# Equity Valuation of Siemens Energy AG: A Multi-Method Assessment in the Context of the Global Energy Transition

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**Abstract**

**Title:** Equity Valuation of Siemens Energy AG: A Multi-Method Assessment in the Context of the Global Energy Transition

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**Keywords:** Siemens Energy AG, Equity Valuation, Discounted Cash Flow (DCF), Adjusted Present Value (APV), Relative Valuation, Energy Transition, Power Grid Expansion, Renewable Energy Technologies, Cost of Capital

This thesis employs a multi-method valuation framework to determine the equity value of Siemens Energy AG as of 01.10.2025. Siemens Energy is a global provider of power generation, grid technologies and industrial decarbonisation solutions, positioning the company at the forefront of the ongoing energy transition. While long-term demand fundamentals are strong, recent operational challenges, particularly at Siemens Gamesa, have resulted in volatile financial performance and heightened investor uncertainty. The analysis integrates a discounted cash flow (DCF) model, an adjusted present value (APV) framework, forward-looking trading multiples and Monte Carlo simulation. Segment-level forecasts draw on projections from the IEA and European Commission and incorporate structural trends such as renewable capacity expansion, grid modernisation and hydrogen-related investment. A global peer comparison ensures that valuation outcomes remain consistent with sector-wide market expectations. The DCF model yields an equity value of EUR 78.46 per share, while the APV framework results in EUR 79.27 per share, primarily due to differing treatments of leverage and tax shields. Forward-looking EV/EBITDA and P/E multiples indicate a valuation range of EUR 74 - 76 per share, broadly aligned with intrinsic estimates. Monte Carlo simulation highlights the sensitivity of results to WACC, margin recovery and terminal growth, producing an average equity value of EUR 78 per share.

Overall, the findings suggest that Siemens Energy's market valuation does not fully reflect its long-term strategic positioning within the energy transition, while short-term execution risks remain a major influence on investor sentiment.

**Resumo**

**Título:** Avaliação de Capital Próprio da Siemens Energy AG: Uma Análise Multi-Métodos no Contexto da Transição Energética Global

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**Palavras-chave:** Siemens Energy AG; Avaliação de Capital Próprio; Fluxo de Caixa Descontado (DCF); Valor Presente Ajustado (APV); Avaliação Relativa; Transição Energética; Expansão da Rede Elétrica; Tecnologias de Energia Renovável; Custo de Capital

Esta dissertação aplica um enquadramento de avaliação multi-métodos para estimar o valor do capital próprio da Siemens Energy AG em 1 de outubro de 2025. A Siemens Energy atua globalmente nas áreas de geração de energia, tecnologias de redes e descarbonização industrial, assumindo um papel central na transição energética. Apesar de fundamentos estruturais favoráveis, desafios operacionais recentes, em particular na Siemens Gamesa, aumentaram a volatilidade dos resultados e a incerteza dos investidores.

A análise combina um modelo de fluxos de caixa descontados (DCF), o método do valor presente ajustado (APV), múltiplos de mercado prospetivos e uma simulação de Monte Carlo. As projeções por segmento baseiam-se em estimativas da IEA e da Comissão Europeia e incorporam tendências estruturais como a expansão das energias renováveis, a modernização das redes elétricas e o investimento em hidrogénio. Uma comparação com um conjunto global de empresas pares assegura a coerência com as valorizações observadas no setor.

O modelo DCF estima um valor de 78.46 EUR por ação, enquanto o APV resulta em 79.27 EUR por ação. Os múltiplos EV/EBITDA e P/E sugerem um intervalo de 74 a 76 EUR por ação. A simulação de Monte Carlo evidencia a sensibilidade da avaliação ao WACC, à recuperação das margens e ao crescimento terminal, produzindo um valor médio de 78 EUR por ação. No geral, os resultados indicam que o mercado não reflete plenamente o posicionamento estratégico de longo prazo da Siemens Energy, enquanto riscos de execução de curto prazo continuam a influenciar a perceção dos investidores.

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**List of Abbreviations**

APV: Adjusted Present Value

AR: Accounts Receivable

AP: Accounts Payable

BETA: Systematic Risk Coefficient

CapEx: Capital Expenditures

CAPM: Capital Asset Pricing Model

CoS: Cost of Sales

DCF: Discounted Cash Flow

DSO: Days Sales Outstanding

DPO: Days Payables Outstanding

DIO: Days Inventory Outstanding

EBIT: Earnings Before Interest and Taxes

EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortisation

EC: European Commission

EV: Enterprise Value

FCFF: Free Cash Flow to the Firm

FTE: Full-Time Equivalent

GDP: Gross Domestic Product

GWh: Gigawatt Hour

GS: Gas Services

GT: Grid Technologies

HVDC: High-Voltage Direct Current

IEA: International Energy Agency

IRR: Internal Rate of Return

$k_u$: Unlevered Cost of Capital

$k_e$: Cost of Equity

$k_d$: Cost of Debt

MW / GW: Megawatt / Gigawatt

NWC: Net Working Capital

OECD: Organisation for Economic Co-operation and Development

P/E: Price–Earnings Ratio

PPA: Purchase Price Allocation

PV: Present Value

$r_f$: Risk-Free Rate

$r_m$: Market Return

SGRE: Siemens Gamesa Renewable Energy

TI: Transformation of Industry

TSR: Total Shareholder Return

TV: Terminal Value

WACC**:** Weighted Average Cost of Capital

## 1 Introduction

The global energy system is undergoing a period of rapid transformation. Climate policy, geopolitical tensions, and technological progress are all impacting electricity production and distribution around the world. At the same time, the move to reduce carbon emissions is creating a significant and unique demand for renewable energy sources, modern grids, and flexible generation systems. Equipment manufacturers have faced a number of challenges in recent months, including supply chain disruptions, escalating costs and higher interest rates (IEA, 2025). This has raised concerns about the long-term financial viability of these enterprises.. In order to assign a financial value to energy-technology companies, it is necessary to consider the risks and opportunities associated with this transformation.

These changes have a direct effect on Siemens Energy AG. The company has undergone significant expansion, resulting in its current status as a global leader in four distinct areas of energy technology: Grid Technologies, Gas Services, Siemens Gamesa Renewable Energy, and Transformation of Industry. This development occurred after the company's separation from Siemens AG in 2020. The investment portfolio of Siemens Gamesa is closely aligned with the primary segments of the energy transition. However, its financial performance has exhibited significant volatility, primarily attributable to challenges encountered in Siemens Gamesa's operational activities. This combination of strategic importance and short-term execution risk is the source of investor uncertainty at present.

The present study determines the fair value of Siemens Energy's equity as of 01.10.2025, employing a discounted cash flow (DCF) model, an adjusted present value (APV) framework, trading multiples analysis, and Monte Carlo simulation. The assessment utilises forward-looking market data, industry forecasts from the IEA and the European Commission, and a comprehensive review of each segment. In order to ascertain the impact of structural factors on growth, profitability and risk, a comprehensive approach is employed. This approach incorporates all of the elements in the analysis, including the development of renewable energy sources, investments in the grid and regulatory changes.

## 2 Valuation Methods

There are many methods to adequately value a company. A number of factors can influence the final outcome, and even minor changes can result in a different decision. In general, valuation consist of three dimensions Cash Flows, Timing and Risk (Kaplan and Ruback, 1995). The base of valuation are the discounted, predicted future cash flows. Even though there are several models in practice, none of these dominate each other. The DCF Approach, Relative Valuation and other options like the dividend discounting Gordon Growth Model are the most common ones.

### 2.1 DCF Model

The discounted cash flow (DCF) model is one of the most widely applied methods in corporate valuation. It is based on the principle that the value of a firm equals the present value of the cash flows it is expected to generate in the future, discounted at a rate that reflects the risk of those cash flows (Damodaran, 2007). In its simplest form, the DCF can be written as:

$$PV = \sum_{t=1}^{T} \frac{CF_t}{(1+r)^t} + \frac{TV}{(1+r)^T}$$

*Equation 1 DCF-Model*

*Where:*
$CF_t = Cash\ Flow\ at\ time\ t$
$r = Discount\ rate$
$TV = Terminal\ Value$

The model requires three essential inputs. The projected cash flows, an appropriate discount rate, and assumptions about long-term growth in the terminal value (Kaplan and Ruback, 1995).

$$TV = \frac{CF_T \times (1+g)}{r-g}$$

*Equation 2 Terminal Value*

*Where:*
$CF_T = Cash\ Flow\ at\ time\ T$
$r = Discount\ rate$
$g = Growth\ rate$

Empirical evidence supports the accuracy of DCF-Models in practice. Kaplan and Ruback (1995) examine highly leveraged transactions such as buyouts and recapitalizations, comparing market values with DCF-based valuations. They find that DCF valuations track market transaction values closely, typically within a ten percent range.

Furthermore, the DCF model ‘s validity depends very much on the correct specification of both discount rates and cash flows, and accurate growth assumptions. Recent evidence suggests that variation in firm valuations is more driven by discount rates than by cash flow forecasts (Lof and Nyberg, 2024). The DCF carries advantages and disadvantages. Positively, it is demonstrated to provide an accurate approximation of market values when applied sensibly (Kaplan and Ruback, 1995). Negatively, however, it is very sensitive to assumptions of discount rates, which are more likely to affect valuations than estimated cash flows (Lof and Nyberg, 2024). Methodological improvements, such as implied cost of capital models, are aimed at making such estimates more precise and in closer alignment with the actual results from the market (Hou et al., 2012).

### 2.1.1 Cost of Capital

Previously, the discount factor had only been referred to without any specification. In practice, the discount rate is serving as a minimal return. The lowest return a company must produce on its invested capital to satisfy its lenders is known as the weighted average cost of capital. It represents the opportunity cost of capital and serves as the discount rate for projecting future cash flows (Miles and Ezzell, 1980). In practice, companies use the weighted average cost of capital (WACC), which combines the cost of debt and the required return on equity while also accounting for the tax benefit of interest deductibility (Lof and Nyberg, 2024).

$$WACC = \frac{E}{E+D} \times r_e + \frac{D}{E+D} \times r_d(1-\tau_C)$$

*Equation 3 WACC*

*Where:*
$E = Market\ Value\ of\ Equity$
$D = Market\ Value\ of\ Debt$
$r_e = Cost\ of\ Equity$
$r_d = Cost\ of\ Debt$
$\tau_C = Corporate\ Tax\ Rate$

The return that shareholders anticipate from taking on ownership risk is captured by the cost of equity ($r_e$). The return that lenders demand in exchange for lending money is known as the cost of debt ($r_d$). The corporate tax rate has an impact on the after-tax cost of debt, because interest payments lower taxable income. The firm’s capital structure is reflected in the weighting of debt and equity, where market values are usually preferred over book values to reflect the state of financing (Olson and Pagano, 2024).

#### 2.1.1.1 Cost of Equity

The cost of equity can be defined as the return that shareholders expect for taking on the risk of owning the company’s equity (Easton, 2004). The Capital Asset Pricing Model (CAPM) is the

most common method for determining the cost of equity in real-life scenarios. The model establishes a correlation between anticipated returns and exposure to systematic market risk (Sharpe, 1964).

$$r_i = r_f + \beta_i(r_m - r_f)$$

*Equation 4 CAPM-Framework*

*Where:*
$r_f = Risk\ free\ rate$
$\beta_i = Beta\ of\ Target\ Company$
$r_m = Market\ Return$

Beta ($\beta$) is a metric used to quantify the responsiveness of a firm's equity returns to fluctuations in the market (Lintner, 1965; Sharpe, 1964; Vasicek, 1973). Long-term government bond yields are frequently employed as proxies for risk-free rates, while historical excess market returns or implied-return estimates are utilised to ascertain the market premium (Van Binsbergen et al., 2022). Regressions of excess stock returns on excess market returns over a suitable estimation window are then employed to obtain firm-specific betas (Fama and French, 2002).

Information frictions and cash flow timing have also been demonstrated to alter the cost of equity (Gormsen and Lazarus, 2023). In circumstances where investors are more likely to encounter inaccurate information or to be provided with incomplete data, they tend to demand higher expected returns in order to compensate for the uncertainty surrounding the amount they will ultimately receive (Lambert et al., 2007). Additionally, companies that exhibit greater information asymmetry, as indicated by inadequate disclosure or limited trading, generally encounter a higher cost of equity. Enhanced transparency and information quality have been shown to be correlated with reduced required returns (Armstrong et al., 2011).

#### 2.1.1.2 Cost of Debt

The effective return that creditors seek is frequently associated to the yields on bonds and loans. The post-tax cost of debt is of particular relevance in practical scenarios, as interest expenses can be deducted from taxes. Comparable information effects also play a role, despite the lack of research in this area. In circumstances of limited transparency, lenders may perceive an elevated risk of default. This can result in lenders demanding higher spreads. Conversely, research has demonstrated that high-quality disclosure can positively impact lenders' perceptions of risk, leading to reduced borrowing costs (Lintner, 1965; Sharpe, 1964). The empirical average cost of capital framework emphasises the significance of industry-level benchmarks since observed borrowing costs frequently deviate from theoretical expectations, particularly in sectors with long-term, capital-intensive investments (Olson and Pagano, 2024).

### 2.1.2 FCFF Method

The FCFF–WACC approach values the operating business, including equity and debt, by discounting forecasted free cash flows to the firm at the after-tax weighted average cost of capital. This yields to the enterprise value as the present value of the explicit-period FCFF plus a terminal value, consistent with long-run growth and steady-state reinvestment (Ruback, 2002).

$$FCFF = EBIT \times (1 - \tau_C) + Depreciation - CAPEX - \Delta NWC$$

*Equation 5 FCFF*

*Where:*
$EBIT = Earnings\ before\ Interest\ and\ Tax$
$\tau_C = Corporate\ Tax\ Rate$
$CAPEX = Capital\ Expenditures$
$\Delta NWC = Change\ in\ Net\ Working\ Capital$

When the financing policy makes the interest tax shield proportionate to firm value (e.g., target/rebalanced leverage), this arrangement is theoretically sound and FCFF discounted at WACC is consistent with APV representations (Miles and Ezzell, 1980; Ruback, 2002).

$$PV = \sum_{t=1}^{T} \frac{FCFF_t}{(1 + WACC)^t} + \frac{TV}{(1 + WACC)^T}$$

*Equation 6 FCFF Method*

*Where:*
$FFCF_t = Free\ Cash\ Flow\ to\ the\ Firm\ at\ time\ t$
$WACC = Weighted\ Average\ Cost\ of\ Capital$
$TV = Terminal\ Value$

According to empirical data, these DCF valuations perform at least as well as multiples and closely follow transaction prices in leveraged transactions (Kaplan and Ruback, 1995). According to recent data, variations in expected discount rates are a major cause of value fluctuations, which emphasises the importance of precisely defining the levered WACC. When in line with the cash-flow projections, implied cost of capital techniques offer a strong substitute for strictly model-based inputs for the equity leg of WACC. They can also enhance coverage and reduce bias (Lof and Nyberg, 2024).

### 2.1.3 APV Method

The Adjusted Present Value (APV) method values a firm as the sum of its unlevered operating value and the present value of financing side effects (Luehrmann, 1997).

$$APV = V_u + PV(Tax\ Shield) - PV(Distress\ Costs)$$

*Equation 7 APV-Framework*

*Where:*
$V_U = Value\ Unlevered$
$PV = Present\ Value$

The unlevered value ($V_U$) is the present value of unlevered free cash flows discounted at the unlevered cost of capital. Financing side-effects include the interest tax shield, issuance costs, subsidies/guarantees, and (if modeled) expected distress costs. The APV first prices business operations as if all-equity financed, then adds the value created (or destroyed) by financing. This avoids embedding tax shields and leverage dynamics in a single discount rate and is particularly useful when leverage is time-varying, when financing terms are project-specific, or when transparency about the sources of value is desired (Myers, 1974).

Since this methodology implies an all equity financed company, the projected horizon of cash flows will be discounted at the unlevered cost of equity. This rate derives from the unlevered beta ($\beta$).

$$V_U = \sum_{t=1}^{T} \frac{FCFF}{(1+k_U)^t} + \frac{TV}{(1+k_U)^T}$$

*Equation 8 Value Firm Unlevered*

*Where:*
$FFCF_t = Free\ Cash\ Flow\ to\ the\ Firm\ at\ time\ t$
$k_U = Cost\ of\ Equity\ unlevered$
$TV = Terminal\ Value$

A central implementation question is how to discount tax shields. The tax shields are discounted at the cost of debt. It should reflect the additional generation of value through leveraging up. Nonetheless, a substantial amount of debate has occurred regarding the discount rate of tax shields and the overall approach to their valuation. The most common and practical approach to be adopted here is to state that the tax shield represents the present value of interest savings, discounted by the cost of debt ($k_d$) (Cooper and Nyborg, 2006).

$$PV\ (Tax\ Shield) = \sum_{t=1}^{T} \frac{D \times k_d \times \tau_C}{(1 + k_d)^t}$$

*Equation 9 Tax-Shield*

*Where:*
$k_d = Cost\ of\ Debt$
$D = Debt\ Book\ Value$
$\tau_C = Corporate\ Tax\ Rate$

It is crucial to estimate the value of tax shields and distress costs consistently under the same leverage and risk assumptions, according to both empirical and theoretical research (Fernandez, 2004). The probability-weighted present value of possible financial distress losses, discounted at the cost of debt, is the standard definition of expected distress costs within this framework. This method maintains coherence within the adjusted present value methodology by guaranteeing internal consistency between the valuation of tax benefits and the costs associated with increased leverage (Cooper and Nyborg, 2006).

$$PV\ (Distress\ Costs) = \sum_{t=1}^{T} \frac{\%CFD \times V_{u_t}}{(1 + k_d + P(d))^t}$$

*Equation 10 Distress Costs*

*Where:*
$\%CFD = Equity\ at\ Risk\ in\ \%$
$V_{U_t} = Value\ unlevered\ at\ time\ t$
$P(d) = Probability\ of\ Default$
$k_d = Cost\ of\ Debt$

Other consistent valuation frameworks share conceptual similarities with the adjusted present value (APV) approach. If the same leverage policies and tax-shield risks are used, the value that comes from adding tax shields to cash flows and discounting the total at the unlevered cost of equity is equivalent to the value that would come from using APV. Similarly, a WACC-DCF model with the right specifications will converge to the same result (Fernandez, 2004).

### 2.2 Industry Multiples/Relative Valuation

The next method is referred to as relative valuation. This estimates a company's worth by comparing it to other firms with similar economic characteristics. This method is widely used in practice because it is intuitive and quick to apply, and it produces valuations that closely align with prevailing market conditions (Damodaran, 2007). The method is based on the idea that firms with comparable fundamentals, such as growth, profitability and risk, should have similar valuation levels (Goedhart et al., 2005). A multiple links a measure of value, whether equity or enterprise, to a fundamental driver such as earnings, cash flow or sales. Earnings-

based ratios such as P/E, EV/EBIT and EV/EBITDA are the most common because they directly relate valuation to profitability. Book-value-based metrics, including the price-to-book ratio, are more relevant in asset-intensive industries. Meanwhile, revenue-based multiples, such as EV/sales, can provide useful information about young, fast-growing, or loss-making firms (Kim and Ritter, 1999).

### 2.2.1 Peer Group

A crucial step in relative valuation is identifying the most suitable set of comparable firms. While industry classifications are a useful starting point, relying solely on industry codes may result in the oversight of companies that exhibit similar patterns in terms of valuation. Research indicates that the selection of peers exerts a substantial influence on accuracy, and that conventional industry classifications frequently exclude firms with analogous economic drivers (Alford, 1992; Bhojraj and Lee, 2002). A more reliable approach is to select peers by comparing firms based on characteristics such as growth, profit margins, leverage and cost of capital. Peer groups formed using these valuation-relevant characteristics tend to be more closely aligned with observed market prices.

