I would see as the next jewel to also develop. We are well on track, as I said, with 10.9%. And if you take these three companies all together, then the group has sum recording of 14.4%, like Siemens Limited alone as well.
- And then, you have to take some intercompany eliminations and PPA effects into consideration, meaning that you have to write off, for instance, technology or customer relationships. And if you eliminate this, then you come to a group profitability of 13.7%. So, it's a little bit lower, and sometimes there may be a bit of a question mark from your side, how is C&S doing, because you can't see it directly. If you eliminate those effects out of purchase price allocation, then you see that C&S is having a nice profitability of 10.9% and double-digit as well.
- With this, I would like to conclude my part. I hope I gave you a good insight into the financial performance and good transparency. And I'm curious to hear from you what other questions you may have. We're happy to answer now any questions when it comes to strategy, business, and of course, also financial performance. Thank you so much for the time being.
- **Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited:**
- Thanks Daniel. So, with that, we can open it up to Q&A. Please raise your hands. Tell us who you are and which firm you represent. And we can take it from there. Sorry?

– **Mr. Venkatesh S. – Head, Investor Relations, Siemens Limited:**

– A summary?

– **Mr. Sunil Mathur - Managing Director & Chief Executive Officer, Siemens Limited:**

– Yeah, probably that. Sorry. I'll take one last slide as a summary. And that's basically how we see the environment. One is, essentially the geopolitical environment still continues to be volatile. We are not really aware of what could hit us next. But we have been very, very clear that in the last year, there have been a whole lot of series of Black Swan events that have come in. And I think, this is now the new normal. We are going to have to learn to operate in a very volatile environment, and we are geared up to do that.

– Just to summarize again, we do believe the Indian economy is very, very resilient. We have a lot of positivity about the growth prospects of the country, and we do believe that this is a market that will grow. It will grow in all the verticals that we are actually operating in, be it manufacturing, be it mobility space. Every city requires infrastructure. The country needs infrastructure. Energy does need also transportation and so on. And manufacturing will be the backbone for all of that. And digitalization will be the underlying foundation that will bring all that together.

– We see very clearly new emerging verticals. I have told you about the verticals that we are working in already. Food and beverage, pharmaceuticals, chemicals, water and so on. But very clearly, there are emerging verticals pushed by the PLI scheme, where we do see investments actually happening.

– From a Siemens perspective, we will continue, as we have already announced, we will continue on further localization activities to expand our existing capacities. We will continue to grow our digital portfolio. And we will continue to support our customers on their sustainability journeys through the supply of our products, services as well as digitalization. That's really our strategy for the year ahead. We have our existing portfolio. We've got a portfolio to grow, and we see the market growing here; one of the few markets. We are adding capacities here, not only for ourselves, but also for global. And that will be our strategy for the year ahead.

– Now let's open it up to you. Yes, question to you please.

– **Q&A Session:**

– **Mr. Chockalingam – ICICI Prudential AMC:**

– This is Chockalingam from ICICI Prudential. First of all, congrats for a great year to the entire team. First, on the mobility order actually, on the business. I think Dr. Spindler kind of talked about, without those ramp-up costs, it would have been mid-single-digit margins. Is that the level that we should kind of expect in that business, or what is the normal state in that business? Because the reason to understand that is, because it's a pretty large order, and the difference between the L1 and L2 was actually pretty big. So, if you could touch upon that to whatever extent it's possible, that would be helpful.

– And second, on the demerger of the Energy Business that we had kind of talked about. I just want to ensure, did we read it right that the listing will be in 2025?

– **Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited:**

– So I will answer both the questions. Can we put up the mic? I'm shouting. Okay, just on your first question. So as far as the mobility order is concerned, the 9,000 horsepower, let me put this in context, because we've had this question about the gap between L1 and L2. We have the technology for 9,000 horsepower. The competition has the technology for 12,000 horsepower. The intent of the railways was to come out with both the 9,000 horsepower and the 12,000 horsepower tenders together. Practically, no company, none of us, can do both of the orders together. And therefore, since both tenders were coming out together, we took a call that we will go for the 9,000 horsepower. I can't say what the competition decided for themselves, but since we had the technology, we already knew what the price point should be. And that is really the price point at which we bid. We cannot comment at the price at which the others did, but the others did not have the technology and were probably looking for the 12,000 horsepower as their target, and therefore bid accordingly. So, I don't want to speculate, but we are confident on our bidding profile. We are confident on the margin levels that we have bid. They are not margin dilutive.

