Dated: 15 Dec 2025

Siemens (SIEM) - REDUCE

Q4FY25 (Sept end) Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.3,196	**Rs.2,950**

Rationale:

- Siemens' results and analyst meet bring out growth investments and their benefits happening within the select parts portfolio, with a lag.
- The dependency remains high on the parent (for imports) and on unlisted entities (for solutions), especially for the Digital Industries business.
- This limits scope of margin expansion & enhances risks in valuation of the businesses that the parent considers exiting from (such as LV motors).
- The key miss was concentrated in the Digital Industries business.
- We roll forward to 45X December 2027E EPS-based FV of Rs2950. (EPS: Earnings Per Share)

Positives:

- Revenue beat on account of SI (Smart Infrastructure) and Mobility segments
- Catching up in growth initiatives in the mobility and smart infrastructure.
- Shift toward solution-focused approach in Smart Infrastructure business is noteworth.
- Order inflows for the key Digital Industries and Smart Infrastructure were ~10% higher than revenues.

Negatives:

- Weak margin led to a 4% miss in EBITDA adjusted for demerger expenses.
- The year gone by saw adjusted PBT (adjusted for demerger expenses and gain on sale of property) decline 2% yoy.
- DI remains the weak link on value addition, unlikely to see capex for localization.
- Sharp increase in working capital of Rs1800cr versus Rs1300cr of incremental sales has been attributed in large part to the mobility segment.

(EBITDA: Earnings before Interest, tax, Depreciation and Amortization, PBT: Profit Before Tax, DI Digital Industries)

Holding Period: 12 months

Rating Scale (Private Client Group)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
SUBSCRIBE	–	We advise investor to subscribe to the IPO.
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NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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