### 2.2.2 Application

When applying relative valuation, it is necessary to decide whether to use backward- or forward-looking multiples. This choice has a significant impact on reliability. Trailing multiples rely on historical earnings or cash flows. However, past performance may not reflect a firm's future prospects, particularly if profitability is cyclically depressed or temporarily inflated. Empirical evidence indicates that forward-looking earnings-based multiples, derived from analyst forecasts, provide a more accurate means of elucidating market valuations, as they integrate expectations regarding future profitability rather than depending exclusively on actual outcomes (Liu et al., 2002). This is of particular importance for businesses undergoing change or operating in volatile environments. In the context of IPO valuation, forward-looking measures are preferred over trailing numbers, because the latter are less reliable as benchmarks due to the variability in historical earnings. However, metrics based on future earnings or sales have been shown to be more effective (Kim and Ritter, 1999). It is imperative to acknowledge the significance of the quality of the forecasts in determining the forward multiples. A disciplined approach is required to strike a balance between the informational benefits of forward-looking measures and a careful examination of the assumptions that underlie them.

### 2.3 Other Valuation Approaches

The majority of corporate valuations are based on the discounted cash flow (DCF) model and relative valuation techniques. But there are other methods that can provide a comprehensive overview of a company's financial health. These methodologies prioritise specific economic factors, including payout policy, abnormal returns, or asset backing, yet they are not as significant in determining the valuation of Siemens Energy.

#### 2.3.1 Dividend-Based Models

Dividend-based models determine the value of equity by calculating the present value of expected future dividends and accounting for the cost of equity, thereby facilitating a more precise estimation. The classical dividend discount model (DDM) and its constant-growth counterpart, the Gordon Growth Model, establish a direct correlation between payout policy, growth, and required returns (Gordon and Shapiro, 1956; Claus and Thomas, 2001). The effectiveness of these methods is evident in principle, particularly in the context of asset pricing. However, their practical application is constrained when dividends fail to reflect the company's genuine distributable cash flow. Companies may choose to repurchase shares, retain earnings for investment purposes, or modify payout ratios only gradually. In such cases, dividend models prove to be an inadequate substitute for intrinsic value.

#### 2.3.2 Residual Income and EVA Models

Residual income models determine the value of equity by incorporating the present value of anticipated abnormal earnings into the current book value of equity (Frankel and Lee, 1998). In the event of a corporation's return on invested capital exceeding the cost of capital, the result is an augmentation of value. The idea of Economic Value Added (EVA) is rather similar, but it looks at economic profits rather than accounting profits. These models are especially useful when analysts' earnings forecasts are more accurate than direct cash-flow estimates. The limitations of such an approach stem from the reliance on clear and consistent accounting policies and stable profitability. Abnormal earnings become increasingly challenging to interpret when accounting regulations shift or earnings exhibit significant cyclicality.

#### 2.3.3 Asset-Based Approaches

Asset-based valuation is a method of determining the value of a company by assessing the market value or replacement cost of its assets. Adjusted book value methods are frequently employed in circumstances where a company is undergoing bankruptcy, restructuring, or where its value is predominantly derived from physical assets (Damodaran, 2012). In the context of going-concern valuations in long-cycle, capital-intensive industries, asset-based models

frequently provide an inadequate accounting of long-term contracts, technological assets and growth opportunities. Consequently, they are employed more frequently as conservative lower bounds rather than the primary instruments for evaluating values.

### 2.3.4 Real Options Approaches

Real-options analysis employ the logic of option pricing to assist businesses in determining the most opportune investment destinations for their financial resources. This is most relevant when project cash flows are highly uncertain and management has significant flexibility, i.e. the ability to defer, expand, suspend, or terminate a project (Copeland and Keenan, 1998; Damodaran, 2012). Real-options methodologies provide a systematic approach to evaluating the flexibility of a given strategy. Successful application depends on precise uncertainty estimation, clearly defined decision guidelines, and optimal project timing. Full real-options modelling is not frequently employed as a standalone methodology for the valuation of diversified industrial companies that make numerous small investments. Instead, it facilitates a more generalised assessment of strategic opportunities[1].

## 2.4 Application for Siemens Energy AG

The valuation employs a weighted average cost of capital (WACC)-based discounted cash flow (DCF) model and the asset-based valuation (APV) framework. The Weighted Average Cost of Capital (WACC) approach is the predominant method of valuation because Siemens Energy is expected to maintain a stable capital structure after 2025. APV is incorporated as a supportive reference due to its capacity to disaggregate the effects of financing from the effects of operations, thereby providing an unlevered valuation. This is particularly beneficial in determining the impact of temporary deleveraging or financing measures associated with a crisis on value, without altering operating assumptions. Relative valuation is a process which is utilised in order to ensure that the results which are intrinsic match those which are market-expected. In line with the findings of Liu et al. (2002), forward-looking EV/EBITDA and EV/Sales multiples are favoured as they exhibit a greater correlation with anticipated growth and profitability. The selection of peer groups is determined by factors that exert influence on value, including but not limited to margins, size, and the nature of the business (Alford, 1992).

[1] A full overview of the valuation methods can be found in the Appendix I: Valuation Methods Summary.

## 3. Company Analysis

### 3.1 Company Overview

Siemens Energy AG is based in Munich, Germany and was formed in 2020 when Siemens AG underwent a split. It is now one of the world's largest integrated energy technology groups. It has around 100.000 employees in over 90 countries and operates in four divisions. These are Gas Services (GS), Grid Technologies (GT), Transformation of Industry (TI) and Siemens Gamesa (SGRE), a wind turbine manufacturer which Siemens Energy AG now owns.

The company's primary objective is to facilitate the global transition to cleaner energy by offering technologies for generating electricity, constructing grid infrastructure, minimising industrial carbon emissions, and leveraging renewable energy sources. Siemens Energy has also been undergoing a multi-year restructuring programme due to significant losses at Siemens Gamesa (Siemens Energy, 2023). The aim is to stabilise Gamesa, improve Grid Technologies' and Gas Services' margins, and achieve sustainable positive free cash flows by FY25. The company focuses on disciplined capital allocation, controlled project execution and improving the quality of its orders rather than just the quantity (Siemens Energy, 2024).

### 3.2 Business Segments

Siemens Energy's business model covers the entire energy value chain. Gas Services sells gas turbines, provides services and offers lifecycle solutions. The company benefits from long-term service contracts and the demand for efficient turbines to reduce carbon emissions. Grid Technologies is at the heart of modernising the electricity grid. They also provide high-voltage equipment, transformers and High-Voltage Direct Current (HVDC) systems, all of which are in high demand due to the need to integrate renewable energy sources and address grid issues.

For hard-to-abate industries, the Transformation of Industry division offers solutions for electrification, automation, and industrial decarbonisation. The Siemens Gamesa division remains challenging to work with due to quality issues with the onshore platforms and low profits in offshore wind projects. However, the company is reducing its risk by tightening project discipline and moving towards more selective tendering. The group has a backlog of more than EUR 100 billion, primarily from Grid Technologies and Gas Services, providing a clear indication of future revenue.

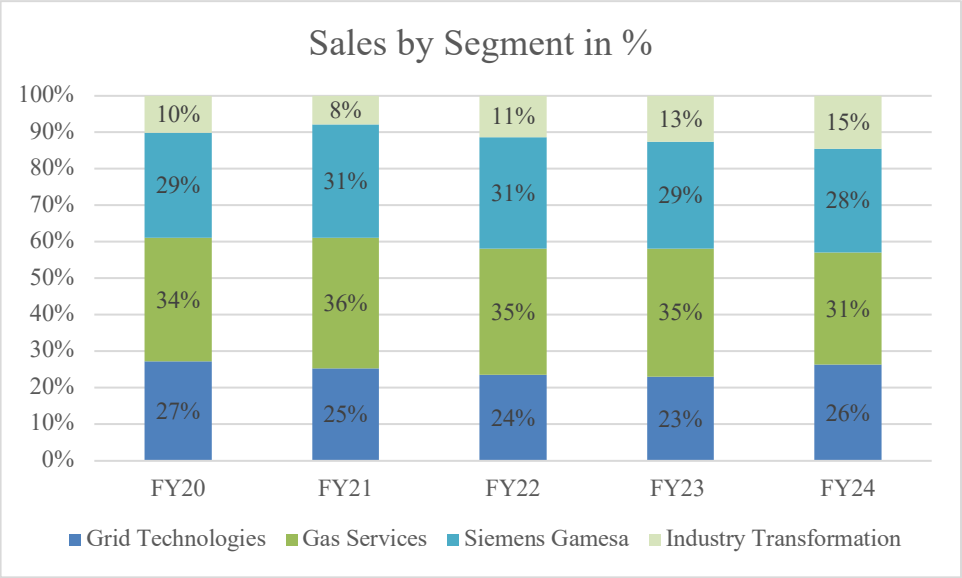



*Figure 1 Sales by Segment*

*Source: Own Analysis; Siemens Energy (2024)*

### 3.3 Regional Sales Split

Siemens Energy generates revenue from a variety of sources. The biggest share comes from Europe, the Middle East, and Africa, accounting for around 43% due to high demand for grids and services, including major projects in Germany, France, and Spain. The U.S. accounts for over 20% of the total, primarily due to grid expansion and the addition of gas-fired capacity. Asia and Australia account for around 12%, with significant activity in Japan and Taiwan. The remainder comes from the rest of the Americas (excluding the U.S.) and China. This varied geographic profile reduces the risk of operating in a single market and demonstrates Siemens Energy's strategic positioning in key decarbonisation markets (Siemens Energy, 2024).

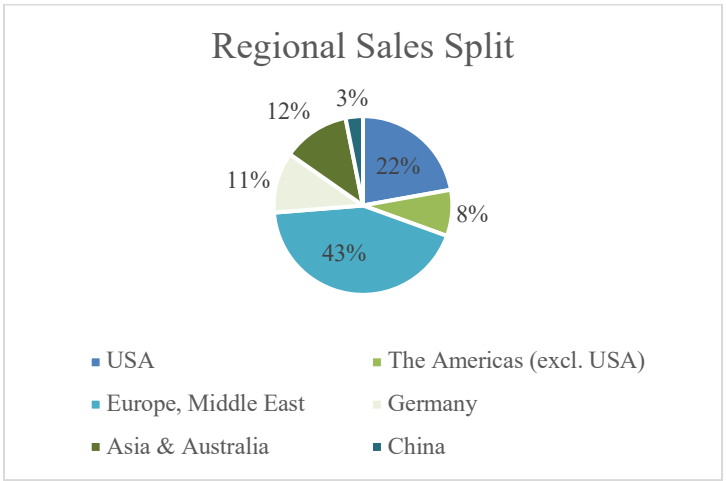



*Figure 2 Regional Sales Split*

*Source: Siemens Energy (2024)*

### 3.4 Financial Profile and Liquidity

The capital structure of Siemens Energy is still being shaped by the need for cash flow from long-term infrastructure projects and the ongoing stabilisation of Siemens Gamesa. In the aftermath of the 2023/24 crisis, management emphasised the imperative of reducing debt in a methodical manner and pledged to restore the balance sheet to a conservative position. Consequently, as the liquidity facilities established during the crisis are being phased out and business performance reverts to normal, gross financial debt will gradually decline. The annual report does not state a particular objective. But it does highlight the company's concern to enhance credit metrics, mitigate the risk of refinancing, and augment its financial stability.

Siemens Energy's historical debt structure reveals a clear shift in level and composition between 2020 and 2024. Total debt increased steadily from EUR 2,4 billion in 2020 to a peak of EUR 4,8 billion in 2023, before declining to EUR 3,8 billion in 2024. While loans and lease liabilities constituted the majority of debt in the early years, the sharp rise in 2023 was primarily attributable to the issuance of notes and bonds. This can be considered as a reflection of the company's response to liquidity requirements during the operational crisis at Siemens Gamesa. The decline in total debt in 2024 is primarily attributable to the partial repayment of loans, signifying a normalisation of the balance sheet. The data indicates an overall tendency towards a provisional reliance on capital market financing during the crisis period, subsequently succeeded by a steady transition towards a more conservative debt profile.

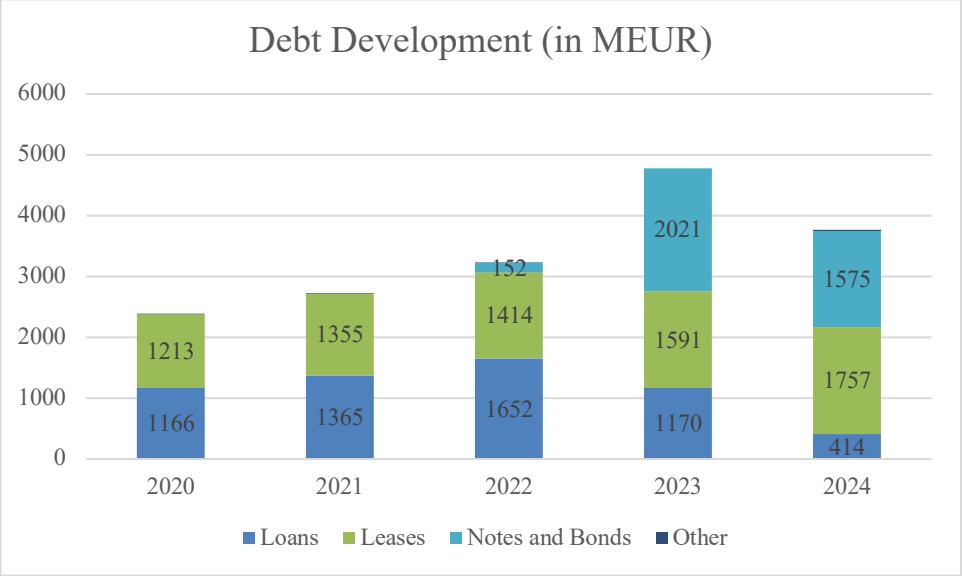



*Figure 3 Debt Development*

*Source: Siemens Energy (2025)*

As Siemens Gamesa's turnaround progresses and Grid Technologies and the Transformation of Industry continue to grow, operating cash flow is expected to improve significantly over the

forecast period. Although working capital volatility remains part of the business structure, the shift towards more predictable execution and milestone-based billing should mitigate the severity of future fluctuations. Siemens Energy also intends to maintain a robust liquidity buffer. This will help protect the company against the effects of project timing and sector cyclicality.

### 3.5 Growth Drivers and Risk Factors

Some of the most important opportunities that support Grid Technologies and Transformation of Industry include global electrification, renewable integration, and grid expansion. Gas Services generates revenue from long-cycle services and gas turbines, which remain useful as a transitional technology. However, there are still significant risks. Large-scale grid projects face execution challenges, quality issues remain in Siemens Gamesa's legacy onshore fleet, supply-chain cost inflation is a concern, and fixed-price tenders expose projects to risk. Dependence on regulatory bodies, especially with regard to Europe's grid investment programmes, also plays a role. Overall, Siemens Energy's medium-term outlook hinges critically on project quality, the recovery of Siemens Gamesa and disciplined pricing (Siemens Energy, 2024).[2]

[2] A detailed SWOT and PESTEL Analysis can be found in the Appendix II & III.

### 3.6 Share Price Dynamics

The price of Siemens Energy's stock has fluctuated considerably since its IPO. It fell significantly in 2023 due to Siemens Gamesa impairments and operational issues. However, it rised strongly since mid-2024 as the restructuring programme has gained traction and the market priced in stability. Over the past year, the share performed much better than the DAX. This is due to investors having greater confidence in the company, less concerned about bankruptcy and faith in the long-term grid and service pipeline.

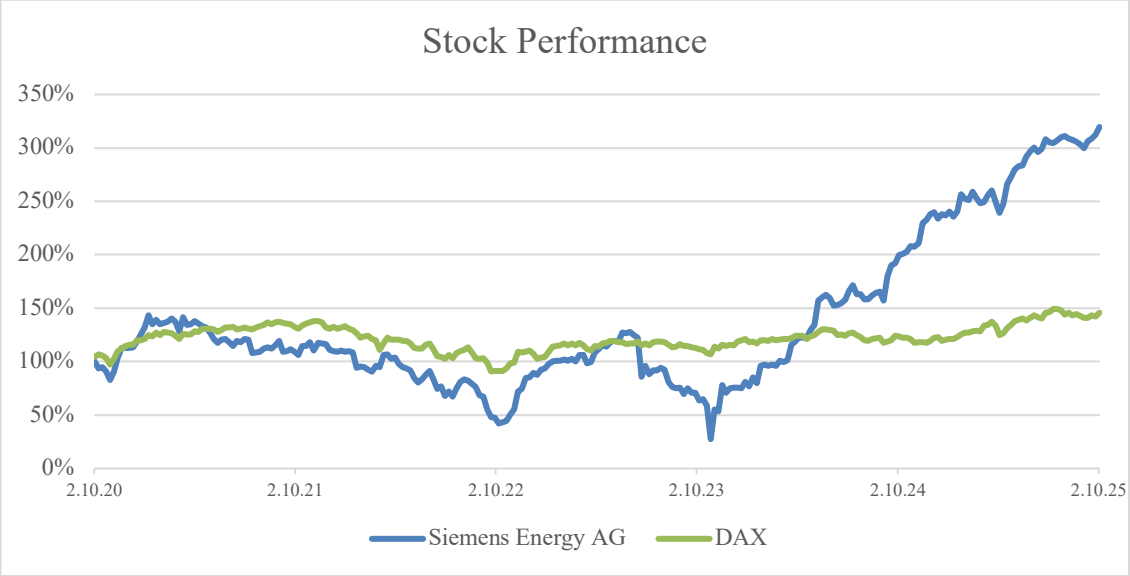



*Figure 4 Stock Performance*

*Source: LSEG (2025)*

### 3.7 Market Share

Due to Siemens Energy's operations across multiple energy technology markets, it does not operate within a single homogeneous market. This indicates that the market shares of these segments vary significantly. Siemens Energy is consistently ranked as one of the most prominent global suppliers of high-voltage gearbox systems and equipment in the domain of Grid Technologies. It is evident from industry reports that the supplier landscape is characterised by a high degree of concentration. Siemens Energy, in conjunction with ABB and Hitachi Energy, is responsible for a significant proportion of the world's HVDC and grid infrastructure projects. It possesses a market share ranging from 15 to 20% (IEA, 2023; European Commission, 2023). The three most prominent entities in the Gas Services market are Siemens Energy, GE Vernova, and Mitsubishi Heavy Industries. According to industry sources, the company's market share has remained consistent in the mid 10s. This is primarily due to the presence of a substantial installed base and the existence of long-term service contracts (IEA, 2023; Reuters, 2024). In contrast, Siemens Gamesa has yet to establish a significant presence in the global wind turbine market. The most recent Original Equipment

Manufacturer (OEM) rankings demonstrate that the company's market share has remained at approximately 7-9% in recent years. This suggests that the company is still experiencing challenges with regard to operational efficiency and product quality (Reuters, 2023). It is suggested, given the difference between segments mentioned above, that the market shares at the segment level will stay stable over the forecast period.

At the present time, there is a lack of reliable predictive data that would substantiate definitive assumptions concerning prospective market-share increases or decreases for Siemens Energy. The order intake in the primary segments is driven by long-cycle infrastructure projects, regulatory decisions, and tender outcomes. This naturally implies instability in market shares, which in turn makes them difficult to predict. Consequently, the valuation is predicated on the assumption that market shares at the segment level will remain constant over the forecast period, with revenue growth being driven by industry growth rather than gain of market share to competitors.

## 4. Industry Analysis

The global energy technology industry is undergoing the most significant structural changes in decades. Siemens Energy is operating in an industry where electrification, decarbonisation, supply chain issues and unprecedented policy support are important factors. Understanding these market forces is essential for assessing the company's long-term growth potential, risk level, and expected cash flows.

### 4.1 Global Power & Energy-Technology Overview

According to the IEA, global electricity usage is continuing to increase due to heat pumps, electric vehicles, the electrification of industry, and the growth of data centres. The IMF states that investment in energy infrastructure stabilises the wider economy (IEA, 2025; IMF, 2025). Siemens Energy operates in three key areas that facilitate this transition, renewable energy, power grids, and gas and hydrogen infrastructure. These markets are characterised by long-term policy commitments, significant capital requirements, and a growing demand for high-quality equipment and services.

