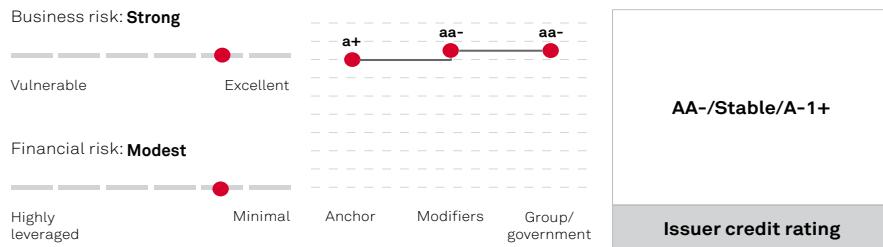


# Siemens AG

March 21, 2025

## Ratings Score Snapshot



### Primary contact

**Tobias Buechler, CFA**  
Frankfurt  
49-693-399-9136  
tobias.buechler  
@spglobal.com

### Secondary contacts

**Maria Vinokur**  
Madrid  
44-20-7176-3727  
maria.vinokur  
@spglobal.com

**Tanja Paliakoudis, CFA**  
Frankfurt  
49-6933999219  
tanja.paliakoudis  
@spglobal.com

## Credit Highlights

### Overview

#### Key strengths

Leading market positions (first or second) across all business divisions: digital industries, smart infrastructure, mobility, and Siemens Healthineers. Strong technological capabilities across all covered product segments and a world-leading position in digitalized solutions for industrial production, supported by large research and development (R&D) investments of about 8% of sales.

A large, diverse, and very competitive global product portfolio with solid growth prospects.

Conservative and consistent financial policy, including a cap on industrial net debt to EBITDA of 1.5x.

Exceptional liquidity, with robust cash flow generation through the cycle providing a high degree of financial flexibility.

#### Key risks

Exposure to market cyclicity--particularly in the automation segments--and competitive pressure in all key business segments.

Both the company and the industry are undergoing a structural transformation; this carries execution and operational risks.

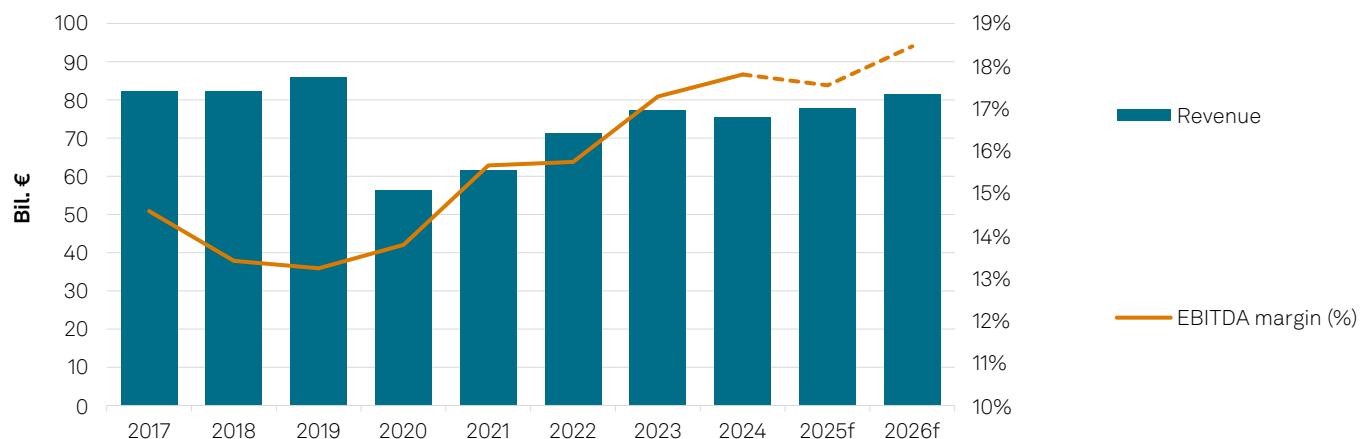
High cash flows are used to service shareholder distributions via dividends and share buybacks, as well as acquisitions.

**We estimate continued growth of 3.0%-5.0% for Siemens over the next 12-24 months, in line with our previous expectations, despite a softer near-term macroeconomic environment.**

Revenue growth will be supported by an improving market and increasing order intakes across all segments. Growth will mainly stem from the group's large order backlog (€118 billion as of Dec. 31, 2024). Overall, the group is benefitting from continued government investments, corporations' decarbonization and energy-saving efforts, and automation/digitalization investments, all of which are providing structural growth opportunities.

**However, we project S&P Global Ratings-adjusted EBITDA margin of about 17.5% in fiscal 2025, lower than our previous forecast.** This is chiefly due to a decline in the margin accretive Digital Industries (DI) segment, which will likely be affected by reduced capacity utilization amid lower revenues and higher severance charges, alongside a less favorable product mix, moderated by Siemens Healthineers' improved profitability and Smart Infrastructure's resilient margin. We expect S&P Global Ratings-adjusted EBITDA to improve by about 100 basis points (bps) in fiscal 2026. This is on the back of a strong rebound in DI and continued positive dynamics from Smart Infrastructure, Mobility, and Siemens Healthineers. This is notably higher than the EBITDA margins of 12.0%-14.6% seen between 2009 and 2020.