– Let me also explain a little bit about the order. This is 11 years of supply, 35 years of maintenance. It is essentially a product business. So, we supply components and subsystems out of our factories and from third parties. We bring them together in the factory of the Indian Railways. We build the locomotive in the Indian Railways' factory. We are paid the moment we deliver the locomotive on a per locomotive basis. The price that we have given is a weighted average price, taking into account 35 years of maintenance and the 11 years of

supply of the locomotive. What I can say very clearly is, this is not margin dilutive for us. It has met our margin hurdles for the business.

– **Dr. Daniel Spindler – Executive Director & Chief Financial Officer, Siemens Limited:**

- If I may just add one or two more important thoughts. Firstly, it gives us a good load for the next years to come, and also service business for many, many years. It also helps us to load our factories. And it also helps us on a very positive side effect to be successful in further bidding since we have a strong localization here in India. All in all, we are very happy with that order because it helps us a lot from a strategic direction to have a strong local footprint for rolling stock in India.

– **Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited:**

- On the demerger of the business, look, it has not been decided yet. So, I don't want to speculate. The board has been requested or the board has received a statement of intent from the promoters. The board has asked the management to start the process of exploring what that means. As management, we are obliged to look at a 360 view of what it means for the Company and for our shareholders. We will examine that process, and as and when we are ready, we will place the results of our observations and our findings to the board to take a decision.
- The intent of the parent is to demerge the India business of Siemens Energy. The process takes whatever it... the timeline will be whatever it will be. So, I can't give you... I can't tell you whether it will happen and I can't tell you when it will happen. Right now, we have only been mandated by the board based on a request by the promoters to examine the proposal, and that's what we are doing.

– **Mr. Harshit Patel – Equirus Securities:**

- One question here please. This is Harshit Patel from Equirus Securities. Sir, my first question is on our localization levels. As you mentioned, we have very healthy amount of localization levels, especially in energy, smart infra and mobility Businesses. However, the DI Business, at least on the product side, would largely depend on imports. Now, if not the exact numbers, but if you can at least give the descending order of localization among these three large segments, then that will be very helpful.
- Also, what are our localization plans? I mean what are the product categories that we are currently importing and we plan to localize them in each of these three segments? If you could give that idea please.

– **Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited:**

So look, our strategy as far as localization, has always been very similar... very simple. We look at, does it make sense? Is there a market big enough in India for us to start a factory in India and to justify business case for return on investment, right? How much, or can we achieve the price point that we need to achieve to reach out to the Indian market? Then does it make sense for us to make this product or should we buy/outsourcing the product within India or outsource the product from one of the Siemens factories worldwide? That is our view from an India perspective. The parent then looks at it from the perspective, does it make sense for us to have yet another factory when our existing factories are underutilized, right, or are we adding capacities? And can India substantiate or substantially support us in our global network of factories? Right now, we have 32 factories in India and a large element of our activities are localized; localized for India but also localized for global supply. So, we are a part of local for local but also a local for global part of their global network.

- If I go business by business, you're right, our Digital Industries Business does not have any manufacturing in it primarily because to manufacture PLCs and SIMATIC and things of that sort you have got to have volumes and those volumes do not exist in India at this point in time. The price levels come only from volumes and those volumes are available in the existing factories of Siemens around the world.
- If I look at our Smart Manufacturing or Smart Infrastructure Business, it is largely localized, which is a mix between what we need for our own requirements and what we need to supply as part of the global supply chain.
- If I look at our Mobility, we are increasing our localization efforts over there. You know for a long time we were only working on the electrification and signaling area, we've expanded into rolling stock, we opened a bogie factory, we've now gone into locomotives using the factory of the Indian Railways and we will continue down that journey as and when there are requirements. We will add more component manufacturing into our Nashik. So, that's a continuous exercise.
- On the Energy side, we've just announced an expansion for the Transformers business there. So, we are substantially localized there and we are adding capacities because the market is growing not only in India but growing globally.