### 4.2 Energy Transition and Renewables

The global power sector is undergoing a structural change as countries move away from fossil fuels more quickly than first anticipated. This growth is being driven by climate policy, concerns about energy security, and the rapidly falling costs of solar and wind power. According to the IEA, renewable energy capacity will increase by around 4.600 GW by 2030, almost double the current installed capacity (IEA, 2025; Reuters, 2024). By the end of the decade, solar PV will be the most commonly added type of renewable electricity, followed by wind (IEA, 2025).

Although the wind sector has grown steadily in the long-term, it is currently facing significant short-term challenges, including inflation, supply chain bottlenecks, high financing costs and permit delays. Forecasts for offshore wind have been cut by around 25%, and original equipment manufacturers (OEMs) have reported losses and quality-related costs (Reuters, 2024). However, governments around the world are trying to increase sustainable energy production. The EU has set a new renewable energy target of 42,5% for 2030. They also introduced measures to speed up the permitting process (EIB, 2024). Meanwhile, the U.S. Inflation Reduction Act introduced significant tax breaks for wind and solar energy (IEA, 2025). These policies suggest that the number of new installations will increase every year for the next ten years. This creates a two-sided dynamic for Siemens Energy. In the short-term, Siemens Gamesa must overcome operational issues, while in the long-term, there must be

structural growth in demand for turbines and services. Therefore, the energy transition remains a key factor in the company's ability to generate revenue in the medium to long-term.

### 4.3 Grid Modernisation and Electrification

Power grids are set to become one of the decade's biggest investment themes. According to the IEA (2023), global grid spending needs to double to over USD 600 billion per year by 2030 in order to integrate renewable energy sources, electrify transport and replace ageing infrastructure. By 2040, this will entail approximately 80 million kilometres of new or refurbished transmission and distribution lines (IEA, 2023).

The same is true for policy momentum. The EU hopes to invest EUR 584 billion in the grid by 2030 (European Commission, 2023; 2022), while the U.S. Infrastructure Law sets aside USD 65 billion for transmission expansion (White House, 2021). Manufacturers in the sector are reporting record order intake and capacity issues, showing that demand will remain strong for years to come. This is the most important driver of structural growth at Siemens Energy. Grid Technologies will directly benefit from electrification and the integration of renewable energy sources through high-voltage transmission systems, substations, transformers and grid automation. The segment's outlook for 2025 includes high double-digit revenue growth and margins of 14–16% (Siemens Energy, 2024), indicating that the company is well-positioned in a clear, large market supported by policy.

### 4.4 Gas and Hydrogen

As countries transition away from coal, natural gas remains a pivotal element in ensuring the stability of global power systems. It facilitates the flexible balancing of intermittent renewables and continues to draw investment in efficient combined-cycle plants (IEA, 2025). This strategic move endows Siemens Energy's Gas Services business with a substantial fleet of turbines and a portfolio of long-term service contracts, ensuring a consistent and reliable revenue stream (Reuters, 2024). Hydrogen represents a pivotal component of the strategy. Incentives have been established on a considerable scale by governments. The European Union has set the ambitious target of producing 20 million tonnes of renewable hydrogen by 2030 (European Commission, 2022). The US 45V tax credit provides a financial incentive of up to USD 3 per kilogramme of clean hydrogen (US Treasury & IRS, 2023). In parallel, India has initiated its National Green Hydrogen Mission (Reuters, 2024). It is evident that these trends are centred around Siemens Energy. The company is currently in the process of expanding its Berlin electrolyser factory in collaboration with Air Liquide, with the aim of being able to handle projects with multiple

gigawatts of power. By the year 2030, the turbines will be operational, utilising hydrogen as a fuel source exclusively (Siemens Energy, 2024).

### 4.5 Industry Risks, Profitability

There are several structural risks in the energy technology sector that affect how much money it makes. The wind is still the most open area. The mentioned factors have had a significant impact on margins, including cost escalations, challenges in the supply chain, delays in obtaining permits, and the necessity to re-base offshore projects (IEA, 2025; Reuters, 2024). The challenges encountered with execution and quality control, particularly at Siemens Gamesa, highlight the operational risks associated with the production of a substantial number of turbines (Mercom India, 2023). The government's involvement in the industry includes the establishment of renewable energy targets, financial support for the grid, incentives for hydrogen, and modifications to the permit allocation process. These factors exert a direct influence on the manner in which orders are placed and the feasibility of undertaking a project. A diverse range of technologies has the potential to generate substantial revenue through various mechanisms. Enterprises manufacturing substantial machinery, such as turbines and electrolysers, are more susceptible to cycles and sudden cost fluctuations compared to those relying on grid infrastructure and long-term service contracts. The sector demonstrates both long-term structural growth and short-term fluctuations. This underscores the imperative for adherence to regulations and risk management in the context of wind and new hydrogen technologies.

### 4.6 Peer Group

The peer group for Siemens Energy was selected based on several factors, including business overlap, geographic presence, profitability, scale, and capital structure. The group includes multi-segment global energy equipment and electrification companies such as ABB, Schneider Electric, Hitachi, GE Vernova and Mitsubishi Heavy Industries, as well as more specialised turbine and renewables companies such as Vestas, Nordex and Alstom. This variety demonstrates the wide range of technologies in which Siemens Energy is involved, including grids, rotating equipment, and wind. What sets Siemens Energy apart is its three-pillar portfolio (Grid, Gas Services, and Renewables), with a significant proportion of its revenue stemming from transmission systems. Companies such as ABB and Schneider Electric have higher and more stable margins because they manufacture a lot of automation and electrification equipment. Dedicated wind OEMs such as Vestas and Nordex have lower margins and more cyclical sales, similar to the issues faced by Siemens Gamesa. GE Vernova and Hitachi are two

more companies that set standards for large turbine fleets, high levels of service and hydrogen-ready technologies [3]. GE Vernova was excluded as a peer for the multiple calculation, since it would disturb the valuation due to extremely high trading multiples.[4]

| Company | Market Cap | Revenue (MEUR) | EV/EBITDA | Net Debt/Market Cap | EBITDA Margin | Long-Term Growth | Head-quarters |
|---|---|---|---|---|---|---|---|
| Siemens Energy AG | 91,853 | 42,177,431 | 31.70 | -4.22% | -1.78% | n.a. | Germany |
| Nordex SE | 6,633 | 7,730,947 | 11.07 | -10.73% | 4.73% | n.a. | Germany |
| Alstom SA | 10,550 | 20,123,520 | 7.67 | 13.51% | 8.09% | n.a. | France |
| Knorr-Bremse Aktiengesellschaft | 13,940 | 8,742,460 | 13.36 | 8.30% | 15.11% | 22.00% | Germany |
| Vestas Wind Systems A/S | 22,139 | 20,848,485 | 10.24 | -3.15% | 9.28% | 10.00% | Denmark |
| Suncor Energy Inc | 45,883 | 35,387,056 | 5.55 | 16.98% | 33.13% | 1.50% | Canada |
| Mitsubishi Heavy Industries Ltd | 82,168 | 32,361,131 | 27.94 | 3.45% | 9.40% | 15.90% | Japan |
| ABB Ltd | 113,316 | 34,508,000 | 19.70 | 0.99% | 19.98% | 12.50% | Swiss |
| Schneider Electric SE | 134,181 | 43,051,072 | 17.98 | 6.91% | 21.35% | 7.70% | France |
| GE Vernova Inc | 134,870 | 37,671,000 | 57.66 | -5.44% | 5.91% | 104.10% | U.S. |
| Hitachi Ltd | 135,276 | 66,798,528 | 16.11 | 0.11% | 14.33% | 21.60% | Japan |

*Table 1 Peer Comparison*

*Source: LSEG (2025)*

[3] An in-depth peer evaluation can be found in the Appendix IV: Peer Election.
[4] A detailed description of each peer selected can be found in the Appendix V: Peer Description.

# 5 Financial Analysis and Forecasting

In this chapter, the forecasting of income statement and balance sheet items for Siemens Energy AG will be discussed. This step is crucial for forecasting future cash flows, which are essential for determining the company's precise value. The balance sheet and income statement will be forecasted from 2025 to 2035, as data for 2025 was not fully available at the start of the thesis.

## 5.1 Income Statement

In the first stage, all relevant income sources and expenses will be forecasted according to the valuation methods used, starting with revenue development.

### 5.1.1 Revenue

To project Siemens Energy's revenue development, this forecast incorporates both internal company guidance and external industry outlooks. Siemens Energy reported strong top-line momentum in FY25, indicating a comparable revenue growth rate of 14.5%, driven by robust order intake across Grid Technologies and Gas Services as well as early signs of stabilization in Siemens Gamesa. Building on this performance, the projection assumes continued elevated growth in the medium term, with annual revenue growth of approximately 12% in FY26 and FY27. These expectations are anchored in the company's own guidance and supported by the accelerating demand for energy transition infrastructure, particularly high-voltage grid expansion, flexible gas-fired power, and wind energy installations.

As mentioned in the industry analysis, the IEA and other market observers anticipate a doubling of global renewable energy capacity by 2030 and a significant increase in electrification-related investments, with global grid investment projected to exceed USD 600 billion annually by the early 2030s. These structural drivers suggest a strong pipeline for Siemens Energy's products and services over the next decade. Accordingly, the model assumes gradually moderating growth, with revenue increases declining from 10-11% in FY28-FY29 to 7% by FY31. From FY32 onward, the projection stabilizes at mid-single-digit rates, falling to 5% by FY35 as growth in core markets levels off and the energy transition reaches a more mature stage.

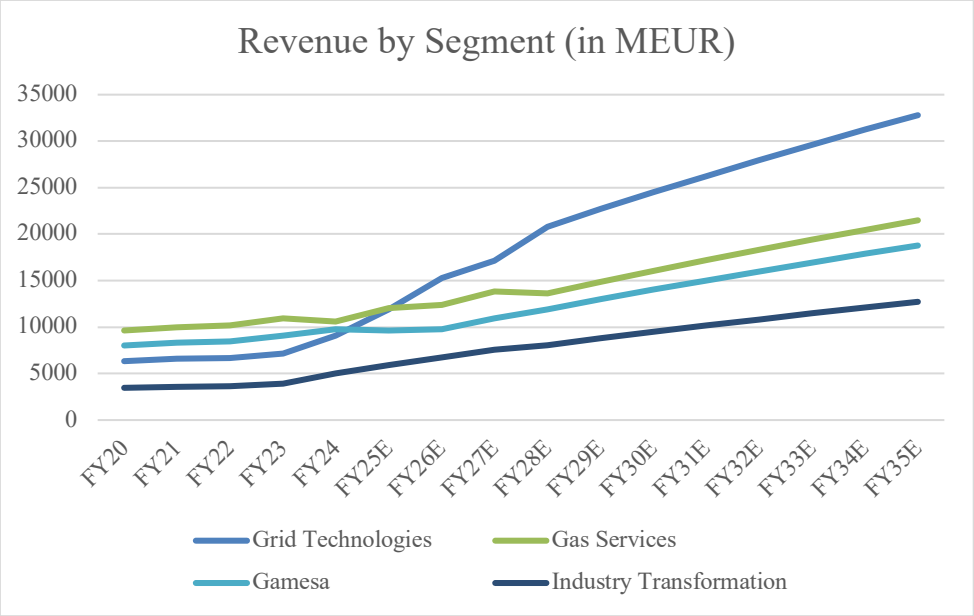



*Figure 5 Revenue by Segment*

*Source: Own Analysis*

Grid Technologies is set to grow faster than the group, because transmission build-out is the main bottleneck of the energy transition. Policy support, record orders and multi-year, high-voltage projects are driving the growth of Grid Technologies faster than the group. Gas Services remains a significant player, but it gradually loses market share as its service base remains stable while new construction slows, resulting in slower growth than Grid Technologies. Siemens Gamesa initially dips due to a clean-up of its portfolio and disciplined bidding, but then stabilises as offshore projects increase and execution improves. However, it still grows more slowly than Grid Technologies. Transformation of Industry remains relatively unchanged because industrial electrification and efficiency projects are growing steadily, yet they are more fragmented and smaller in size on average. Overall, the mix leans towards Grid Technologies, with Gas Services remaining steady, Siemens Gamesa recovering and Transformation of Industry remaining consistent.[5]

[5] The exact split can be found in the Appendix XIV: Revenue by Segment.

### 5.1.2 Cost of Sales

The cost of sales for Siemens Energy is predicted through a detailed decomposition of the relevant elements, alongside the utilisation of historical averages and forward-looking assumptions. These assumptions are founded on a comprehensive consideration of both company-specific and industry-wide trends. It is anticipated that, from FY25 to FY35, there will be a gradual decline in the ratio of total cost of sales to revenue, with a reduction from 82% to 80.5%. This strategic realignment is consistent with the company's overarching objective of enhancing operational efficiency and refining the quality of execution (Siemens Energy, 2023). The enhancements can be attributed to a number of factors, including digitalisation projects, streamlined manufacturing processes, and restructuring efforts aimed at enhancing cost competitiveness, particularly in high-complexity domains such as Grid Technologies and Gas Services.

The internal composition of the cost of sales is divided into four key components, manufacturing personnel, depreciation and amortisation (D&A), materials and external services, and provisions. Each of these elements is expressed as a percentage of the total cost of sales, rather than revenue. Personnel expenses are projected to peak at 26.8% of the cost of sales in FY30, after which they are expected to decline gradually to 25.8% from FY31 onwards. This tendency is consistent with the anticipated increases in productivity that are associated with automation and digital integration, which serve to counterbalance the initial labour costs that are incurred when investing in the energy transition. It is evident that depreciation and amortisation demonstrate a comparable trend, commencing at 4.3% in FY25, increasing to 4.5% in FY26, and subsequently maintaining a constant rate of 4% from FY31 onwards. This trend can be linked to the depreciation of new assets over time and the decline in the pace of investments in fixed manufacturing infrastructure. Siemens Energy's project-based accounting, shared asset base, and limited asset-level disclosure mean that depreciation and amortisation are modelled as a stable share of operating costs instead of being mechanically linked to PPE. This method maintains consistent cost structures while avoiding artificial fluctuations in depreciation, thereby ensuring financial integrity and accuracy. Material and external services continue to constitute the largest portion of the cost of sales. While remaining relatively stable in absolute terms, their relative share is increasing from 65.1% in FY25 to 68.2% in FY31 and beyond. This increase is not driven by rising material input prices, but by the declining proportions of other components such as personnel, depreciation and amortisation, and provisions. Provisions, accounting for 4.6% in FY25, are forecast to decrease to 2% from FY31

onwards, reflecting greater confidence in project execution and stabilised operating environments as well as reduced risk buffers. The component percentages were derived from Siemens Energy's annual reports for financial years 2023 and 2024, with interpolations based on disclosed line items and industry benchmarking. Forecast-year assumptions were adjusted in line with sectoral trends such as modularisation, improved logistics, and leaner manufacturing structures to reflect the expected evolution of Siemens Energy's operations. This structural consistency, combined with the observed decline in the cost of sales as a percentage of revenue, demonstrates the company's medium-term commitment to efficiency and stable execution.

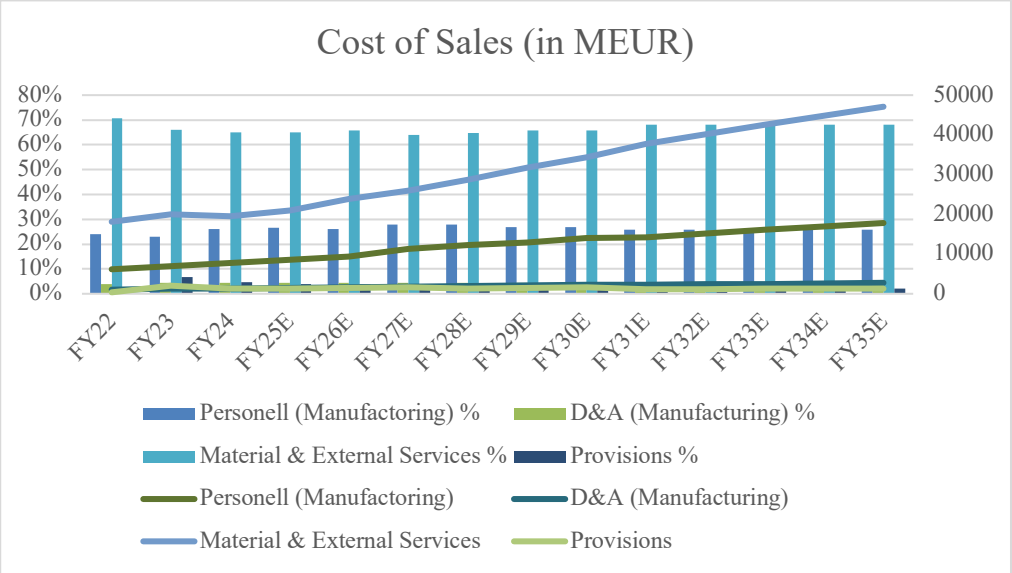



*Figure 6 Development Cost of Sales*

*Source: Own Analysis*

### 5.1.3 SG&A

The next item are Selling, General and Administrative (SG&A) expenses. The forecast reflects both historical trends and anticipated structural shifts within the company. The SG&A share of revenue is expected to decline from 9.83% in FY25 to 7.5% from FY32 onwards. This steady reduction aligns with Siemens Energy's efficiency programs, leveraging economies of scale, digitization, and cost discipline across administrative and support functions. Within SG&A, the cost components are broken down into personnel, depreciation and amortization (D&A), and other SG&A expenses. Personnel costs within SG&A are projected to decrease from 46% in FY25 to 45% from FY26 onwards and then further to 44% from FY31 onwards. This trend thrives from productivity gains and economies of scale, as well as in the cost of sales. D&A declines slightly from 5% in FY25 to 4.5% from FY26 to FY30 and then stabilizes at 4% from FY31 onward, consistent with the amortization patterns of office IT systems and enterprise software investments. Following the logic in cost of sales, depreciation and amortisation within SG&A is modelled as a stable share of operating expenses. Meanwhile, the share of other SG&A expenses, including travel, consulting, administrative overheads and related costs, is modelled as a balancing item to complete the 100% SG&A structure. This category rises from 49% in FY25 to around 50.5% between FY26 and FY30, before stabilizing at 52% from FY31 onward. The split of SG&A has been derived in the same way as for cost of sales.

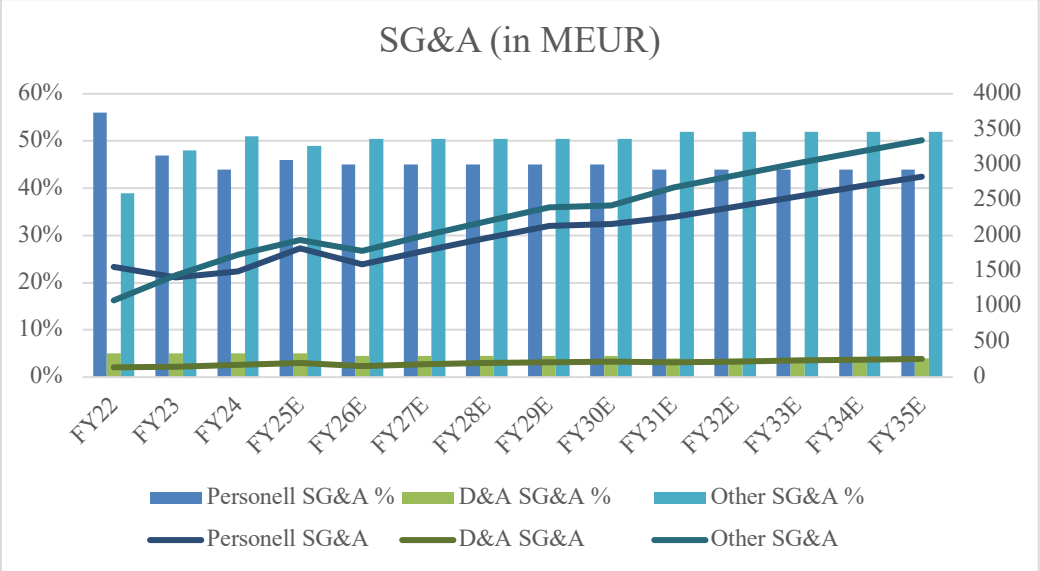



*Figure 7 Development SG&A*

*Source: Own Analysis*

These assumptions reflect Siemens Energy's broader ambition to streamline overheads while preserving core support capabilities as outlined in its public strategic plans and earnings materials (Siemens Energy, 2023). The forecast is underpinned by historical cost behaviour and adjusted based on management commentary on cost-out initiatives and efficiency gains from digitalization and centralization.

