

Siemens Limited

COMPANY SNAPSHOT					
CMP	Initiation Price	Target	Potential Upside	Recommendation	MCap (Rsbn)
Rs1087	Rs1128	Rs1350	24%	BUY	Rs387

About the Company:

Siemens Limited is an integrated technology providing hub in the domain of electrification, automation and digitalization, where Siemens Aktiengesellschaft (SAG) holds 75% of the capital. SAG, the parent company has a spread across 190 countries with approximately 285 production and manufacturing facilities. Siemens Limited has 22 factories located across India along with a work force of nearly 16,000 employees, 8 centers of competence and 11 R&D Centers. Innovation has always been the key to success of Siemens which is driven by a dedicated team of researchers. The factories in India mainly aim at manufacturing steam turbines, motors, switchgears, generators, transformers, relay and smart grid systems etc. The strategic business unit in India can be divided into divisions namely: Power and Gas, Energy Management, Building Technologies, Mobility, Digital Factory, Process Industries and Drives. Siemens has its associations with the Indian Railways for more than six decades and has been a preferred technology and customized solution provider since then.

Results Declared:

- The company has delivered a robust and profitable performance for the quarter under review
- The net sales for the quarter ending March 2019 grew by 8.1% to Rs35,496mn as compared to Rs32,834mn in the same quarter last year
- The EBITDA margins for the quarter under review stood at 11.6% as compared to 9.8%
- The net profit grew by 27.6% to Rs2,803mn as against Rs2,197mn in the comparative quarter
- The EPS stands for the quarter stood at Rs7.87 as compared to Rs6.17 in the same period last year.

Financials:

Result Update (Q2CY2019)						
Q2CY19 Result (Rs mn)	Mar-19	Mar-18	y-o-y	Dec-18	q-o-q	CY19E
Total Revenue	35,496	32,834	8.1%	28,071	26.5%	128,726
EBITDA	4,100	3,228	27.0%	3,065	33.8%	13,323
Other Income	830	639	29.9%	877	(5.4%)	3,068
Interest	24	11	-	2	-	80
Depreciation	571	490	16.5%	532	7.3%	1,945
Exceptional Items	0	0	-	0	-	0
Tax	1,532	1,169	31.1%	1,128	35.8%	5,028
Net Profit	2,803	2,197	27.6%	2,280	22.9%	9,338

Outlook and Recommendations:

The company has delivered a robust and profitable performance for the quarter under review. Management has indicated the order backlog stands at six year high. New orders for the quarter stood at Rs36.35bn, which is an increase of 24.3% over the corresponding quarter last year. As mentioned in the earlier quarterly updates as well, the Management is seeing traction of customers for the digital portfolio which Siemens offers. The digital drive and initiative of the company has gained momentum. Moreover, the company is seeing continued tailwinds for short cycle businesses. Siemens continues its focus on the areas of electrification, automation and digitalization which appears to be more profitable on the margins front. We continue to advocate the strategy to SIP into this stock with a target price of Rs1350.

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