- **Mr. Harshit Patel – Equirus Securities:**

- Sure. Sir, my second question is on we have one unlisted company named Siemens Industrial Software and also Siemens Technology and Services. Now, this is a fairly large entity with revenues close to 3,000 crores and very high EBITDA margins as well. And this is a service based company highly focused on exports, I think close to 95% of the revenues come from group entities only, so what is the difference between what this company does and what our DI, I mean, a part of Digital Industries does at Siemens? Is there any overlap between the two entities?

- **Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited:**

- So, over 95% of Siemens Information Software as well as Siemens Technology Services is purely internal application software, which is done internally local for global, right. Very little of it is actually being used. Very little of it is actually being used for us in our digital activities here. We want to increase that component but it's still very-very small low single digits, right. Now, the reason is very simple. Both of these are 100% subsidiaries of the parent company, both of them are only supplying software and services which are used internally to the global company. So, Siemens Information Software is primarily supplying into the U.S. for use for Siemens software globally. The Siemens Technology has got a mixture of R&D of software of shared services. So, Accounting, HR and that sort of stuff and all our internal shared services, which is also purely for global.

- So, effectively all the business that we do, which is with third parties, external customers and non-internal, comes into this Siemens Limited legal entity. Whatever is done local for global as part of their global portfolio development, more as a shared service resource, is done out of India is out of these two companies.

- **Mr. Harshit Patel – Equirus Securities:**

- Understood, Sir. Thank you. Thank you very much.

- **Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited:**

- Yeah, right next to you, please.

- **Mr. Mayank – HSBC Mutual Fund:**

- Yeah. Hi, Sir. Thank you. This is Mayank from HSBC Mutual Fund. Sir, on the Mobility Business, I think for the last five quarters the margins have been pretty depressed. Like you said that we've been reopening our bogie factory and we've also incurred significant R&D costs, so first piece is the reopening exercise over now, so where are we on that piece? And we are generally not very heavy spenders of R&D in this entity, so what nature of R&D have we undertaken in this business?

- **Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited:**

- Okay. So, the Mobility Business is heavy capex, right, and as we are growing the business we will continue to invest in that business. It is a business where we were under invested in the past. As I said, we were not present in rolling stock and that is something that we intend to build up. Competency is in but that is heavy capex over there. We are also looking at our Smart Infrastructure Business, which we also announced as part of the 400 million investment, where we are looking at expanding capacities there as well into localization but also expanding capacities there. So, I think as far as Mobility in particular is concerned, there is an impact that will be there on the bottom line as we continue down the journey of making this more local, this business, for some time but we are getting very good orders both on electrification, signaling and now also on rolling stock. That will boost the topline as well as bottom line in the years ahead. That is the investment that we are doing.

- What was your second question?

- **Mr. Mayank – HSBC Mutual Fund:**

- On the R&D piece, Sir.

- **Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited:**

- So, we benefit terrifically from the R&D which is done by the parent company. So, again, we do not see a necessity to duplicate the effort by doing the R&D within Siemens Limited. The parent company spends close to €7 billion a year on R&D. A lot of that is done out of India in some of these entities that were just mentioned over there, a lot of that is done globally and then we take the benefit of that R&D in the products and solutions that they have to first sell them in the Indian market, then go towards the localization and adaptation to meet

the needs of the Indian market specifically. So, we don't do the core R&D but we adapt through our localization efforts and our localization measures global products to local requirements.

- One back there, please. Yes.

- **Mr. Kunal – BNK Securities:**

- Yeah. Hi, Sir. Thank you for the opportunity. This is Kunal from BNK Securities. Sir, you did mention about T&D as one of the key areas, if you can talk in detail about the outlook in the T&D segment? And also you have recently announced capacity addition in transformers and switch gears, so where will be our capacity post this addition? And a related question to this is, is this capacity addition largely related to the domestic market or we are seeing opportunities for these products in the export market as well? Thank you.