### 5.1.4 Research and Development

The next key operating expense in the income statement is research and development (R&D). For forecasting purposes, R&D is modelled as a constant 3% share of revenue throughout the projection period. This reflects historical spending patterns and the competitive dynamics of the energy technology industry. Siemens Energy operates in segments characterised by rapid technological progress, regulatory pressure and growing demand for efficiency, grid stability and renewable integration. Maintaining a consistent level of R&D expenditure ensures that the company remains technologically competitive and continues to meet the evolving requirements of the industry.

### 5.1.5 Other Operating Income/Expense

During the forecast period, other operating income and expenses are modelled in a simplified and conservative manner, in order to avoid reliance on volatile, one-off effects. While the consolidated financial statements report these items as a single net figure, for valuation purposes they are separated into recurring income and expenses, as well as non-recurring items. From FY25 onwards, recurring other operating income is assumed to remain at a modest and stable proportion of revenue, reflecting minor service-related and contractual recoveries. By contrast, recurring expenses are set at a slightly higher proportion of sales. This results in a consistent net negative contribution of approximately -0.5% of revenue throughout the forecast period. This assumption reflects Siemens Energy's structural cost position and avoids embedding volatile or unspecified line-item movements in operating profit. Non-recurring items are set to zero for all forecast years. This ensures that EBIT and cash flows stem exclusively from core, repeatable operations rather than unpredictable gains or charges about which Siemens Energy does not provide sufficient detail. Overall, this approach provides a clear and carefully adjusted operating profile, supporting a stable and transparent valuation framework.

| Operating Profit (MEUR) | FY25E | FY26E | FY27E | FY28E | FY29E | FY30E | FY31E | FY32E | FY33E | FY34E | FY35E |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Revenues** | **39,462** | **44,198** | **49,502** | **54,452** | **59,352** | **64,101** | **68,588** | **73,046** | **77,429** | **81,687** | **85,772** |
| Cost of Sales (function) | -32,359 | -36,242 | -40,591 | -44,378 | -48,372 | -52,242 | -55,213 | -58,802 | -62,330 | -65,758 | -69,046 |
| SG&A (function) | -3,946 | -3,536 | -3,960 | -4,356 | -4,748 | -4,808 | -5,144 | -5,478 | -5,807 | -6,127 | -6,433 |
| R&D Expenses | -1,184 | -1,326 | -1,485 | -1,634 | -1,781 | -1,923 | -2,058 | -2,191 | -2,323 | -2,451 | -2,573 |
| Other Operating Expense/Income | 395 | -221 | -248 | -272 | -297 | -321 | -343 | -365 | -387 | -408 | -429 |
| **Operating Profit** | **2,368** | **2,873** | **3,218** | **3,812** | **4,155** | **4,808** | **5,830** | **6,209** | **6,581** | **6,943** | **7,291** |

*Table 2 Operating Profit Forecast*

*Source: Own Analysis*

### 5.2 Balance Sheet

After forecasting the major items of the income statement, the balance sheet items have to be forecasted as well in order to make the valuation of Siemens Energy AG possible.

#### 5.2.1 Operating Working Capital

Working capital over the forecast period (FY25–FY35) is projected using item-specific turnover ratios that align with the long-cycle project structure of Siemens Energy. Accounts receivable continue to follow a stable DSO of around 72 days, resulting in growth broadly in line with revenue. Contract assets are growing at a slower rate than revenue (DCAO ≈44 days), reflecting a shift towards execution phases involving higher milestone billing and lower work-in-progress accumulation. Inventories grow in line with cost of revenue, consistent with a DIO of around 114 days. After FY27, inventory growth gradually moderates as the wind segment stabilises. Other current assets remain at around 4% of revenue, consistent with their historically stable relationship to operating activity. Also operating cash is held at 3% of revenue due to liquidity needs (Koller et al., 2025).

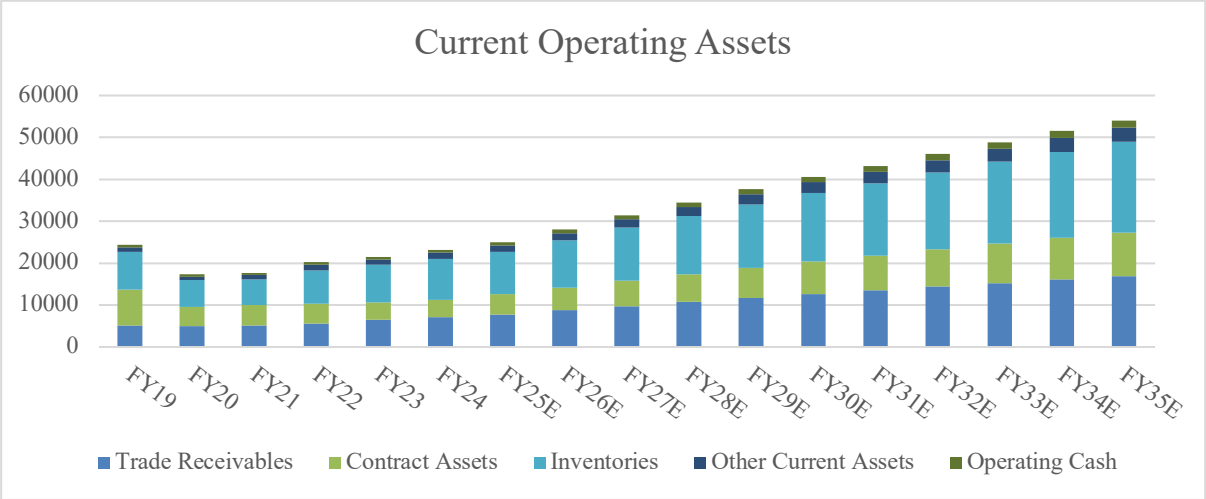



*Figure 8 Current Operating Assets*

*Source: Own Analysis, LSEG (2025)*

On the liability side, trade payables reflect the normalisation of payment terms over time. The DPO decreases from elevated crisis levels to around 95 days by FY29, after which it stabilises for the remainder of the forecast horizon. Despite increasing procurement volumes, this results in a flattening profile for payables. Contract liabilities remain the primary negative driver of working capital (DCLO ≈ 185 days), growing steadily throughout the forecast period due to robust order intake in Grid Technologies and the milestone-based billing structure inherent in

most long-cycle projects. Other current liabilities, excluding taxes and project-related advances, remain at around 3.5% of the cost of sales, reflecting their operational stability over time. Income taxes payable are set at 70% of the modelled tax expense to account for differences in timing between accrual-based tax recognition and cash tax payments. Provisions are held at 17% of revenue declining to 15% during the horizon, reflecting the expected effects of strengthened quality assurance, tighter risk management, and greater contractual discipline.[6]

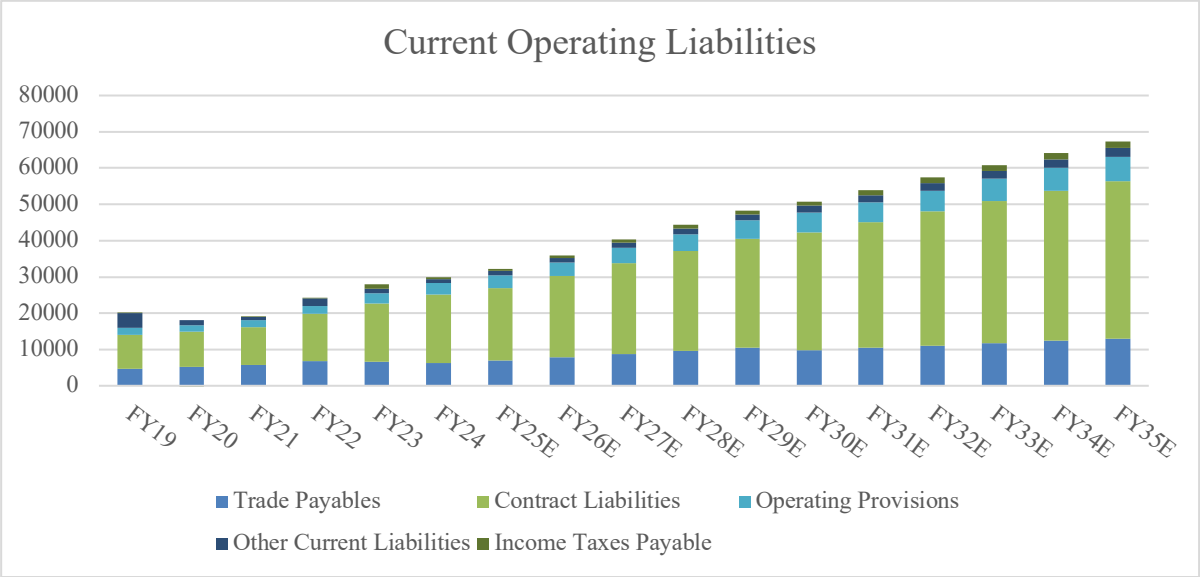



*Figure 9 Current Operating Liabilities*

*Source: own Analysis, LSEG (2025)*

Overall, Siemens Energy's working capital position remains structurally negative throughout the forecast period (FY25–FY35). Increases in contract liabilities offset increases in receivables and inventories, leading to a steadily more negative OWC. However, the annual change in working capital becomes less volatile towards the end of the forecast period as the company transitions from a turnaround environment to a more stable execution phase.

[6] A detailed Analysis for Provisions can be found in the Appendix XV: Explanatory Notes.

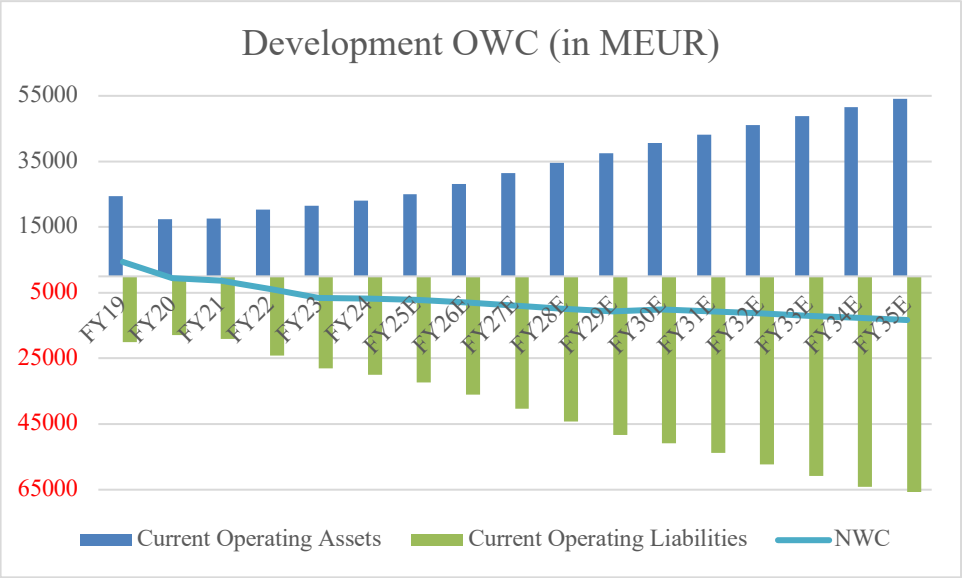



*Figure 10 Development OWC*

*Source: Own Analysis, LSEG (2025)*

### 5.2.2 Capital Expenditures

Historically, CapEx represented roughly 3.7% of revenue between 2020 and 2024, rising temporarily to 4.3% in 2024. CapEx is set to remain at 4.3% between FY25 and FY29 to support the execution of the current order book, including the completion of capacity expansions and targeted upgrades in tooling, testing and automation. From FY30 onward, with major ramp-ups completed, CapEx normalises toward a maintenance level, gradually declining to 3.7% by FY35 as assets shift from initial deployment into steady-state operation.

### 5.2.3 Fixed Assets

Following CapEx, Property, Plant and Equipment (PPE) Assets can be determined. These can be calculated as followed:

$$PPE_t = PPE_{t-1} + CAPEX - Depreciation\ \&\ Amortisation$$

*Equation 11 Property, Plant & Equipment*

Apart from the PPE, Siemens Energy's fixed assets consist of long-term financial investments, intangible assets, goodwill and other non-current assets. Due to past developments, long-term financial investments and goodwill are assumed to remain constant over the forecast horizon. Also, intangible assets are held constant. During the period 2017–2024, the company did not mention any amortisation in its annual reports or financial statements.

### 5.2.4 Net Debt

Finally, the net debt must be determined before continuing with the valuation process. The gross debt will decrease by EUR 300 million by FY25, as the stabilisation of Siemens Gamesa will finally have its deleveraging effect. After FY25, leverage will remain constant since Siemens Energy already has a conservative debt structure. Excess cash, on the other hand, is determined by subtracting the operating cash, as determined in 5.2.1, from the liquid assets. The result is a net debt that decreases throughout the forecast horizon.

| Condensed Balance Sheet | FY25E | FY26E | FY27E | FY28E | FY29E | FY30E | FY31E | FY32E | FY33E | FY34E | FY35E |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Net Debt | | | | | | | | | | | |
| Debt | 3,806 | 3,806 | 3,806 | 3,806 | 3,806 | 3,806 | 3,806 | 3,806 | 3,806 | 3,806 | 3,806 |
| Excess Cash | 7,960 | 10,150 | 13,074 | 16,196 | 19,388 | 21,474 | 24,422 | 28,266 | 32,260 | 36,388 | 40,634 |
| Net Debt | -4,154 | -6,344 | -9,268 | -12,390 | -15,582 | -17,668 | -20,616 | -24,460 | -28,454 | -32,582 | -36,828 |
| NWC | | | | | | | | | | | |
| (+) Inventory | 10,127 | 11,342 | 12,703 | 13,888 | 15,138 | 16,349 | 17,279 | 18,402 | 19,506 | 20,579 | 21,608 |
| (+) Trade Receivables | 7,791 | 8,726 | 9,773 | 10,751 | 11,718 | 12,656 | 13,541 | 14,422 | 15,287 | 16,128 | 16,934 |
| (-) Trade Payables | 6,994 | 7,833 | 8,773 | 9,591 | 10,454 | 9,859 | 10,420 | 11,097 | 11,763 | 12,410 | 13,031 |
| (+) Contract Asstes | 4,776 | 5,350 | 5,991 | 6,591 | 7,184 | 7,758 | 8,302 | 8,841 | 9,372 | 9,887 | 10,381 |
| (-) Contract Liabilities | 19,967 | 22,363 | 25,047 | 27,551 | 30,031 | 32,433 | 34,704 | 36,960 | 39,177 | 41,332 | 43,398 |
| (+) Other Op. Current Assets | 1,578 | 1,768 | 1,980 | 2,178 | 2,374 | 2,564 | 2,744 | 2,922 | 3,097 | 3,267 | 3,431 |
| (-) Other Op. Current Liabilities | 1,133 | 1,268 | 1,421 | 1,553 | 1,693 | 1,828 | 1,932 | 2,058 | 2,182 | 2,302 | 2,417 |
| NWC | -3,821 | -4,279 | -4,792 | -5,289 | -5,765 | -4,794 | -5,191 | -5,529 | -5,860 | -6,183 | -6,492 |
| Condensed BS | | | | | | | | | | | |
| Total Current Assets | 33,776 | 39,022 | 45,367 | 51,597 | 57,942 | 63,084 | 68,705 | 75,404 | 82,204 | 89,060 | 95,921 |
| Total Non-Current Assets | 21,720 | 21,815 | 21,822 | 21,841 | 21,862 | 21,899 | 21,919 | 21,962 | 22,027 | 22,110 | 22,210 |
| Total Assets | 55,497 | 60,836 | 67,189 | 73,438 | 79,804 | 84,983 | 90,624 | 97,366 | 104,231 | 111,170 | 118,131 |
| Total Current Liabilities | 36,091 | 39,798 | 44,093 | 48,082 | 52,049 | 54,517 | 57,539 | 61,019 | 64,440 | 67,764 | 70,952 |
| Total Non-Current Liabilities | 8,080 | 8,362 | 8,898 | 9,357 | 9,787 | 10,221 | 10,090 | 10,421 | 10,752 | 11,080 | 11,398 |
| Total Equity | 11,326 | 12,677 | 14,197 | 15,999 | 17,969 | 20,245 | 22,995 | 25,927 | 29,039 | 32,326 | 35,781 |
| Total Liabilities + Equity | 55,497 | 60,836 | 67,189 | 73,438 | 79,804 | 84,983 | 90,624 | 97,366 | 104,231 | 111,170 | 118,131 |

*Table 3 Condensed Balance Sheet*

*Source: Own Analysis*

## 6 Valuation of Siemens Energy

After forecasting Siemens Energy's Income Statement and Balance Sheet, the determination of the Equity Value can be started. As mentioned before, this analysis will apply the DCF-Approach, since the leverage will stay constant, followed by a relative Valuation and a sensitivity analysis to ensure robustness. Siemens Energy's financial year ends on the 30th of September. The price target will be determined for the 01.10.2025.

### 6.1 Discounted Cash Flow Approach

#### 6.1.1 Cost of Equity

The cost of equity is calculated using Equation 4. The risk-free rate is proxied by the yield on a 10-year German government bond. To estimate the equity risk premium (ERP) for Siemens Energy, a region-weighted approach is applied to reflect the firm's global revenue exposure. For each major region, Damodaran's market equity risk premium is combined with the corresponding country risk premium (CRP), yielding region-specific ERPs that capture both mature and emerging market risk components. These regional ERPs are then weighted by Siemens Energy's regional sales distribution. This results in a consolidated weighted ERP of 5.49%, reflecting the firm's geographic risk profile rather than assuming a uniform global premium.

| Country / Region | ERP | CRP | ERP+CRP | Regional Sales Split | Comment |
|---|---|---|---|---|---|
| USA | 4.33% | 0.00% | 4.33% | 22% | |
| The Americas (excl. USA) | 6.00% | 2.90% | 8.90% | 8% | Sales in Brazil & Mexico |
| Europe. Middle East | 4.83% | 0.67% | 5.50% | 43% | Big Proportion in Spain & France |
| Germany | 4.33% | 0.00% | 4.33% | 11% | |
| Asia & Australia | 5.20% | 0.90% | 6.10% | 12% | Sales in Japan & Taiwan |
| China | 5.27% | 0.94% | 6.21% | 3% | Individual country value |
| **Weighted ERP** | | | 5.49% | 100% | |

*Table 4 Equity Risk Premium*

*Source: Own Analysis, Damodaran (2025)*

To calculate Siemens Energy's levered beta, a regression analysis was conducted. This analysis regressed the company's monthly excess returns over the past five years to two market benchmarks: EuroStoxx and MSCI World. This yielded an average raw beta of 1.77[7]. To ensure robustness and reduce estimation noise, this figure was compared with the betas of relevant peer companies. First, all peer betas were unlevered. Then, their average was relevered using Siemens Energy's target capital structure. Finally, a Blume adjustment was applied to account

[7] Regression Results can be found in the Appendix XI: Beta Calculation for Siemens Energy.

for mean reversion. This approach provides a more stable and economically meaningful estimate of the firm's systematic risk (Blume, 1971). Using the CAPM, the cost of equity is calculated by multiplying the Blume-adjusted beta by the weighted equity risk premium and adding the risk-free rate. Based on these inputs, the resulting cost of equity amounts to 8.92%[8].

$$\beta_{Blume} = \frac{2}{3} * \beta_i + \frac{1}{3} * 1$$

*Equation 12 Blume Adjusted Beta*

*Where:*
$\beta_i = Average\ Relevered\ Beta$

| Company | Beta levered 5-Year Monthly | MV D/E | Tax Rate | Unlevered Beta |
|---|---|---|---|---|
| Siemens Energy AG | 1.77 | 0.04 | 25% | 1.71 |
| Vestas Wind Systems A/S | 0.85 | 0.15 | 25% | 0.77 |
| Hitachi Ltd | 1.42 | 0.06 | 25% | 1.36 |
| ABB Ltd | 1.06 | 0.06 | 25% | 1.02 |
| Schneider Electric SE | 1.21 | 0.11 | 25% | 1.12 |
| Nordex SE | 1.20 | 0.07 | 25% | 1.14 |
| Average | 1.25 | 0.08 | 25% | 1.19 |
| Relevered Beta | 1.22 | | | |
| Blume Adjusted Beta | 1.15 | | | |

*Table 5 Beta Determination*

*Source: Own Analysis; LSEG (2025)*

### 6.1.2 Cost of Debt

To estimate the cost of debt, Siemens Energy's current credit rating (BBB) was used as a proxy for its borrowing risk. According to Damodaran's synthetic credit spread table, an issuer with a BBB rating carries an estimated default spread of around 2%[9]. Adding this spread to the chosen risk-free rate of 2.63% gives a pre-tax cost of debt of 4.63%.

| Credit Rating | BBB |
|---|---|
| Spread | 2.00% |
| Risk-free | 2.63% |
| **Cost of Debt** | **4.63%** |

*Table 6 Cost of Debt*

*Source: Own Analysis; Damodaran (2025)*

[8] A detailed description of all input factors can be found in the Appendix XIII: Cost of Equity and WACC.
[9] The list of spreads by Damodaran can be found in the Appendix XII: Default Spreads.

