

ISSUER COMMENT

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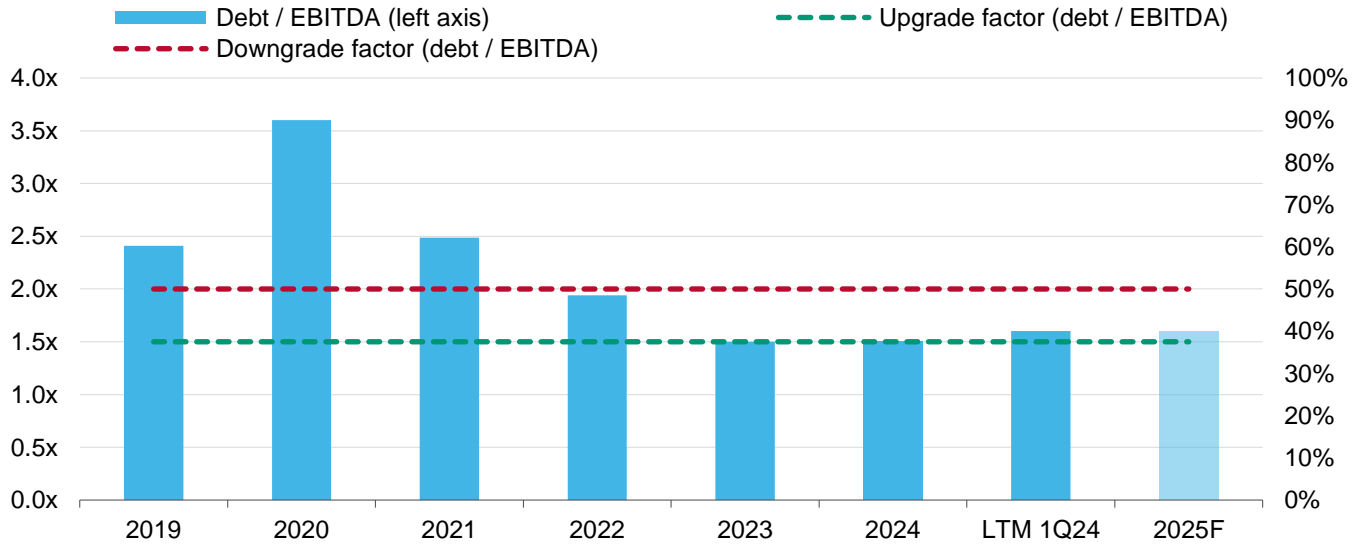
Acquisition of Dotmatics is credit positive

On 2 April, [Siemens Aktiengesellschaft](#) (Aa3 stable) announced it will acquire US-based life sciences research and development software company Dotmatics for \$5.1 billion. The acquisition is strategically sound because it will strengthen Siemens' digital products portfolio, a key driver for its future growth prospects. Siemens will finance the acquisition through stake sales in listed companies, including Siemens Healthineers, minimizing the need to raise debt. Siemens' leverage metrics will remain in line with our expectations for its current rating, while its product portfolio will strengthen. Siemens' Aa3 rating and stable outlook remain unchanged.

Dotmatics provides R&D scientific software to over 14,000 customers globally, including blue-chip life sciences and biopharmaceutical companies, research institutes and small and mid-sized businesses. Siemens expects more than 15% growth in revenue to around \$310 million, and over 40% in adjusted EBITDA margin in 2025. Dotmatics is complementary to Siemens' industrial software portfolio, which was recently strengthened by the \$10 billion [acquisition of Altair Engineering Inc.](#) The transaction price is relatively high, with a sales multiple of more than 16x and an EBITDA multiple of around 40x, based on 2025 expectations. However, Siemens expects significant revenue synergies of around \$100 million in the medium-term and over \$500 million in the long-term, which would improve the multiples but are hard to validate at this point.

Siemens will finance the transaction primarily through asset disposals, including a further reduction in its 73% stake in Siemens Healthineers, worth about €41 billion as of 2 April. While Siemens' dividend and share buyback plans remain unchanged, the company also reiterated its commitment to its excellent financial position and industry leading credit ratings. As of end-December 2024, Siemens' Moody's-adjusted debt/EBITDA was 1.6x, in line with our expectation of 1.5x-2.0x for its current rating (see exhibit). Based on Siemens' plan to fund the transaction primarily with disposal proceeds, we do not expect a significant increase in leverage metrics.

Siemens's leverage will remain in line with our expectations for its current rating



Including Moody's adjustments.

Sources: Moody's Financial Metrics and Moody's Ratings estimates

We expect Siemens Healthineers will remain fully consolidated within Siemens' accounts after a potential sale to refinance the acquisition of Dotmatics. However, a reduction in its stake would increase the cash leakage within Siemens. In fiscal 2024, Siemens Healthineers contributed around 27%-28% to operating profit and free cash flow within Siemens' industrial business.

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