- **Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited:**

- No, thanks for that question. So, Transmission and Distribution or Transmission in particular is growing not only in India but globally. As you get more renewables coming into the grid over there, the requirement for transmission will increase and that's what we are seeing here in the country as well. Both for normal substations, 400kV and so on, but also moving into the high end ones HVDC 765kV, 800kV substation there as well. So, we believe very clearly the requirement for transmission, stabilization of the grid through STATCOM facts, et cetera that will be a huge requirement. In India, we see a huge potential coming up. TBCB programs are running. On the Distribution side, RDSS are gaining more traction over there. So, Transmission overall, we do see a growth. There is undercapacity in the global market and in India around transformers, power transformers, and this is now slowly a booming market for equipment suppliers not only within India but globally as well.

- So, when we looked at the expansion that we are doing over here, part of that expansion is to serve the expanding capacities that are required for the Indian market but a lot of it will be for capacities that are required for the global market as well.

- **Mr. Kunal – BNK Securities:**

- Sure. Sir, and how much would be our capacity post this expansion?

- **Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited:**

- Total capacity, we'll let you have the number.

- **Mr. Kunal – BNK Securities:**

- Sure. Thank you so much, Sir.

- **Mr. Amit Anwani – Prabhudas Lilladher:**

- Hi, Sir. This side Amit Anwani from Prabhudas Lilladher. My first question pertains to C&S Electric. We acquired that company 2-3 years back with the intent to have a complimentary full scale portfolio on LV side and I can see the margin for FY23 was about 10.9%, much lower than the overall margins for the Company. So, just wanted to understand is it playing well with the kind of strategy we acquired this business for? And at the same time if you would let us know which markets it is catching and the distributor led revenue in C&S Electric as well as Siemens as an entity? Yeah.

- **Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited:**

- So, our strategy for C&S was essentially to get into the second level market, what we call the mid-level market. Siemens has traditionally for all its products been in the prime markets, yeah, in the premium markets, and we were beginning to believe we need to get into the next segment which is why we looked for a company which was more active in the midsegment.

- The second synergy effect that we saw is Siemens was very strong on the industrial market- low voltage. C&S was very strong on the infrastructure market- low voltage. And this is where we saw the complimentary benefit of that. We could bring that together and address both markets. So, it was a perfect fit.

- The third rationale for C&S was exports, to see how we can use the exports over here as part of the global export strategy to penetrate markets where Siemens price levels were too high and we needed to get into premium markets.