### 6.1.3 WACC

Siemens Energy has historically operated with a conservative capital structure, as reflected by its low market-value debt share and management's ongoing focus on maintaining investment-grade credit metrics (Siemens Energy, 2024). While the company does not disclose a formal target leverage ratio, its consistently prioritises liquidity, balance-sheet resilience and gradual deleveraging. Grid Technologies has long project cycles, large infrastructure contracts consume a lot of working capital, and operational turnarounds need financial flexibility. Therefore, it is reasonable to model the capital structure as stable and equity heavy after FY25.

| WACC | |
|---|---|
| Cost of Equity | 8.93% |
| Cost of Debt | 4.63% |
| MV D/E | 0.040 |
| Equity/Value | 0.962 |
| Debt/Value | 0.038 |
| Tax | 25% |
| **WACC** | **8.72%** |

*Table 7 WACC*

*Source: Own Analysis*

### 6.1.4 Free Cash Flow to the Firm

Free cash flow to the firm is calculated from profit and costs, as discussed in sections 5.1 and 5.2. As already mentioned, there is no amortisation for Siemens Energy, only depreciation on tangible assets. As explained in section 5.2.1, the development of working capital refers not only to traditional items but also to short-term commissions, as these play an operational role for Siemens Energy. CapEx further reduces cash flow and increases profit-related expenses beyond the forecast horizon.

### 6.1.5 Terminal Value

The terminal growth rate has been set at 2%, which is in line with Siemens Energy's expectations for its long-term growth in a stable, post-forecast maturity phase. This assumption is consistent with prevailing best practices for valuation, which stipulate that terminal growth should not exceed the long-term growth rate of the economy as a whole (Koller et al., 2020). The International Monetary Fund (IMF) and the Organisation for Economic Co-operation and Development (OECD) have both revised their projections for the Eurozone's long-term nominal GDP growth, now anticipating a range between 1.5% and 2.5%. This is primarily due to the gradual expansion of the real economy and the proximity of inflation to the European Central Bank's target of 2%. Given that Siemens Energy operates within a capital-intensive,

cyclical industry, with margins that are gradually stabilising and a lack of long-term competitive advantages, a growth rate that is in line with long-term economic fundamentals is appropriate. The transition towards renewable energy sources and electrification may also generate modest structural advantages, although these remain constrained by regulatory frameworks, supply chain dynamics, and financial considerations. A 2% terminal rate does not exaggerate the company's future growth potential or understate the stability of its cash flows. The estimate provided is considered to be both balanced and conservative in nature, offering a reliable prediction of long-term performance. The Free Cash Flow to the Firm Forecast (as of 01.10.2025) includes the years FY26-FY35. The FCFF for FY25 is shown only for presentation needs. It is not part of the calculation.

| **Free Cash Flow Forecast (MEUR)** | **FY25E** | **FY26E** | **FY27E** | **FY28E** | **FY29E** | **FY30E** | **FY31E** | **FY32E** | **FY33E** | **FY34E** | **FY35E** | **TV** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| EBIT | 2,368 | 2,873 | 3,218 | 3,812 | 4,155 | 4,808 | 5,830 | 6,209 | 6,581 | 6,943 | 7,291 | |
| AVERAGE TAX RATE | 25% | 25% | 25% | 25% | 25% | 25% | 25% | 25% | 25% | 25% | 25% | |
| NOPAT | 1,776 | 2,155 | 2,413 | 2,859 | 3,116 | 3,606 | 4,372 | 4,657 | 4,936 | 5,208 | 5,468 | |
| (+) DEPRECIATION | 1,653 | 1,718 | 1,924 | 2,104 | 2,294 | 2,463 | 2,414 | 2,571 | 2,725 | 2,875 | 3,019 | |
| (-) Δ OWC | -331 | -652 | -874 | -880 | -813 | 587 | -349 | -625 | -614 | -597 | -572 | |
| (-) CAPEX | 1,697 | 1,812 | 1,931 | 2,124 | 2,315 | 2,500 | 2,538 | 2,703 | 2,865 | 3,022 | 3,174 | |
| **FCFF** | ***2,063*** | ***2,712*** | ***3,280*** | ***3,720*** | ***3,908*** | ***2,981*** | ***4,598*** | ***5,150*** | ***5,411*** | ***5,657*** | ***5,886*** | ***87,590*** |
| **Discounted FCFF** | **2,063** | **2,495** | **2,775** | **2,895** | **2,797** | **1,963** | **2,784** | **2,868** | **2,772** | **2,666** | **2,551** | **37,963** |

*Table 8 Forecast and Terminal Value*

*Source: Own Analysis*

### 6.1.6 Equity Bridge

To calculate the value attributable to shareholders from the enterprise value, the net financial position and other non-operating items from Sections 5.1 and 5.2 are considered. The market value of interest-bearing debt is deducted, while available cash and deferred tax assets are added back in. Long-Term Financial Investments, as well as deferred tax liabilities are deducted, and pension obligations are treated as debt and therefore reduce the equity value. Minority interest is removed to ensure that only the portion of the business owned by Siemens Energy's shareholders is included. Following these adjustments, the resulting equity value is EUR 67.1 billion, equivalent to EUR 78.46 per share.[10]

| **Enterprise Value (in MEUR)** | **64,530** |
|---|---|
| - MV Debt | 3,806 |
| + Cash and Cash Equivalents | 9,144 |
| + Deferred Tax Assets | 692 |
| - Deferred Tax Liabilities | 415 |
| - Long-Term Financial Assets | 2,122 |
| - Pension Liabilities | 623 |
| - Minority Interst | 289 |
| **Equity Value** | **67,110** |
| **Value per share** | **78.46** |

*Table 9 Equity Bridge*

*Source: Own Analysis*

## 6.2 APV

Further proof of the share price has been provided in the form of an adjusted present value calculation. The full details can be found in Appendix XVI (APV), but it should be noted that this is intended to provide evidence rather than a defensible valuation approach, since the tax shield benefits and especially the distress costs are difficult to forecast accurately. The resulting share price stands at EUR 79.27.

[10] A detailed evaluation of deferred taxes and pension liabilities can be found in Appendix XV: Explanatory Notes.

### 6.3 Relative Valuation

The relative valuation of Siemens Energy is based on the financial peer group defined in section 4.6, using forward-looking trading multiples for FY26 and FY27. Forward-looking multiples are preferable to historical figures because Siemens Energy's past results, particularly those of Siemens Gamesa, were heavily distorted by quality issues, restructuring costs and one-off warranty costs. Therefore, backward-looking multiples would not accurately reflect the company's future earnings potential following the operational turnaround. Furthermore, the capital goods and energy technology industry is inherently forward-looking, with valuations typically based on anticipated EBITDA, EBIT and earnings rather than historical figures. To ensure they can be compared, the following multiples are used: EV/EBITDA, EV/EBIT and P/E. These metrics are commonly used by companies operating in various technology and energy sectors. They reveal variations in capital intensity and prevent issues arising from differing depreciation policies or leverage structures. Revenue multiples were not used because the mix of segments at Siemens Energy (services, grid equipment and turbines) differing greatly from its competitors. This could lead to differences in business quality being overstated instead of differences in valuation.

The forward valuations of the peers differ greatly. Companies such as ABB and Schneider Electric, which have a good mix of services and higher margins, trade at higher multiples. Companies that focus on turbines, such as Vestas, Nordex and Alstom, have lower profitability and are more cyclical.

| Company | EV/EBITDA (FY1) | EV/EBITDA (FY2) | EV/EBIT (FY1) | P/E (FY1) | P/E (FY2) |
|---|---|---|---|---|---|
| **Vestas Wind Systems A/S** | **9.87** | **8.07** | **18.72** | **27.26** | **19.06** |
| **Hitachi Ltd** | **14.77** | **13.18** | **19.83** | **29.42** | **25.7** |
| **ABB Ltd** | **19.17** | **17.69** | **21.65** | **27.81** | **24.22** |
| **Schneider Electric SE** | **17.5** | **15.89** | **20.58** | **27.51** | **24.01** |
| **Nordex SE** | **8.65** | **7.53** | **12.86** | **28.49** | **21.7** |
| GE Vernova Inc | 46.09 | 29.03 | 73.7 | 81.23 | 45.84 |
| Mitsubishi Heavy Industries Ltd | 24.26 | 20.64 | not available | 48.29 | 37.7 |
| Alstom SA | 8.14 | 7.01 | 11.57 | 13.18 | 10.71 |
| Knorr-Bremse Aktiengesellschaft | 11.53 | 10.23 | 16.1 | 22.69 | 18.81 |
| Suncor Energy Inc | 5.7 | 6.15 | 13.07 | 13.92 | 15.72 |

*Table 10 Multiple Overview*

*Source: LSEG*

Applying the peer-group medians to Siemens Energy's FY26 and FY27 earnings yields implies equity values across a broad range. The FY26 multiples suggest a share price between EUR 61 (EV/EBIT) and EUR 88 (EV/EBITDA). The FY27 multiples are a little more tightly clustered because margin expectations have improved and Gamesa's contribution has returned to normal.

To avoid a bias of using only one metric, like the good EV/EBITDA multiple, an average of all the applied multiples is used. This method takes into account both the enterprise value and the equity value. Overall, the relative valuation suggests a share price of EUR 75.53. This valuation is in line with the central tendency of EV/EBITDA and EV/EBIT multiples and is consistent with the expected rise in profitability starting in FY25. The result adds to the DCF valuation and gives Siemens Energy's equity value a market-based benchmark from the outside.

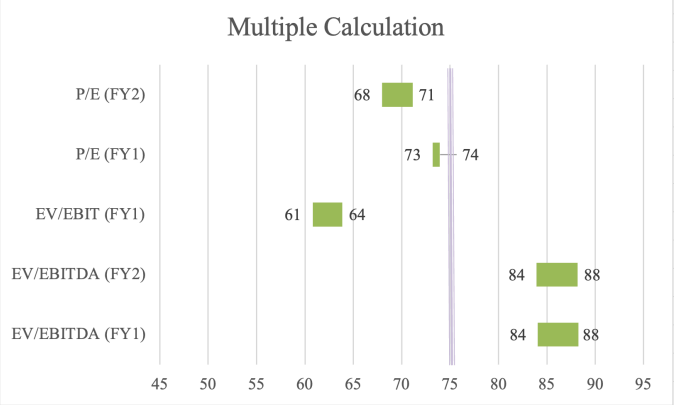



*Figure 11 Multiple Results as of 1.10.2025*

*Source: Own Analysis*

### 6.4 Sensitivity Analysis

A sensitivity analysis is conducted to assess the robustness of the valuation and the impact of altering key assumptions on the intrinsic value of Siemens Energy. As with other valuation studies, the two most important factors that affect discounted cash flow outcomes are the Weighted Average Cost of Capital (WACC) and the terminal growth rate (g). Both parameters are subject to structural uncertainty. The fluctuations in interest rates, risk premiums, betas, or the capital structure can result in significant changes to the weighted average cost of capital (WACC). The terminal growth rate is predicated on long-term industry fundamentals and incorporates the uncertainty surrounding grid expansion, the rate of renewable energy deployment, and the long-term normalisation of margins. The sensitivity analysis demonstrates the range of values that could be attained if these two significant inputs were to vary within a reasonable range. This demonstrates the confidence placed in the base-case results.

### 6.4.1 Deterministic

A deterministic two-way sensitivity grid is employed, with the Weighted Average Cost of Capital (WACC) changing from 6.22% to 11.22% and the terminal growth rate changing from 0,50% to 3.75%. The resulting matrix illustrates the implied value of equity per share for each combination of parameters. The analysis demonstrates that alterations in the WACC exert the most significant influence on valuation. This is common for businesses that require substantial capital and have long-term cash flows. As mentioned above, even minor adjustments to the discount rate can have a significant impact on the equity value. The base-case valuation (WACC = 8.72%, g = 2.00%) shows that each share is worth EUR 78.46. The share price fluctuates within a range of EUR 55 to EUR 128 when considering various parameters. This range includes both macroeconomic uncertainty (such as interest rates and risk premia) and long-term changes in the industry (such as grid investment cycles, hydrogen adoption, and wind margin recovery). It provides a clear indication of the strength of the central estimate.

| Terminal Growth Rate | WACC | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | **6.22%** | **6.72%** | **7.22%** | **7.72%** | **8.22%** | **8.72%** | **9.22%** | **9.72%** | **10.22%** | **10.72%** | **11.22%** |
| **0.50%** | 104.20 € | 95.20 € | 87.57 € | 81.02 € | 75.34 € | 70.36 € | 65.98 € | 62.08 € | 58.60 € | 55.47 € | 52.65 € |
| **0.75%** | 107.21 € | 97.62 € | 89.54 € | 82.65 € | 76.69 € | 71.50 € | 66.94 € | 62.90 € | 59.31 € | 56.08 € | 53.18 € |
| **1.00%** | 110.50 € | 100.25 € | 91.67 € | 84.39 € | 78.14 € | 72.71 € | 67.96 € | 63.77 € | 60.05 € | 56.72 € | 53.73 € |
| **1.25%** | 114.13 € | 103.12 € | 93.98 € | 86.27 € | 79.69 € | 74.01 € | 69.05 € | 64.70 € | 60.84 € | 57.40 € | 54.32 € |
| **1.50%** | 118.14 € | 106.27 € | 96.49 € | 88.30 € | 81.36 € | 75.39 € | 70.21 € | 65.67 € | 61.67 € | 58.11 € | 54.93 € |
| **1.75%** | 122.60 € | 109.73 € | 99.23 € | 90.51 € | 83.15 € | 76.87 € | 71.44 € | 66.71 € | 62.55 € | 58.86 € | 55.57 € |
| **2.00%** | 127.59 € | 113.55 € | 102.23 € | 92.90 € | 85.09 € | **78.46 €** | 72.76 € | 67.82 € | 63.48 € | 59.66 € | 56.25 € |
| **2.25%** | 133.21 € | 117.81 € | 105.53 € | 95.52 € | 87.20 € | 80.18 € | 74.18 € | 69.00 € | 64.48 € | 60.50 € | 56.97 € |
| **2.50%** | 139.58 € | 122.57 € | 109.18 € | 98.38 € | 89.48 € | 82.03 € | 75.70 € | 70.26 € | 65.53 € | 61.39 € | 57.73 € |
| **2.75%** | 146.87 € | 127.93 € | 113.24 € | 101.53 € | 91.98 € | 84.04 € | 77.34 € | 71.61 € | 66.66 € | 62.34 € | 58.54 € |
| **3.00%** | 155.29 € | 134.01 € | 117.79 € | 105.02 € | 94.71 € | 86.22 € | 79.11 € | 73.06 € | 67.87 € | 63.35 € | 59.39 € |
| **3.25%** | 165.13 € | 140.96 € | 122.90 € | 108.90 € | 97.72 € | 88.61 € | 81.03 € | 74.63 € | 69.16 € | 64.43 € | 60.30 € |
| **3.50%** | 176.78 € | 149.00 € | 128.70 € | 113.23 € | 101.05 € | 91.22 € | 83.11 € | 76.32 € | 70.55 € | 65.58 € | 61.26 € |
| **3.75%** | 190.78 € | 158.39 € | 135.34 € | 118.11 € | 104.75 € | 94.09 € | 85.39 € | 78.15 € | 72.04 € | 66.81 € | 62.29 € |

*Table 11 Sensitivity Analysis*

*Source: Own Analysis*

### 6.4.2 Monte Carlo Simulation

A Monte Carlo simulation was conducted to estimate the range of potential equity values when under uncertainty of multiple parameters. This was done in accordance with the deterministic sensitivity analysis. FCFF Growth, WACC input parameters and terminal growth were adjusted randomly within a +/- 30% range around their base-case assumptions. A full DCF was recalculated for each of the 10,000 iterations, creating a probability-weighted distribution of equity values.

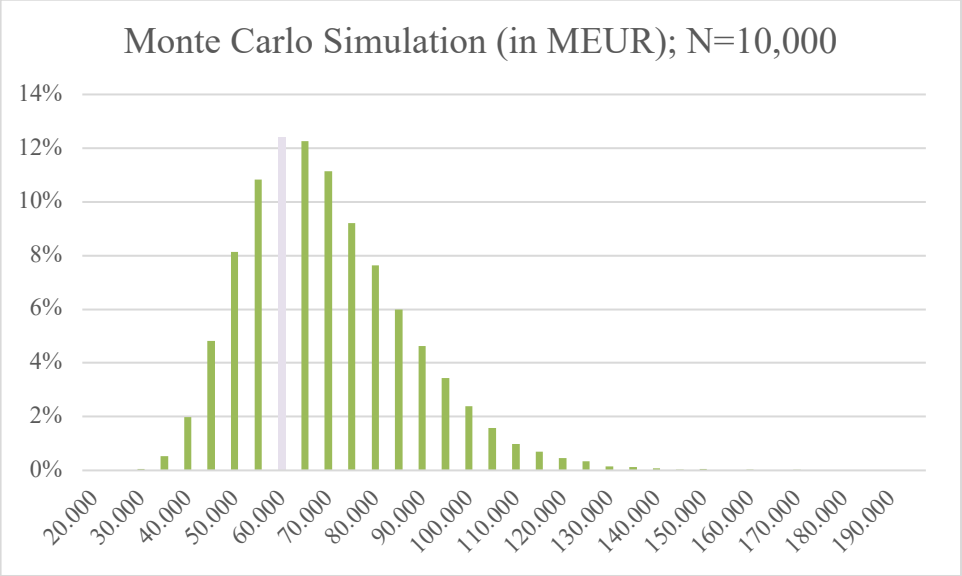



*Figure 12 Monte Carlo Simulation*

*Source: Own Analysis*

The histogram displays a right-skewed distribution, which is typical of DCF models where favourable outcomes are less frequent but more significant. The majority of the simulated equity values are between EUR 60 and EUR 95 per share, with a median of approximately EUR 78.


*Figure 13 Share Price Distribution*

*Source:Own Analysis*

This is largely consistent with the base case. The boxplot displays a prominent upper tail, indicative of favourable combinations of WACC and operating margins. Conversely, downside risk remains relatively low due to Siemens Energy's substantial backlog and the stability of its grid and service businesses. The simulation generally indicates that the valuation is robust, even in scenarios where parameter values are not known. This is supported by the majority of results aligning closely with the base-case estimate.

### 6.5 Final Target Price 01.10.2025 (SELL)

The final target price is the result of combining all the methods and scenario analyses used in this report, including the discounted cash flow (DCF) model, the APV framework, trading multiples, and the Monte Carlo simulation. Cross-method comparison is imperative, as each method possesses its own set of sensitivities and structural assumptions. This approach serves to mitigate the bias inherent in the model, thereby ensuring a more equitable valuation outcome. For each method, the median estimate and the high-low ranges were examined. This demonstrates the variability of Siemens Energy's turnaround, the risk associated with conducting business in the wind industry, and the recovery of margins in Grid Technologies and Gas Services. The consolidated target price is derived from the mean of the highest and lowest median estimates derived from all models. This procedure ensures that no particular method is accorded excessive importance. The valuation suggests potential growth, contingent on favourable circumstances and adherence to regulations. However, the variation in values underscores the inherent uncertainty surrounding Siemens Energy's business model. The risk-reward profile is further compounded by the fact that Siemens Gamesa's operations are characterised by volatility, and the company is reliant on timely expansion of the grid infrastructure to maintain its business operations. Consequently, the combined estimate of EUR 80.57 as of 01.10.2025 is a reasonable conclusion that considers both the possibility of positive outcomes and the risk of substantial negative outcomes. This analysis indicates that the most prudent course of action would be to SELL.

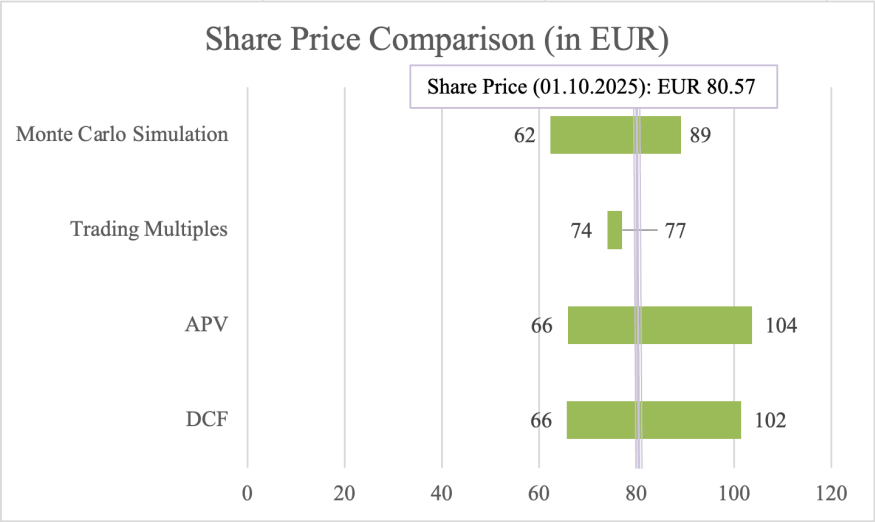



*Figure 14 Target Price*

*Source: Own Analysis*

## 7 Comparison to MWB Research

While MWB Research's valuation and assessment yield broadly aligned conclusions, the underlying assumptions used in each analysis differ significantly. Despite utilising the same valuation date (01.10.2025) and concluding with a SELL recommendation, the approaches adopted by the two analyses differ substantially. MWB Research has calculated an equity value of EUR 65.1 billion, which is slightly lower than the EUR 68.9 billion figure calculated in this report. The variations in the discounting parameters are the primary cause of the observed differences. Utilising a lower risk-free rate of 2.0% instead of 2.63% and a beta of 1.0 as opposed to 1.15, MWB attains a diminished cost of equity of 9.0% in contrast to 8.93%. Despite this slightly more favourable cost of capital estimate, MWB's WACC is still lower than the one employed here (7.80% vs. 8.72%), due to different capital structure assumptions. There are also differences in the planning horizon and expectations for revenue growth. This report looks ten years ahead and assumes that revenue will grow by 8.1% in FY2025. MWB, on the other hand, looks eight years ahead and assumes that revenue will grow by a more conservative value of 5.2%. MWB seems to prioritise short-term normalisation and execution risks, while this report focuses on a long-term recovery path supported by growth in grid and gas services.

| Estimate | Own Analysis | MWB Research |
|---|---|---|
| Price Estimate | 01.10.25 | 01.10.25 |
| Equity Value | EUR 68,912 million | EUR 65,101 million |
| Numbers of shares | 855.3 million | 868.2 million |
| Target Price | 80.57 | 75.00 |
| Recommendation | SELL | SELL |
| Risk Free Rate | 2.63% | 2.00% |
| Beta | 1,15 | 1 |
| Equity Rsik Premium | 5.49% | 6.00% |
| Cost of Equity | 8.93% | 9.00% |
| Cost of Debt | 4.63% | 5.00% |
| Tax Rate | 25% | 25% |
| WACC | 8.72% | 7.80% |
| Terminal Growth | 2% | 2% |
| Planning Horizon Revenue Growth Rate | 8.10% | 5.20% |
| Planning Horizon | 10 | 8 |

*Table 12 Comparison to MWB Research*

*Source: Own Analysis, MWB Research (2025)*

Despite the divergence methodologies, both valuations convey a congruent strategic message. Siemens Energy continues to encounter limitations, primarily characterised by execution challenges, the necessity of rectifying margins in wind, and a risk profile that curtails potential

for growth and profit. These finding lends further support to the consistent recommendation of selling. (MWB Research AG, 2025).[11]

[11] A detailed Figure of Analyst Estimates can be found In the Appendix XVII: Analyst Recommendation.

## 8 Conclusion

A combination of DCF, APV, trading-multiple analysis, and a Monte Carlo simulation shows that Siemens Energy is worth about EUR 80.57 per share as of 01.10.2025. The different valuation methods show a wide range of results, from EUR 62.34 to EUR 103.73. The average of the median values across all methods is about EUR 80.57, which is in line with the median of the Monte Carlo distribution. The estimates show that the stock is worth less than its current market price of EUR 104.15 (01.10.2025), supporting the SELL recommendation. The company faces a high risk of failure, since it relies on successful scaling of the grid. Furthermore, the ongoing financial burden from Siemens Gamesa's restructuring supports this recommendation. Siemens Energy is well placed to profit from long-term efforts to reduce carbon emissions, increase the use of hydrogen, and the huge expansion of the global energy grid. Even though the methodological framework is robust, there are a few limitations to this valuation. First, the forecast period relies on management guidance, industry projections as well as personal assumptions that may not fully capture volatile macroeconomic dynamics, shifting policy regimes, or unforeseen technological disruptions. Second, while the included peer-group multiples as a comparison, it's important to note that energy-technology companies don't always make direct comparisons because of different business mixes, regional exposure and capital structures. This is particularly relevant for Siemens Gamesa because of its past losses, which makes traditional multiples less useful. Thirdly, the Monte Carlo simulation is comprehensive, but it depends on assumed parameter ranges (+/- 30%) that can't fully replicate real-world distributions of risk. On top of that, the terminal value, which has a big impact on the DCF result, is based on assumptions about growth, WACC and structural margins that are uncertain for a company facing a major operational turnaround. Despite these methodological limitations, the valuation gives a logical and consistent estimate of Siemens Energy's equity value. As the company carries on integrating Siemens Gamesa, growing its electrolyser business, and dealing with a record grid backlog, future valuations could be very different depending on how well Siemens Energy delivers on its plans, how stable its margins are, and how the capital markets are developing. Nevertheless, given the current info and risk profile, a conservative SELL recommendation is still valid.

## Appendix I: Valuation Methods Summary

| Method | Concept | Main Inputs | Key Advantages | Limitations |
|---|---|---|---|---|
| **FCFF / WACC (DCF)** | Values the operating business by discounting free cash flows at the weighted average cost of capital to derive enterprise value. | FCFF, WACC, terminal growth, reinvestment needs. | Conceptually robust; widely used; captures full capital structure. | Highly sensitive to discount-rate assumptions; long forecasting horizon required. |
| **APV (Adjusted Present Value)** | Separates unlevered firm value from financing effects such as tax shields and distress costs. | Unlevered cash flows, unlevered cost of capital, cost of debt, tax shield assumptions. | Transparent; flexible with changing leverage; useful in restructuring or project finance. | Requires multiple discount rates; modelling tax shields and distress costs can be complex. |
| **Relative Valuation (Multiples)** | Values the firm by applying peer-group trading multiples to fundamental metrics such as EBITDA, sales, or earnings. | Peer selection, EV/EBITDA, EV/Sales, P/E, market data. | Fast; reflects market expectations; intuitive for practitioners. | Dependent on peer quality and accounting comparability; ignores long-term fundamentals. |
| **Dividend Discount Models (DDM / GGM)** | Values equity as the present value of future dividends; GGM assumes constant perpetual dividend growth. | Dividends, cost of equity, long-term growth. | Directly linked to shareholder cash returns; simple structure. | Only applicable to stable dividend payers; extremely sensitive to g vs. r assumptions. |
| **Residual Income (RI)** | Values equity based on book value plus the present value of future residual income (earnings minus cost of equity charge). | Book value of equity, forecasted net income, cost of equity. | Does not require dividends; avoids terminal-value dominance; aligns with accounting data. | Requires clean, consistent accounting; sensitive to cost-of-equity assumptions. |
| **Economic Value Added (EVA)** | Measures value creation as NOPAT minus capital charges; firm value equals invested capital plus present value of EVA. | NOPAT, WACC, invested capital, capital charges. | Emphasises value creation; widely used in corporate finance; strong linkage to cash flows. | Requires detailed adjustments; sensitive to WACC and accounting normalisations. |

*Table 13 Valuation Methods Summary*

*Source: Own Analysis*

## Appendix II: SWOT Analysis

| Strenghts | Weaknesses |
|---|---|
| ○ Global leader in power generation, transmission, and grid infrastructure<br>○ Strong positioning in HVDC, transformers, and grid stabilization, benefiting from global electrification<br>○ Diversified business portfolio across conventional power, renewables, and services<br>○ Strategic backing and technical heritage from Siemens AG<br>○ Market-leading technology in combined-cycle gas turbines<br>○ Improving operational efficiency after restructuring Siemens Gamesa<br>○ Strong project pipeline and order intake in Grid Technologies, driven by energy transition<br>○ Long-term EU and U.S. policy tailwinds supporting electrical infrastructure investment<br>○ Global footprint with access to both mature and emerging markets | ○ Continued operational challenges at Siemens Gamesa, especially in onshore wind<br>○ High execution risk for large, long-cycle projects Historically volatile margins and lower profitability compared to peers<br>○ Limited pricing power in highly competitive renewable markets<br>○ Exposure to legacy contracts with unfavorable economics<br>○ High dependency on governmental approvals, subsidies, and regulatory frameworks<br>○ Organizational complexity after repeated restructuring waves |
| **Opportunities** | **Threats** |
| ○ Massive grid investment needs: EU, U.S., India, Middle East (renewables integration, electrification, HVDC expansion)<br>○ Offshore wind recovery supported by new quality standards and repriced order book<br>○ Electrification trends: e-mobility, data centers, and industrial decarbonization<br>○ Growth in service and long-term maintenance with higher margins<br>○ Increasing demand for gas turbines as backup and grid-stability assets in transition systems<br>○ Expansion of hybrid systems (storage + renewables + grid software)<br>○ Rising global investment in energy security, especially after geopolitical shocks<br>○ Portfolio simplification may unlock long-term profitability improvements | ○ High sensitivity to raw material prices, supply chain disruptions, and component shortages<br>○ Execution risk on large offshore wind projects and complex grid infrastructure<br>○ Aggressive competition from GE Vernova, Hitachi, ABB<br>○ Regulatory uncertainty in wind permitting, pricing frameworks, and auction designs<br>○ Rising interest rates increase financing costs for capital-intensive projects<br>○ Currency fluctuations due to large exposure outside the euro area<br>○ Policy-driven downside risks (e.g., delays in EU/US funding programs)<br>○ Lengthy tender cycles and dependency on governmental procurement decisions<br>○ Increased sustainability and ESG pressure on turbine manufacturing and supply chain |

S W O T

*Table 14 SWOT Analysis*

*Source: Own Analysis*

## Appendix III: PESTEL Analysis

| | |
|---|---|
| P | ○ Global decarbonisation policies (EU Green Deal, REPowerEU, U.S. IRA) drive structural demand for renewables, grid expansion and hydrogen technologies.<br>○ Energy security has become a strategic priority following geopolitical tensions, increasing government support for domestic energy infrastructure.<br>○ Public funding, subsidies and long-term industrial strategies strongly influence project pipelines, especially in grids and hydrogen. |
| E | ○ High interest rates and inflation have increased project financing costs, pressuring margins in capital-intensive businesses like wind turbines.<br>○ Global investment cycles remain supportive, with strong medium-term CAPEX commitments in transmission networks and gas capacity.<br>○ Exchange rate movements and global supply-chain costs affect Siemens Energy's international revenue base and procurement structure. |
| S | ○ Growing societal demand for clean, reliable and affordable energy accelerates renewable deployment and electrification.<br>○ Public resistance to large infrastructure projects (e.g., wind parks, new lines) can delay permitting and increase project timelines.<br>○ Skilled labour shortages in engineering and manufacturing challenge operational execution and cost control. |
| T | ○ Rapid technological advances in HVDC systems, digital grid management and power electronics create competitive differentiation for Siemens Energy.<br>○ Turbine technology faces increasing complexity, requiring improved quality control to avoid failures similar to past Gamesa issues.<br>○ Hydrogen production and combustion technologies are evolving quickly, offering long-term opportunities but requiring heavy R&D investment. |
| E | ○ Climate change policies and rising environmental standards accelerate the shift toward renewables and grid modernisation.<br>○ Pressure to reduce lifecycle emissions affects manufacturing processes, supply chains and service operations.<br>○ Extreme weather events challenge grid stability and increase demand for resilient infrastructure solutions. |
| L | ○ Strong regulatory oversight regarding safety, permitting, product quality and environmental compliance directly affects project execution.<br>○ International trade rules, tariffs and localisation requirements influence cost structures and market access.<br>○ Renewable and hydrogen markets depend heavily on stable regulatory frameworks; policy uncertainty can delay investments and impair profitability. |

*Table 15 PESTEL Analysis*

*Source: Own Analysis*

## Appendix IV: Peer Election

| Company | Bus. Overlap | Geog. | Market Cap | Revenue | EBITDA Margin | Net Debt/Market Cap | Weighted score |
|---|---|---|---|---|---|---|---|
| **Weight** | **30%** | **20%** | **15%** | **10%** | **15%** | **10%** | **100%** |
| ABB Ltd | 5 | 4 | 5 | 5 | 5 | 4 | 4.7 |
| Schneider Electric SE | 5 | 4 | 5 | 5 | 5 | 4 | 4.7 |
| Vestas Wind Systems A/S | 4 | 4 | 5 | 4 | 3 | 4 | 4 |
| Hitachi Ltd | 4 | 2 | 4 | 4 | 4 | 4 | 3.6 |
| GE Vernova Inc | 4 | 2 | 4 | 4 | 4 | 3 | 3.5 |
| Nordex SE | 4 | 4 | 2 | 3 | 2 | 4 | 3.3 |
| Mitsubishi Heavy Industries Ltd | 2 | 2 | 5 | 3 | 3 | 4 | 2.9 |
| Alstom SA | 1 | 4 | 3 | 2 | 4 | 4 | 2.75 |
| Knorr-Bremse Aktiengesellschaft | 1 | 4 | 3 | 2 | 3 | 4 | 2.6 |
| Suncor Energy Inc | 0 | 2 | 4 | 1 | 2 | 3 | 1.7 |

*Table 16 Peer Election*

*Source: Own Analysis*

The selection of the top five peers for Siemens Energy was made according to the following criteria. The relative importance of each criterion has been determined through the application of subjective assumptions. Scores within this range are assigned from 0 to 5, with 5 representing the highest attainable score and 0 representing the lowest. As is evident, GE Vernova is positioned at a higher ranking than Nordex. Nevertheless, as evidenced in Section 4.6, GE Vernova exhibits elevated EV and P/E multiples that significantly exceed the industry average. For this reason, it has been excluded from the relative valuation, with Nordex SE assuming its place.

## Appendix V: Peer Description

| Company | Country | Description |
|---|---|---|
| **Vestas Wind Systems A/S** | Denmark | Vestas is a global leader in sustainable energy solutions that designs, manufactures, installs and services onshore and offshore wind turbines worldwide. Its business model is focused on providing complete wind-power projects and long-term service contracts. |
| **Hitachi Ltd** | Japan | Hitachi is a diversified industrial and technology group with significant activities in energy systems and social infrastructure. The company provides grid and power-distribution equipment as well as digital solutions that support efficient operation of electricity networks. |
| **ABB Ltd** | Switzerland | ABB is a global technology leader in electrification and automation. The group supplies power-grid equipment, grid-integration solutions and industrial automation systems that enable efficient, reliable and sustainable electricity transmission and distribution. |
| **Schneider Electric SE** | France | Schneider Electric is a multinational specialist in digital automation and energy management. It offers hardware, software and services for medium- and low-voltage grids, industrial automation and building energy management, supporting efficient and low-carbon power systems. |
| **Nordex SE** | Germany | Nordex is one of the world´s leading manufacturers and service providers for onshore wind turbines. The company develops, produces and maintains high-efficiency wind turbines and offers project-specific solutions for a wide range of wind conditions and markets. |

*Table 17 Peer Description*

*Source: Own Analysis*

## Appendix VI: Historical Balance Sheet

| Balance Sheet Standardised (MEUR) | FY17 | FY18 | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 |
|---|---|---|---|---|---|---|---|---|
| Cash and Cash Equivalents | 1,850 | 2,544 | 1,871 | 4,630 | 5,333 | 5,959 | 4,588 | 6,363 |
| Receivables | 15,758 | 15,567 | 14,058 | 9,803 | 10,367 | 10,757 | 11,143 | 11,622 |
| Trade Receivables | 4,679 | 5,405 | 5,097 | 4,963 | 5,110 | 5,572 | 6,537 | 7,072 |
| Contract Assets | 10,617 | 9,731 | 8,632 | 4,545 | 4,913 | 4,718 | 4,153 | 4,190 |
| Tax Reveivables | 462 | 431 | 329 | 295 | 344 | 467 | 453 | 360 |
| Inventories | 7,350 | 6,607 | 7,148 | 6,527 | 6,146 | 7,983 | 8,961 | 9,792 |
| Other Current Assets | 924 | 834 | 1,110 | 763 | 961 | 1,409 | 1,155 | 1,420 |
| Total Current Assets | 25,882 | 25,552 | 24,187 | 21,723 | 22,807 | 26,108 | 25,847 | 29,197 |
| Long-Term financial assets & investments | 2,044 | 1,665 | 1,985 | 1,896 | 1,662 | 3,846 | 2,284 | 2,122 |
| Property, plant & equipment (PP&E), net (owned) | 3,178 | 3,085 | 3,275 | 4,877 | 5,104 | 5,435 | 5,724 | 6,220 |
| Other Non-Current Assets | 1,196 | 1,029 | 1,033 | 1,321 | 1,469 | 1,647 | 901 | 1,063 |
| Deferred Tax Assets | 833 | 686 | 742 | 1,057 | 1,130 | 1,264 | 488 | 692 |
| Other Non Current Assets | 363 | 343 | 291 | 264 | 339 | 383 | 413 | 371 |
| Goodwill | 9,541 | 9,462 | 9,815 | 9,376 | 9,538 | 10,456 | 9,982 | 9,461 |
| Intangible Assets | 5,449 | 4,970 | 4,746 | 3,839 | 3,561 | 3,592 | 3,169 | 2,811 |
| Total Non-Current Assets | 21,408 | 20,211 | 20,854 | 21,309 | 21,334 | 24,976 | 22,060 | 21,677 |
| **TOTAL ASSETS** | **47,290** | **45,763** | **45,041** | **43,032** | **44,141** | **51,084** | **47,907** | **50,874** |
| Accounts Payable | 5,982 | 6,245 | 6,771 | 6,885 | 7,737 | 8,706 | 8,643 | 8,640 |
| Trade payables | 4,175 | 4,303 | 4,698 | 5,127 | 5,764 | 6,782 | 6,658 | 6,293 |
| Accruals | 1,807 | 1,942 | 2,073 | 1,758 | 1,973 | 1,924 | 1,985 | 2,347 |
| Short-Term Debt | 819 | 1,000 | 359 | 718 | 551 | 749 | 1,591 | 479 |
| Other Current Liabilities | 3,553 | 4,939 | 4,037 | 1,501 | 856 | 2,143 | 1,275 | 1,089 |
| Provisions Short-Term | 2,246 | 2,089 | 1,872 | 1,676 | 1,991 | 2,129 | 2,901 | 3,163 |
| Income Taxes Payable | 583 | 373 | 372 | 314 | 391 | 431 | 396 | 380 |
| Deferred income | 9,038 | 8,772 | 10,076 | 10,458 | 11,076 | 13,774 | 16,793 | 19,720 |
| Contract Liabilities | 8,351 | 8,077 | 9,409 | 9,896 | 10,366 | 13,024 | 16,010 | 18,867 |
| Advanced Payments | 687 | 695 | 667 | 562 | 710 | 750 | 783 | 853 |
| Total Current Liabilities | 22,221 | 23,418 | 23,487 | 21,552 | 22,602 | 27,932 | 31,599 | 33,471 |
| Long-Term Debt | 505 | 877 | 547 | 1,672 | 2,177 | 2,474 | 3,190 | 3,287 |
| Deferred Taxes - LT | 1,904 | 1,195 | 1,102 | 426 | 254 | 145 | 296 | 415 |
| Provisions Long-Term | 2,664 | 2,400 | 2,072 | 2,095 | 1,968 | 1,799 | 2,682 | 2,880 |
| Other Long-Term Liabilities | 8,678 | 7,172 | 4,744 | 1,897 | 1,920 | 1,616 | 1,353 | 1,457 |
| Pensions Liabilities | 1,692 | 1,622 | 1,960 | 1,057 | 830 | 570 | 519 | 600 |
| Other | 6,986 | 5,550 | 2,784 | 840 | 1,090 | 1,046 | 834 | 857 |
| Total Non-Current Liabilities | 13,751 | 11,644 | 8,465 | 6,090 | 6,319 | 6,034 | 7,521 | 8,039 |
| **TOTAL LIABILITIES** | **35,972** | **35,062** | **31,952** | **27,642** | **28,921** | **33,966** | **39,120** | **41,510** |
| Common Shareholders' Equity | 10,123 | 9,499 | 11,856 | 14,942 | 14,958 | 17,122 | 8,502 | 9,075 |
| Minority Interest | 1,195 | 1,202 | 1,233 | 448 | 262 | -4 | 285 | 289 |
| **TOTAL EQUITY** | **11,318** | **10,701** | **13,089** | **15,390** | **15,220** | **17,118** | **8,787** | **9,364** |