- So, let me go one by one. The margins that we have over here are better than pre- acquisition margins, right. So, we have actually improved on the pre-acquisition margins already in the third year of acquisition where we have brought in a whole lot of measures to turn it around. So, we are well on track in continuing penetrating the Indian market, bringing in the synergies between the Siemens business on the industrial side and the C&S business on the infrastructure side. We have started now and this is where we should expect marginal improvements to happen getting into the export market. Now, getting into the export market takes longer, you need to get approved by the regulators in the countries and that takes time and so on. But we have now started penetrating into Asia Pacific region, Middle East and South America and those are the markets that we see a huge potential for.
- So, moving down the line, I think, we are well on track over there. In fact, the growth that we have seen in C&S has been better than our expectations there, both top line and bottom line, and we also see now an expansion also expected in the top line, bottom line as exports start kicking in a real way in C&S.
- **Dr. Daniel Spindler – Executive Director & Chief Financial Officer, Siemens Limited:**
- Yeah, two more things maybe. First, we have also, I guess, you have heard it the Innova brand, which is a Siemens brand within C&S, which helps us also to boost the domestic as well as the export market and we have set up already a distribution network in order to cater for that additional export business which would lead to expansion.
- **Mr. Amit Anwani – Prabhudas Lilladher:**
- My next question on the order intake. This year we did about 7%-8% base order growth, excluding the large order, and you highlighted multiple opportunities across areas and as well as private capex at the inflection point. So, do you expect the sustainable intake growth to go up in double digits for next 2-3 years? What is your thought on order intakes in coming years?
- **Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited:**
- So, I'm not going to give you a guidance on the future but I do see as India's growth increases, GDP continues I had outlined to you the opportunities that we have over here and I do expect the growth in the topline coming over there. As I said, the only cautionary term, cautionary phrase is the volatility in the environment. There could be some slowdown due to elections in large orders, decision making may get delayed but not canceled. I believe the demand in the Indian economy is very strong. It is realizing, so there could be some delay shifting from a quarter to the next. Overall, the Indian demand scenario I see is very, very robust and we will be part of that growth story.
- **Mr. Amit Anwani – Prabhudas Lilladher:**
- My last question on LV Motors business, which we wanted to sell to parent six months back. You highlighted that time it's an outsourced model not making sense for us and the patents are with Siemens AG. So, what is the status now on that business after whatever events unfolded? Yeah.
- **Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited:**
- So, you recommended to the shareholders not to vote in favor and that is the current status. The business is very much still a part of Siemens Limited. We will continue with the business within the constraints that we already informed you and we will see what happens with the parent company. When an event happens over there, then we will have to review with our Board what steps to take or what the options are on the table.
- **Mr. Amit Anwani – Prabhudas Lilladher:**
- Thank you.
- **Mr. Rahul Gajare – Haitong:**
- Yeah. Sir, this is Rahul Gajare from Haitong.
- **Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited:**
- Where are you please? If you stand up? Thank you.
- **Mr. Rahul Gajare – Haitong:**

- Yeah. So, you know, I have a question on Mobility. Given that this is a fairly long cycle of execution and maintenance, do you all have a back to back arrangement with your vendors? Because what I do understand is typically globally vendors don't give more than 15-20 years of warranties or the price holding capacity, so what is your thought on how will you manage the entire service journey of about 35 years?
- **Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited:**
- So, this is not new business for Siemens. We are doing this all over the world, right, and this is where digitalization also plays a huge role where you can do predictive maintenance upfront where you can work with your suppliers together, where you can bring...Please, sit down. Where you can bring everything together. So, yes, we expect very clearly that we will get the benefits and that's all calculated into the margin calculation that we have, based on the experience that we have worldwide in doing similar projects. So, a project of this kind is not one off in the world, let me put it this way. This is fairly standard business where over a period of time you are having to make deliveries and then you have long term maintenance contracts that kick in over there and you use all of that to negotiate the prices with suppliers, terms and conditions with suppliers, warranty conditions with suppliers as well.
- **Mr. Rahul Gajare – Haitong:**
- But globally do you have contracts with such a large time frame of service?
- **Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited:**
- Yes.
- **Mr. Rahul Gajare – Haitong:**
- Yeah, okay. Thank you.
- **Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited:**
- Maybe not of the size, this locomotive order was the largest size of locomotive order but the nature of the contract, let's say the supply and long term maintenance, is standard.
- **Mr. Rahul Gajare – Haitong:**
- Yeah. I mean since we're talking about 9000-Horsepower...
- **Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited:**
- Yeah-yeah, I am talking 9000.
- **Mr. Rahul Gajare – Haitong:**
- Yeah. What is really holding back the 12,000-Horsepower?
- **Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited:**
- I don't know.
- **Mr. Rahul Gajare – Haitong:**
- Thanks.
- **Dr. Daniel Spindler – Executive Director & Chief Financial Officer, Siemens Limited:**
- Good question!
- **Mr. Deepak Gupta – SBI Pension Funds:**
- Afternoon. This is Deepak Gupta from SBI Pension Funds. My first question is, what is the outlook on operating margins over the next 3-5 years as a share of Mobility Business increases in the overall revenue piece for the company?
- **Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited:**