*Table 18 Historical Balance Sheet*

*Source: Own Analysis, LSEG (2025)*

## Appendix VII: Forecasted Balance Sheet

| Balance Sheet Standardised (MEUR) | FY25E | FY26E | FY27E | FY28E | FY29E | FY30E | FY31E | FY32E | FY33E | FY34E | FY35E |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Cash and Cash Equivalents | 9,144 | 11,476 | 14,559 | 17,829 | 21,168 | 23,397 | 26,480 | 30,457 | 34,583 | 38,839 | 43,207 |
| Receivables | 12,928 | 14,436 | 16,125 | 17,701 | 19,262 | 20,774 | 22,203 | 23,623 | 25,019 | 26,375 | 27,676 |
| Trade Receivables | 7,791 | 8,726 | 9,773 | 10,751 | 11,718 | 12,656 | 13,541 | 14,422 | 15,287 | 16,128 | 16,934 |
| Contract Assets | 4,776 | 5,350 | 5,991 | 6,591 | 7,184 | 7,758 | 8,302 | 8,841 | 9,372 | 9,887 | 10,381 |
| Tax Reveivables | 360 | 360 | 360 | 360 | 360 | 360 | 360 | 360 | 360 | 360 | 360 |
| Inventories | 10,127 | 11,342 | 12,703 | 13,888 | 15,138 | 16,349 | 17,279 | 18,402 | 19,506 | 20,579 | 21,608 |
| Other Current Assets | 1,578 | 1,768 | 1,980 | 2,178 | 2,374 | 2,564 | 2,744 | 2,922 | 3,097 | 3,267 | 3,431 |
| Total Current Assets | 33,776 | 39,022 | 45,367 | 51,597 | 57,942 | 63,084 | 68,705 | 75,404 | 82,204 | 89,060 | 95,921 |
| Long-term financial assets & investments | 2,122 | 2,122 | 2,122 | 2,122 | 2,122 | 2,122 | 2,122 | 2,122 | 2,122 | 2,122 | 2,122 |
| Property, plant & equipment (PP&E), net (owned) | 6,263 | 6,358 | 6,365 | 6,384 | 6,405 | 6,442 | 6,566 | 6,697 | 6,837 | 6,984 | 7,138 |
| Other Non-Current Assets | 1,063 | 1,063 | 1,063 | 1,063 | 1,063 | 1,063 | 959 | 871 | 796 | 732 | 678 |
| Deferred Tax Assets | 692 | 692 | 692 | 692 | 692 | 692 | 588 | 500 | 425 | 361 | 307 |
| Other Non Current Assets | 371 | 371 | 371 | 371 | 371 | 371 | 371 | 371 | 371 | 371 | 371 |
| Goodwill | 9,461 | 9,461 | 9,461 | 9,461 | 9,461 | 9,461 | 9,461 | 9,461 | 9,461 | 9,461 | 9,461 |
| Intangible Assets | 2,811 | 2,811 | 2,811 | 2,811 | 2,811 | 2,811 | 2,811 | 2,811 | 2,811 | 2,811 | 2,811 |
| Total Non-Current Assets | 21,720 | 21,815 | 21,822 | 21,841 | 21,862 | 21,899 | 21,919 | 21,962 | 22,027 | 22,110 | 22,210 |
| **TOTAL ASSETS** | **55,497** | **60,836** | **67,189** | **73,438** | **79,804** | **84,983** | **90,624** | **97,366** | **104,231** | **111,170** | **118,131** |
| Accounts Payable | 9,341 | 10,180 | 11,120 | 11,938 | 12,801 | 12,206 | 12,767 | 13,444 | 14,110 | 14,757 | 15,378 |
| Trade payables | 6,994 | 7,833 | 8,773 | 9,591 | 10,454 | 9,859 | 10,420 | 11,097 | 11,763 | 12,410 | 13,031 |
| Accruals | 2,347 | 2,347 | 2,347 | 2,347 | 2,347 | 2,347 | 2,347 | 2,347 | 2,347 | 2,347 | 2,347 |
| Short-Term Debt | 819 | 819 | 819 | 819 | 819 | 819 | 819 | 819 | 819 | 819 | 819 |
| Other Current Liabilities | 1,133 | 1,268 | 1,421 | 1,553 | 1,693 | 1,828 | 1,932 | 2,058 | 2,182 | 2,302 | 2,417 |
| Provisions Short-Term | 3,511 | 3,780 | 4,234 | 4,657 | 5,076 | 5,482 | 5,385 | 5,735 | 6,079 | 6,413 | 6,734 |
| Income Taxes Payable | 467 | 534 | 600 | 710 | 775 | 895 | 1,078 | 1,150 | 1,219 | 1,287 | 1,353 |
| Deferred income | 20,820 | 23,216 | 25,900 | 28,404 | 30,884 | 33,286 | 35,557 | 37,813 | 40,030 | 42,185 | 44,251 |
| Contract Liabilities | 19,967 | 22,363 | 25,047 | 27,551 | 30,031 | 32,433 | 34,704 | 36,960 | 39,177 | 41,332 | 43,398 |
| Advanced Payments | 853 | 853 | 853 | 853 | 853 | 853 | 853 | 853 | 853 | 853 | 853 |
| Total Current Liabilities | 36,091 | 39,798 | 44,093 | 48,082 | 52,049 | 54,517 | 57,539 | 61,019 | 64,440 | 67,764 | 70,952 |
| Long-Term Debt | 2,987 | 2,987 | 2,987 | 2,987 | 2,987 | 2,987 | 2,987 | 2,987 | 2,987 | 2,987 | 2,987 |
| Deferred Taxes - LT | 415 | 415 | 415 | 415 | 415 | 415 | 353 | 300 | 255 | 217 | 184 |
| Provisions Long-Term | 3,197 | 3,442 | 3,855 | 4,240 | 4,622 | 4,992 | 4,903 | 5,222 | 5,535 | 5,840 | 6,132 |
| Other Long-Term Liabilities | 1,480 | 1,518 | 1,641 | 1,715 | 1,763 | 1,827 | 1,848 | 1,912 | 1,975 | 2,037 | 2,096 |
| Pensions Liabilities | 623 | 661 | 784 | 858 | 906 | 970 | 991 | 1,055 | 1,118 | 1,180 | 1,239 |
| Other | 857 | 857 | 857 | 857 | 857 | 857 | 857 | 857 | 857 | 857 | 857 |
| Total Non-Current Liabilities | 8,080 | 8,362 | 8,898 | 9,357 | 9,787 | 10,221 | 10,090 | 10,421 | 10,752 | 11,080 | 11,398 |
| **TOTAL LIABILITIES** | **44,170** | **48,160** | **52,991** | **57,439** | **61,836** | **64,738** | **67,629** | **71,439** | **75,192** | **78,844** | **82,350** |
| Common Shareholders' Equity | 11,037 | 12,388 | 13,908 | 15,710 | 17,680 | 19,956 | 22,706 | 25,638 | 28,750 | 32,037 | 35,492 |
| Minority Interest | 289 | 289 | 289 | 289 | 289 | 289 | 289 | 289 | 289 | 289 | 289 |
| **TOTAL EQUITY** | **11,326** | **12,677** | **14,197** | **15,999** | **17,969** | **20,245** | **22,995** | **25,927** | **29,039** | **32,326** | **35,781** |

*Table 19 Forecasted Balance Sheet*

*Source: Own Analysis*

## Appendix VIII: Historical Income Statement

| Income Statement Standardised (MEUR) | FY17 | FY18 | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 |
|---|---|---|---|---|---|---|---|---|
| **Revenues** | **30,086** | **28,023** | **28,797** | **27,457** | **28,482** | **29,005** | **31,119** | **34,465** |
| Cost of Sales (function) | -24,832 | -23,876 | -24,615 | -25,318 | -25,066 | -25,665 | -30,366 | -29,962 |
| SG&A (function) | -2,631 | -2,739 | -2,647 | -3,103 | -2,682 | -2,778 | -2,996 | -3,388 |
| R&D Expenses | -1,111 | -1,069 | -1,001 | -985 | -1,155 | -1,078 | -1,123 | -1,209 |
| Other Operating Expense/Income | 58 | 668 | 405 | 1,473 | 684 | 251 | 210 | -2,030 |
| **Operating Profit** | **1,570** | **1,007** | **939** | **-476** | **263** | **-265** | **-3,156** | **-2,124** |
| Interest Income | 111 | 109 | 107 | 39 | 45 | 55 | 149 | 204 |
| Interest Expense | -298 | -324 | -355 | -176 | -126 | -147 | -289 | -332 |
| Other Income | 7 | -5 | -32 | -7 | -27 | 63 | 10 | -174 |
| Investment Income | 65 | -85 | 111 | 12 | 53 | 104 | 83 | 2,210 |
| Non Reccuring Income | -146 | -551 | -453 | -1,527 | -673 | -413 | -184 | 2,038 |
| **Pre Tax Profit** | **1,309** | **151** | **317** | **-2,135** | **-465** | **-603** | **-3,387** | **1,822** |
| Tax Expense | -349 | 493 | -35 | 276 | -95 | -108 | -1,202 | -487 |
| Minority Interest | -50 | -98 | -123 | 253 | 107 | 245 | 57 | -150 |
| Earnings Adjustment | 0 | 1 | -2 | 0 | 0 | -1 | 0 | -2 |
| **Net Income** | **910** | **547** | **157** | **-1,606** | **-453** | **-467** | **-4,532** | **1,183** |

*Table 20 Historical Income Statement*

*Source: LSEG (2025)*

## Appendix IX: Forecasted Income Statement

| Income Statement Standardised (MEUR) | FY25E | FY26E | FY27E | FY28E | FY29E | FY30E | FY31E | FY32E | FY33E | FY34E | FY35E |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Revenues** | **39,462** | **44,198** | **49,502** | **54,452** | **59,352** | **64,101** | **68,588** | **73,046** | **77,429** | **81,687** | **85,772** |
| Cost of Sales (function) | -32,359 | -36,242 | -40,591 | -44,378 | -48,372 | -52,242 | -55,213 | -58,802 | -62,330 | -65,758 | -69,046 |
| SG&A (function) | -3,946 | -3,536 | -3,960 | -4,356 | -4,748 | -4,808 | -5,144 | -5,478 | -5,807 | -6,127 | -6,433 |
| R&D Expenses | -1,184 | -1,326 | -1,485 | -1,634 | -1,781 | -1,923 | -2,058 | -2,191 | -2,323 | -2,451 | -2,573 |
| Other Operating Expense/Income | 395 | -221 | -248 | -272 | -297 | -321 | -343 | -365 | -387 | -408 | -429 |
| **Operating Profit** | **2,368** | **2,873** | **3,218** | **3,812** | **4,155** | **4,808** | **5,830** | **6,209** | **6,581** | **6,943** | **7,291** |
| Interest Income | 237 | 265 | 297 | 327 | 356 | 385 | 412 | 438 | 465 | 490 | 515 |
| Interest Expense | -174 | -176 | -176 | -176 | -176 | -176 | -176 | -176 | -176 | -176 | -176 |
| Other Income | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 15 | 16 | 17 |
| Investment Income | 83 | 83 | 83 | 83 | 83 | 83 | 83 | 83 | 83 | 83 | 83 |
| Non Reccuring Income | 148 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Pre Tax Profit** | **2,669** | **3,054** | **3,431** | **4,056** | **4,429** | **5,112** | **6,162** | **6,569** | **6,968** | **7,357** | **7,729** |
| Tax Expense | -667 | -763 | -858 | -1,014 | -1,107 | -1,278 | -1,541 | -1,642 | -1,742 | -1,839 | -1,932 |
| Minority Interest | -39 | -39 | -39 | -39 | -39 | -39 | -39 | -39 | -39 | -39 | -39 |
| Earnings Adjustment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Net Income** | **1,962** | **2,251** | **2,534** | **3,003** | **3,283** | **3,795** | **4,582** | **4,887** | **5,187** | **5,478** | **5,758** |

*Table 21 Forecasted Income Statement*

*Source: Own Analysis*

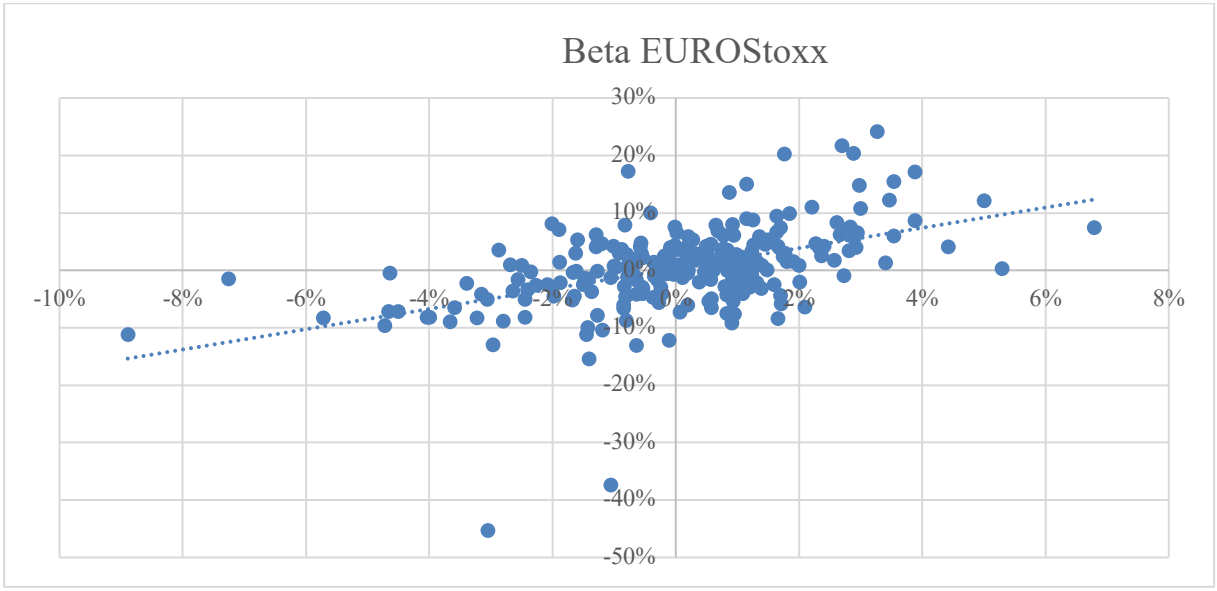
## Appendix X: Historical Cash Flow Statement

| Cash Flow Standardised (MEUR) | FY17 | FY18 | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 |
|---|---|---|---|---|---|---|---|---|
| Net Income | 960 | 645 | 282 | -1,859 | -560 | -647 | -4,588 | 1,335 |
| LT Opperating Accruals - Other | -725 | -656 | -450 | -388 | -455 | -477 | -408 | -647 |
| LT Opperating Accruals - D&A | 1,139 | 1,281 | 1,209 | 2,051 | 1,463 | 1,633 | 1,515 | 1,511 |
| Other non cash items | 530 | -293 | 261 | 62 | 351 | 196 | 1,535 | -1,391 |
| Net (Investments in) or Liquidation of Operating Working Capital | -1,423 | -345 | 154 | 1,595 | 1,051 | 1,403 | 3,377 | 1,749 |
| **Net Cash Flow From operating Activities** | **481** | **632** | **1,456** | **1,461** | **1,850** | **2,108** | **1,431** | **2,557** |
| Net (Investments in) or Liquidation of Operating Long Term Assets | -835 | -429 | -797 | -1,036 | -958 | -1,118 | -1,633 | 1,250 |
| Capital Expenditures | -793 | -761 | -797 | -888 | -937 | -1,100 | -1,197 | -1,488 |
| Other Investing Cash Flow Items | -42 | 332 | 0 | -148 | -21 | -18 | -436 | 2,738 |
| **Net Cash Flow from Investing Activities** | **-835** | **-429** | **-797** | **-1,036** | **-958** | **-1,118** | **-1,633** | **1,250** |
| Non-operating Gains-Losses | -60 | -60 | 26 | -160 | 56 | 156 | -290 | -105 |
| **Free Cash Flow** | **-414** | **143** | **685** | **265** | **948** | **1,146** | **-492** | **3,702** |
| Net Debt (Repayements) or Issuance | 292 | 527 | -965 | 110 | -80 | 871 | 964 | -1,687 |
| Dividends (Payments) | 0 | 0 | 0 | 0 | 0 | -72 | 0 | 0 |
| Net Stock (Repurchase) or Issuance | 0 | 0 | 0 | -162 | -231 | 0 | 1,113 | -130 |
| Other Financing Cash Flow | 1,802 | 15 | -393 | 2,546 | 65 | -1,258 | -3,017 | -108 |
| **Net Cash Flow From Financing Activities** | **2,094** | **542** | **-1,358** | **2,494** | **-246** | **-459** | **-940** | **-1,925** |
| Non Classified Cash Flows | -9 | 9 | 0 | 0 | 0 | 0 | 0 | -25 |
| **Net Change in Cash** | **1,671** | **694** | **-673** | **2,759** | **702** | **687** | **-1,432** | **1,752** |