- We are not providing a guidance there. We've given you complete data including the potential for the future. We've told you that the Mobility Business will grow; will grow topline. We've told you that the margins meet our margin hurdle targets. We've told you that Smart Manufacturing and Digital Industries is a huge opportunity for us. We've told you as we scale up standard solutions into repetitive solutions for our customers, the margin quality needs to improve over there. So, you can put that all together.
- **Mr. Deepak Gupta – SBI Pension Funds:**
- If you could share what is the margin hurdle that you walk at?
- **Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited:**
- No.
- **Mr. Deepak Gupta – SBI Pension Funds:**
- Okay. And the second and last question is, Siemens Energy and AG had their restructuring a few years back. It was decided to do that in India currently, how would the equation work in terms of because I believe there are a lot of synergies that the Energy Business gets from the parent right now, which is Siemens AG?
- **Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited:**
- How will what work? Sorry?
- **Mr. Deepak Gupta – SBI Pension Funds:**
- The relationship between Siemens Energy...
- **Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited:**
- It worked for 6 years post demerger or global demerger. Where's the problem now?
- **Mr. Deepak Gupta – SBI Pension Funds:**
- Okay. So, it's going to upweight. So, why wasn't this done 6 years back then when Siemens India...
- **Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited:**
- I can't speak on behalf of the parent company. So, both the parents took a call at that point in time not to demerge the Indian company or not to approach the Indian company for demerger. We heard about it at the same time that it was maybe a day earlier than you heard about it where we got the information from the parent company about their intent and that's it.
- **Mr. Deepak Gupta – SBI Pension Funds:**
- Sure.
- **Mr. Venkatesh S. – Head, Investor Relations, Siemens Limited:**
- Yeah, we, we have run out of time. We have maybe last one or two questions at the most.
- **Mr. Ashwani – 3P Investments:**
- Yeah, good afternoon. This is Ashwani from 3P Investments. I wanted to know globally since the manufacturing costs have been rising because inflation on manpower for the first time after many years has been rising, so how has it increased your competitiveness versus the U.S. plants or the European plants?
- **Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited:**
- You mean global inflation is rising and...
- **Mr. Ashwani – 3P Investments:**
- Generally because the manpower inflation everywhere has been rising.
- **Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited:**

- Yeah, that's a very good question. So, India was in the traditional manufacturing. Labor arbitrage was the strength of India, right. Cost per head per hour of a European, American blue collar was substantially higher than cost per head of an Indian blue collar. And this was a critical part of the manufacturing process where India had the benefit of labor arbitrage between the two countries. Reality now is that digitalization has changed that completely. We have a factory in Germany where the productivity level is 99.99%, the quality level is 99.99%.
- Now, India operates at an average productivity level of close to 70%-75%. There is no way you can bridge that 25%-30% productivity gap through skilling people. Digitalization will be the only response to that, right. So, right now the labor arbitrage, the inflation effects on salaries in America versus India don't play much of a role anymore because they are going in the West because of aging population and so on has gone in very rapidly into digitalization. We have a long way to go. We have large companies that have adopted digitalization but we need the entire supply chain, large, medium and small, to adopt digitalization. Only then you can get synergies that will give you the productivity levels that can actually outpace whatever the West is doing.
- That is going to be the critical factor for India to become a manufacturing hub globally. Gone are the days where India will get the advantage of manufacturing just through labor arbitrage.
- **Mr. Ashwani – 3P Investments:**
- And, Sir, the second question was on Xcelerator Program which you said. Now the services business here, how do you bundle it with the product? Is it coming with the new product plus the service or is it coming on retrofit kind of business and the existing population which you have got? And is it agnostic to the brand, let's say you do something which is not an installed base of Siemens?
- **Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited:**
- So, we've got the classical Service and then there's the Xcelerator, Siemens Xcelerator. They are two different things, right. So, the classical Service business is you have an installed base and you're doing aftermarket service of those and you're using and you're increasing the efficiency of your service by providing greater value to the customer as well. So, it's not only repairs and maintenance but it's also, as I showed, improving productivity and so on, reliability of the plants. That is a standard. In some cases we do it only for our own equipment, in other cases using digitalization tools. As I mentioned to you, we are able to service even customers not equipment but the software, use the software, to direct the customer what needs to be done in the equipment.
- **Mr. Ashwani – 3P Investments:**
- And how is it charged, basically? How do you make money there? I mean, what is the way it is...Let's say, for example, if you sell a product cost is 'X' and price is 'Y', so Y-X, how do you make money in this? How does the customer like on what basis does he pay you in this case?
- **Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited:**
- So, it varies. If you're looking at Siemens Xcelerator, as I said, that's a completely different story where the customer comes and says 'Can you give me energy efficiency?' and we say 'Okay, either you pay us for the software and the services that we are actually doing or you pay us based on outcome and pay as you save. The more you save, the more you pay. Pay us over there or you have a standard delivery of a product and you get your margins based on the product'. So, it can be a complication of everything.
- **Mr. Ashwani – 3P Investments:**
- Sure, thank you very much.
- **Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited:**
- Next question.
- **Mr. Venkatesh S. – Head, Investor Relations, Siemens Limited:**
- The last question, please.
- **Mr. Aditya Mongia – Kotak Securities:**
- Yeah. This is Aditya Mongia from Kotak Securities. The first question is on the Cybersecurity business that you were talking about as being a very large growth driver incrementally for the DI portfolio. Could you give us a