*Table 22 Historical Cash Flow Statement*

*Source: Own Analysis LSEG (2025)*

## Appendix XI: Beta Calculation for Siemens Energy



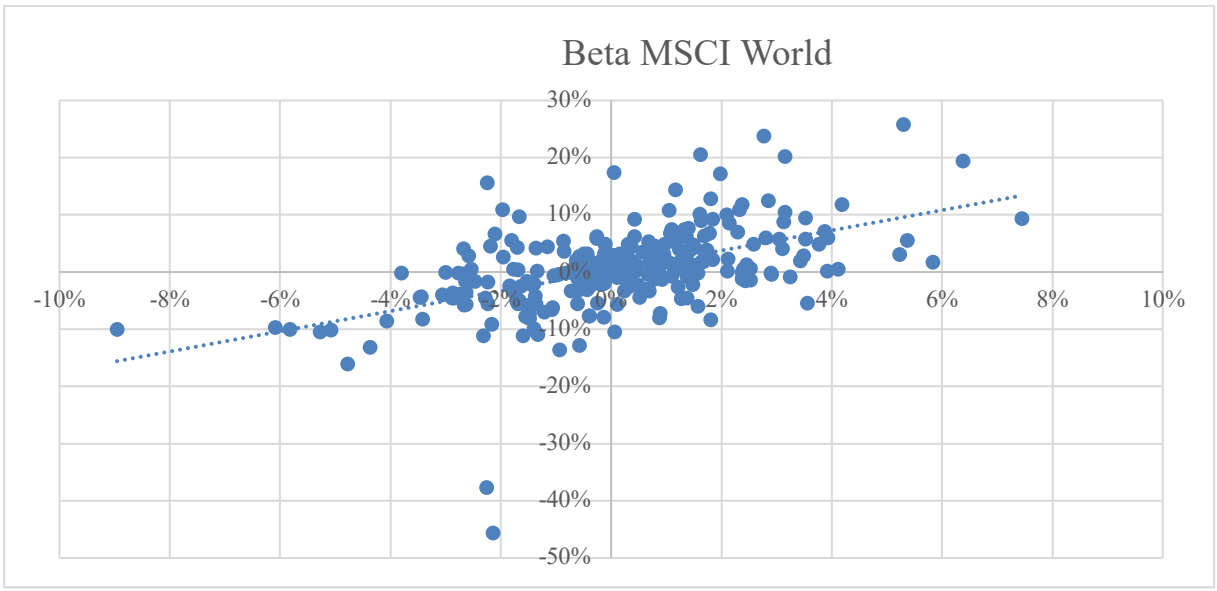




*Figure 15 Beta Results*

*Source: Own Analysis*

## Appendix XII: Default Spread

| ≤ to | > | S&P | Moody | Spread |
|---|---|---|---|---|
| 0,2 | -100000 | D | D2 | 12,00% |
| 0,65 | 0,2 | C | C2 | 10,50% |
| 0,8 | 0,65 | CC | Ca2 | 9,50% |
| 1,25 | 0,8 | CCC | Caa | 8,75% |
| 1,5 | 1,25 | B- | B3 | 7,25% |
| 1,75 | 1,5 | B | B2 | 6,50% |
| 2 | 1,75 | B+ | B1 | 5,50% |
| 2,25 | 2 | BB | Ba2 | 4,00% |
| 2,5 | 2,25 | BB+ | Ba1 | 3,00% |
| 3 | 2,5 | BBB | Baa2 | 2,00% |
| 4,25 | 3 | A- | A3 | 1,30% |
| 5,5 | 4,25 | A | A2 | 1,00% |
| 6,5 | 5,5 | A+ | A1 | 0,85% |
| 8,5 | 6,5 | AA | Aa2 | 0,70% |
| 100000 | 8,5 | AAA | Aaa | 0,40% |

*Table 23 Default Spreads*

*Source: Damodaran (2025b)*

## Appendix XIII: Cost of Equity and WACC

| | |
|---|---|
| Risk Free | 2.63% |
| Implied Equity Risk Premium | 5.49% |
| Beta Levered | 1.15 |
| *Beta Unlevered* | 1.08 |
| **Cost of Equity** | **8.93%** |
| ***Cost of Equity (Unlevered)*** | **8.57%** |

*Table 24 Cost of Equity*

*Source: Own Analysis*

| WACC | |
|---|---|
| Cost of Equity | 8.93% |
| Cost of Debt | 4.63% |
| MV D/E | 0.040 |
| Equity/Value | 0.962 |
| Debt/Value | 0.038 |
| Tax | 25% |
| WACC | 8.72% |

*Table 25 WACC Parameters*

*Source: Own Analysis*

## Appendix XIV: Revenue by Segment

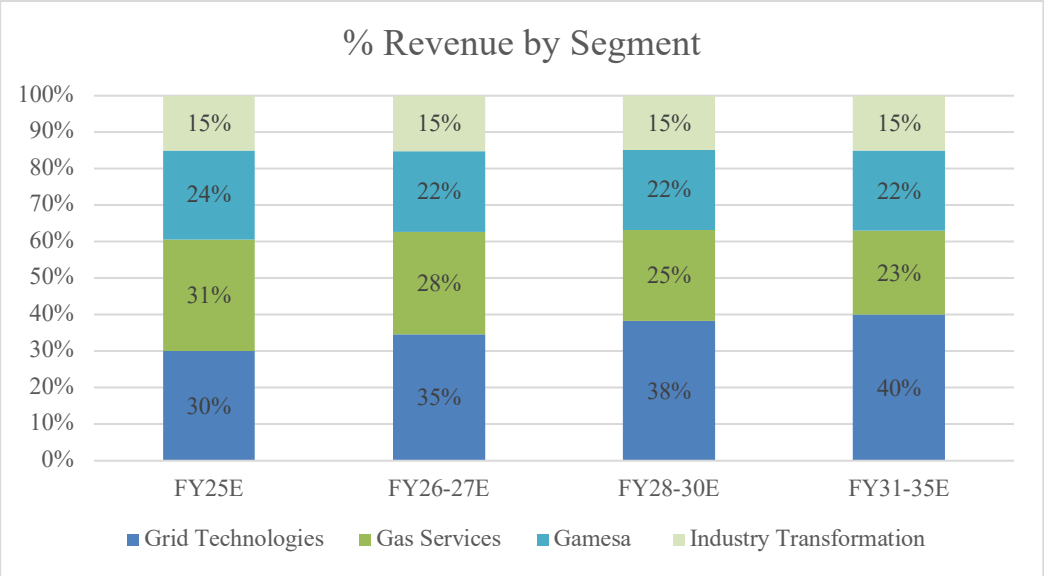



*Figure 16 Revenue by Segment in %*

*Source: Own Analysis*

## Appendix XV: Explanatory Notes

**Provisions** are estimated using a stable, revenue-based method that considers historical volatility and Siemens Energy's improved project execution. In FY22, short-term and long-term provisions accounted for 13.54% of revenue. This figure increased to 17.94% in FY23, as the company experienced difficulties with its wind business. From FY24 onwards, provisions are expected to gradually return to normal levels. They will drop to 17.00% in FY25 and remain at 16.34% until FY30. From FY31 onwards, the provision ratio will decrease to 15%. This is due to improved quality assurance, stricter risk management and more rigorous contract compliance. This change explains why there was a temporary drop in FY31. After that, overall provisions will continue to rise slowly and steadily in line with revenue growth. The resulting Provisions evolve as followed. They peak during years of operational normalisation, after which they drop off once the lower structural ratio is reached. This ensures that the forecast considers both the cyclical repair phase and the long-term shift towards lower risk intensity. The split between short-term and long-term provisions stays constant at 52% for short-term and 48% for long-term provisions.

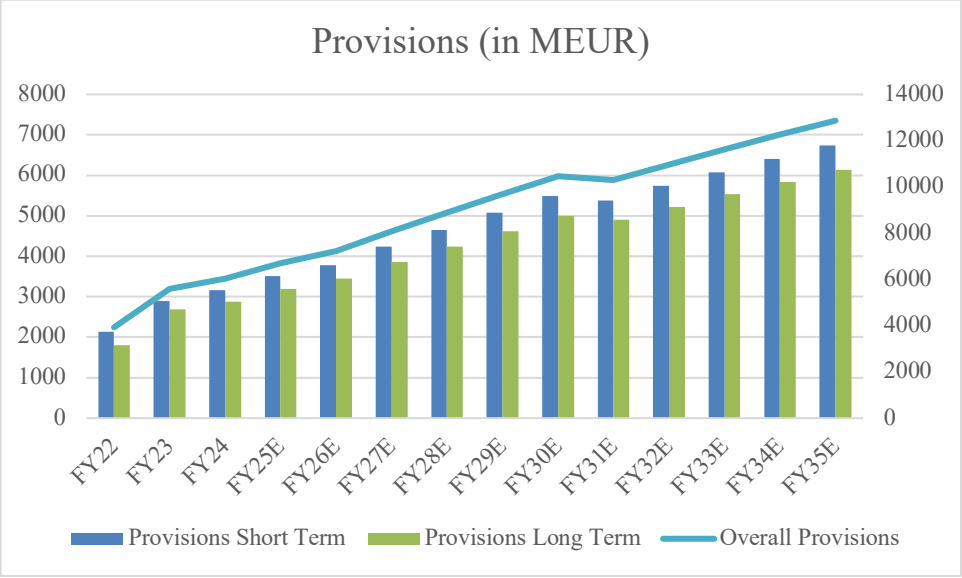



*Figure 17 Development Provisions*

*Source: Own Analysis; LSEG (2025)*

**Pension liabilities** continue to accrue on the balance sheet, as they represent future obligations to employees. Pension liabilities are long-term obligations to pay employees benefits that increase with the ageing of the workforce and rising personnel costs. In the absence of alterations to Siemens Energy's pension plans, discount-rate assumptions, or workforce composition, it is anticipated that these obligations will increase in proportion to personnel costs. Consequently, the contribution to pension schemes remains at a consistent rate of 6% of personnel costs, thereby ensuring the accuracy of the forecast and its financial soundness.

Siemens Energy has historically not followed a stable **dividend policy**, as reflected in the suspension of dividends in FY23 and FY24 due to the restructuring of Siemens Gamesa and the company's focus on restoring balance sheet strength. Beginning in FY25, the management announced the re-introduction of dividend payments, targeting a payout ratio of around 40% of net income (Siemens Energy, 2024). Based on the earnings outlook, this implies a DPS of EUR 0.92 in FY25, gradually increasing in line with profitability to EUR 2.69 by FY35. The policy signals management's confidence in the company's medium-term earnings recovery while maintaining financial flexibility during a period of elevated investment in grids, hydrogen and gas service operations.

| | FY22 | FY23 | FY24 | FY25E | FY26E | FY27E | FY28E | FY29E | FY30E | FY31E | FY32E | FY33E | FY34E | FY35E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Dividend (in MEUR)** | 72 | 0 | 0 | 785 | 900 | 1,014 | 1,201 | 1,313 | 1,518 | 1,833 | 1,955 | 2,075 | 2,191 | 2,303 |
| **DPS (in EUR)** | 0.08€ | 0 | 0 | 0.92 € | 1.05 € | 1.19 € | 1.40 € | 1.54 € | 1.77 € | 2.14 € | 2.29 € | 2.43 € | 2.56 € | 2.69 € |
| **% of Net Income** | 15% | 0 | 0 | 40% | 40% | 40% | 40% | 40% | 40% | 40% | 40% | 40% | 40% | 40% |

*Table 26 Dividend Payments*

*Source: Own Analysis*

**Deferred tax assets** (DTAs) and **deferred tax liabilities** (DTLs) arise from temporal discrepancies between accounting and tax values, which are transient in nature. According to Koller et al. (2020), these factors are not regarded as discrete value drivers in this valuation because they typically exhibit a reverse trend over time and do not result in long-term economic gains. Consequently, Siemens Energy's DTAs and DTLs remain constant throughout the designated forecast period, subsequently diminishing as the underlying timing discrepancies are rectified. It is evident that these organisations exert minimal influence on critical financial metrics such as free cash flow, terminal value and valuation multiples. This is primarily due to their relatively modest net balance, which is anticipated to diminish further. The approach aligns with prevailing corporate valuation principles, which categorise deferred taxes as non-operating items that do not contribute to the valuation of the business.

## Appendix XVI: APV

The present value of unlevered free cash flows (FCFF) constitutes the initial segment of the APV. It is estimated that Siemens Energy will generate a revenue between EUR 2.71 billion and EUR 5.89 billion in FCFF over the forecast period, which extends from FY26 to FY35. This is primarily attributable to the following factors. Firstly, there is substantial growth in EBIT. Secondly, there is stable capital spending. Thirdly, there was a gradual return to adequate working capital dynamics. The resulting cash flows are discounted at the unlevered cost of equity (8.57%). The result is a present value of EUR 28,454 billion.

The terminal value is derived from a perpetual growth rate of 2%. This approach is in line with the long-term inflationary growth and the strategic positioning of the company within expanding markets for grids and electrification systems. After applying the discount rate, the terminal value is determined to be EUR 34,391 billion.

| **Free Cash Flow Forecast (MEUR)** | **FY26E** | **FY27E** | **FY28E** | **FY29E** | **FY30E** | **FY31E** | **FY32E** | **FY33E** | **FY34E** | **FY35E** | **TV** |
|---|---|---|---|---|---|---|---|---|---|---|---|
| EBIT | 2,872.87 | 3,217.61 | 3,811.62 | 4,154.67 | 4,807.55 | 5,829.96 | 6,208.90 | 6,581.44 | 6,943.42 | 7,290.59 | |
| AVERAGE TAX RATE | 25% | 25% | 25% | 25% | 25% | 25% | 25% | 25% | 25% | 25% | |
| NOPAT | 2,154.65 | 2,413.21 | 2,858.72 | 3,116.01 | 3,605.67 | 4,372.47 | 4,656.68 | 4,936.08 | 5,207.56 | 5,467.95 | |
| (+) DEPRECIATION | 1,717.53 | 1,923.63 | 2,104.29 | 2,293.68 | 2,462.75 | 2,414.29 | 2,571.22 | 2,725.49 | 2,875.39 | 3,019.16 | |
| (-) Δ OWC | -652.39 | -874.06 | -880.27 | -813.44 | 587.07 | -348.68 | -624.86 | -614.29 | -596.88 | -572.46 | |
| (-) CAPEX | 1,812.11 | 1,930.56 | 2,123.62 | 2,314.75 | 2,499.93 | 2,537.75 | 2,702.70 | 2,864.86 | 3,022.43 | 3,173.55 | |
| **FCFF** | ***2,712.46*** | ***3,280.34*** | ***3,719.65*** | ***3,908.37*** | ***2,981.42*** | ***4,597.69*** | ***5,150.05*** | ***5,411.00*** | ***5,657.40*** | ***5,886.02*** | ***82,455.05*** |
| **Discounted FCFF** | **2,485.34** | **2,754.00** | **2,861.34** | **2,754.77** | **1,925.45** | **2,720.65** | **2,792.33** | **2,688.16** | **2,575.23** | **2,454.96** | **34,390.55** |

*Table 27 FCFF APV*

*Source: Own Analysis*

The financing strategy employed by Siemens Energy entails the incurring of debt, which results in interest payments. These interest payments, in turn, produce savings in taxes, thereby increasing the value of equity. The annual interest cost is maintained at EUR 176 million, and the tax rate is set at 25%, indicating an annual tax shield of EUR 44 million.

| **Tax Shield (MEUR)** | **FY26E** | **FY27E** | **FY28E** | **FY29E** | **FY30E** | **FY31E** | **FY32E** | **FY33E** | **FY34E** | **FY35E** | **TV** |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Interest Payments** | -176.18 | -176.18 | -176.18 | -176.18 | -176.18 | -176.18 | -176.18 | -176.18 | -176.18 | -176.18 | |
| **Tax Rate** | 25% | 25% | 25% | 25% | 25% | 25% | 25% | 25% | 25% | 25% | |
| **Tax Shield** | -44.04 | -44.04 | -44.04 | -44.04 | -44.04 | -44.04 | -44.04 | -44.04 | -44.04 | -44.04 | -44.93 |
| **PV Tax Shield** | *-42.10* | *-40.23* | *-38.45* | *-36.75* | *-35.13* | *-33.57* | *-32.09* | *-30.67* | *-29.31* | *-28.01* | *-28.57* |
| **Sum of Tax Shields** | **-374.89** | | | | | | | | | | |

*Table 28 Tax Shield*

*Source: Own Analysis*

It is anticipated that Siemens Energy's leverage will remain consistent from 2025 onwards. However, the company is still subject to non-financial risks that have the potential to impact its long-term cash flows. These include the risk of failure in the Siemens Gamesa turnaround, the risk of overcommitment to major projects in Grid Technologies, supply chain issues, and the challenge of meeting record backlogs. A conservative distress adjustment, equivalent to 15% of the enterprise value, is employed to account for this uncertainty, and is discounted at the cost of debt (Koller et al., 2025). Combining all these elements, the value per share is at EUR 79.27.

| **Marginal PD** | | **FY1** | **FY2** | **FY3** | **FY4** | **FY5** | **FY6** | **FY7** | **FY8** | **FY9** | **FY10** | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **PD** | | 0,17% | 0,26% | 0,31% | 0,34% | 0,35% | 0,35% | 0,34% | 0,39% | 0,40% | 0,41% | |
| **Distress Costs (MEUR)** | ***DATA*** | **FY26E** | **FY27E** | **FY28E** | **FY29E** | **FY30E** | **FY31E** | **FY32E** | **FY33E** | **FY34E** | **FY35E** | **TV** |
| **EV** | **82,080** | 83,721 | 85,396 | 87,104 | 88,846 | 90,623 | 92,435 | 94,284 | 96,170 | 98,093 | 100,055 | |
| **C** | **15%** | 12,558 | 12,809 | 13,065 | 13,326 | 13,593 | 13,865 | 14,142 | 14,425 | 14,714 | 15,008 | 1,518 |
| **kd** | **4.63%** | | | | | | | | | | | |
| **PV** | | 20 | 30 | 35 | 38 | 37 | 37 | 35 | 39 | 39 | 39 | 966 |
| **PV(SUM)** | | 1,317 | | | | | | | | | | |

*Table 29 Financial Distress Costs*

*Source: Own Analysis; Moody's (2006)*

| **Enterprise Value (in MEUR)** | **66,159** |
|---|---|
| + PV Tax Shield | 375 |
| - PV Distress Costs | 1,317 |
| - Debt | 3,806 |
| + Cash and Cash Equivalents | 9,144 |
| + Deferred Tax Assets | 692 |
| - Deferred Tax Liabilities | 415 |
| - Long-Term Financial Assets | 2,122 |
| - Pension Liabilities | 623 |
| - Minority Interst | 289 |
| **Equity Value** | **67,797** |
| **Value per share** | **79.27** |

*Table 30 Equity Bridge APV*

*Source: Own Analysis*

## Appendix XVII: Analyst Recommendation

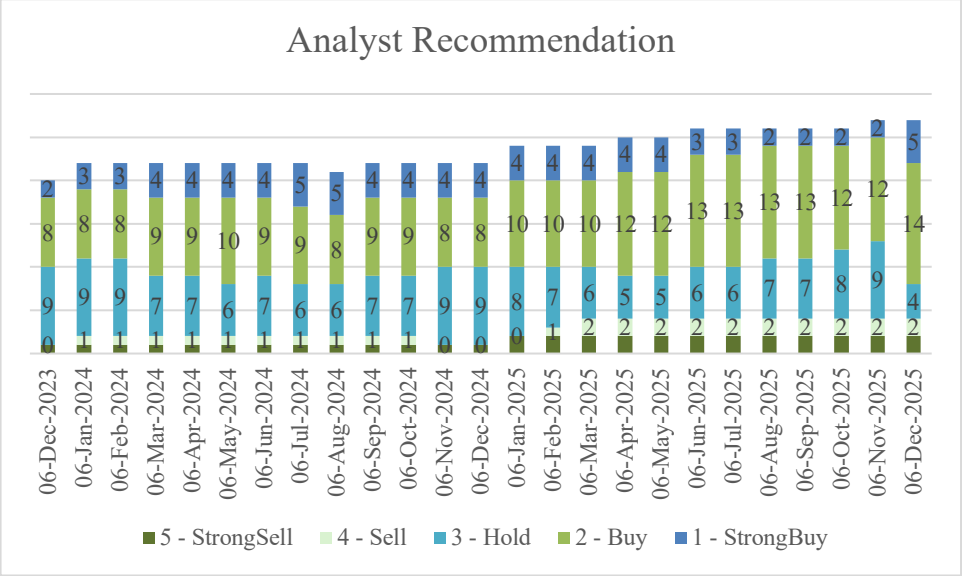



*Figure 18 Analyst Recommendation*

*Source: LSEG (2025)*

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