sense of how to think through the opportunity over here? As in, for instance, let's say every site is what like a million dollars and there can be so many sites?

- **Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited:**

- So, I won't give you numbers but I can give you a feel of what that means. Every plant that has automation in it has got the risk of cybersecurity, right. As the world gets much more digitalized the danger and the risk of cybersecurity events increases. So, effectively, every plant in the country that has got a machine or a subsystem or a system that is automated has a risk of cybersecurity linked to it.

- The same thing with every Energy plant. All your grids, all your substations, all your generation plants everything over there has got the risk of cybersecurity because they're all linked in to standard DCS systems or whatever which are controlling automation and control systems over there, which are controlling these machines, plants, and subsystems over there. And that is really the opportunity where you go in and you do an audit of the machines, do an audit of the subsystems and you are able to use that friendly hacking method to identify whether it is possible for viruses to come in and then to introduce Cybersecurity measures to ensure that the machines are protected, the automation systems are protected, the plants are protected overall.

- **Mr. Aditya Mongia – Kotak Securities:**

- Thanks for this answer; the clarification. The second question and the final one from my side. So, you talked about the parent spending a meaningful sum on R&D and I think you quoted \$7 billion. If I'm not wrong, that's about 6% of the sales of the global parent. In India terms, the way we kind of think Royalty is a much lower number than to the parent. Do you think through that being a limiting factor? Maybe the market is not set for today but is that a limiting factor to what you can do inside the country? And do you see some convergence happening also?

- **Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited:**

- Are you saying we are paying too much Royalty or too little Royalty?

- **Mr. Aditya Mongia – Kotak Securities:**

- Versus what the parent is spending on R&D, it is less.

- **Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited:**

- Thank you. That's a great negotiation that we are doing but reality is we have access to all the technologies that they have. We take their technologies, we first adopt them or we take them one to one over here and then we localize them. I don't see the payment of Royalty as being a limiting factor to getting access to Royalty. Quite to the contrary, the parent company sees India as being their largest growth market. So, it is in their interest globally as well to provide us with all the tools and all the knowhow so that we can actually grow the business in the country. There are not too many countries around the world that are growing at the rate at which we are.

- **Mr. Venkatesh S. – Head, Investor Relations, Siemens Limited:**

- I'm sorry, that has to be the last question. I know this can keep going on for the rest of the day. So, thank you very much, first of all, Mr. Mathur and Daniel.

- **Mr. Sunil Mathur – Managing Director & Chief Executive Officer, Siemens Limited:**

- Thanks, Venkatesh.

- **Mr. Venkatesh S. – Head, Investor Relations, Siemens Limited:**

- So, this has been indeed a pleasure for us to host this event after four years. It has been very good for all of us to also meet you in person. Thank you very much for joining us and for your insightful questions. In case there are any questions you feel have not been adequately answered, please do get in touch with me and I will see how best to address them. So, thank you very much once again.

- I forgot to mention, there is high tea after this. So, please have some snacks and then you can proceed.

**END OF TRANSCRIPT**