### Improving EBITDA margin supported by portfolio transformation and cost efficiencies trend



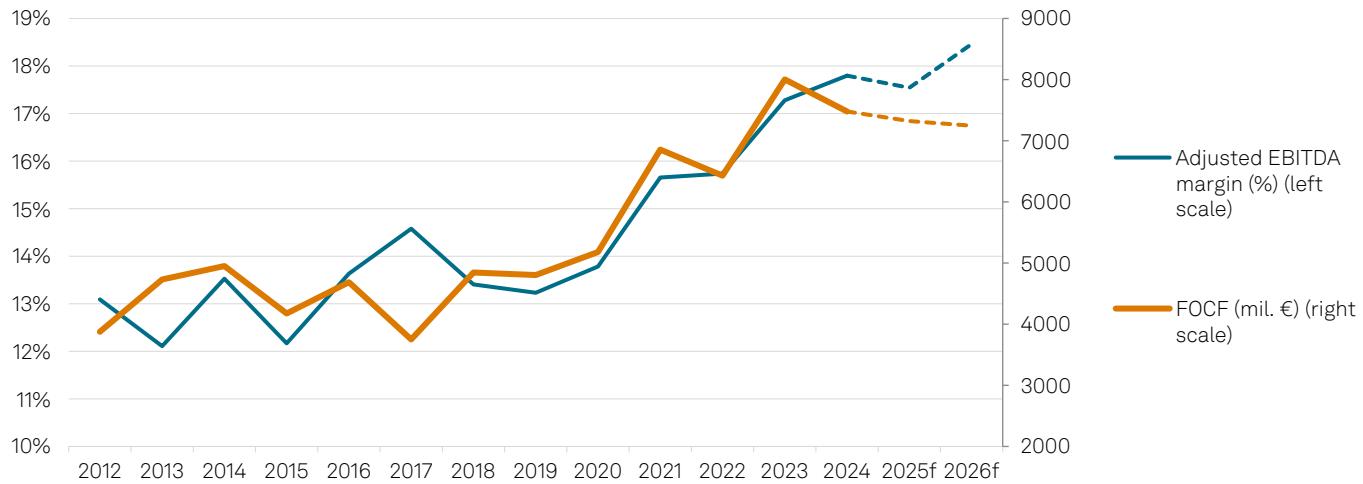
Mil.--Million. e--Estimate. Source: S&P Global Ratings.

Copyright © 2025 by Standard & Poor's Financial Services LLC. All rights reserved.

**The phasing out of destocking effects should support the organic performance of Siemens AG's most profitable segment, DI, in 2025 after a considerable decline in fiscal 2024.** This short cyclical segment reported a year-on-year order decline of 12% for fiscal 2024 (ended Sept. 30, 2024), bringing the book-to-bill ratio to about 0.93x for the full year. However, the order intake increased in the first quarter of fiscal 2025 driven by an increase in both the software and automation businesses, resulting in the book-to-bill ratio improving to more than 1.0x for the first time in two years. In addition, an order backlog of €9.6 billion should provide some buffer for revenue prospects in the coming quarters. Demand from China has been subdued, however the short-term book-to-bill business is expected to improve, with clients likely to increase their inventory levels post destocking. From fiscal 2026 onward, we believe that DI will remain

Siemens' growth driver, especially considering its software offering and gradual transformation toward software as a service, which will support profit stability.

### Higher margins drive higher cash flows



FOCF--Free operating cash flow. Source: S&P Global Ratings.

Copyright © 2025 by Standard & Poor's Financial Services LLC. All rights reserved.

**Siemens is highly diversified and has a large scale within the capital goods industry.** It maintains an unmatched global industrial portfolio, with operations across multiple end markets including building technologies, mobility, digitalization, and automation. Its portfolio also includes activities unrelated to the industrial investment cycle, particularly health care. The group's applications across short-cycle and long-cycle segments and its increasing share of recurring revenue give it a resilient business mix, which ensures some earnings stability during the economic cycle.

The group has maintained a large scale within the capital goods industry--generating revenues of close to €75 billion. This is despite completing significant disposals and spin-offs, accounting for about €30 billion of revenues since 2020. The group's large scale is supported by management's balanced, long-term focus on capital allocation, investment in R&D (8.3% of fiscal 2024 revenue), growth capital expenditure (capex), and acquisitions.

The majority holding in Siemens Healthineers (73.1%) reflects the diversification benefits Siemens enjoys from the less cyclical and generally highly profitable health care operations. Siemens Healthineers is fully consolidated and is listed--a fungible stake could be monetized or used to fund acquisitions, like Varian Medical Systems (Varian) diluting its ownership with capital increases from third party investors, to protect the group's credit metrics. Siemens' shareholding has a current value of more than €45 billion.

**Siemens has transformed its industrial portfolio, driving higher growth and profitability.** It continues to focus on markets driven by secular trends such as digitalization, decarbonization, and resource efficiency, enabling the group to accelerate growth as well as sustainably improve

its profit margin. Management has succeeded in forward-looking strategic planning and has proven its ability to execute on its strategy. Most notable has been the spin-off of Siemens Energy AG. Other disposals have also significantly reduced the group's exposure to project risks, cyclical end-markets, and lower margin and low cash generative business. Siemens also has a track record of selecting acquisitions that can fuel its transformation, including Mentor Graphics, Varian, and Altair. To finance larger acquisitions the group has used proceeds from disposals or, in the cases of Varian and Altair, it has reduced its holdings in Siemens Energy or Siemens Healthineers and reduced share buybacks to protect its balance sheet. We understand that management is currently reviewing, in light of its new strategy "One Tech Company", its majority ownership of Siemens Healthineers, a business we view as credit supportive given its sound margins and steady cash flows. If Siemens AG decides to give up control, this could create downside rating pressure.

#### **Continued substantial free operating cash flow (FOCF) and a conservative financial policy**

**support the current rating.** Siemens is capable of generating significant FOCF over the industry investment cycle, enabling it to invest in growth through acquisitions and return cash to shareholders via dividends and share buybacks. FOCF is likely to remain strong, at about €6.5 billion-€8.5 billion annually over fiscal years 2025-2027. Despite a heavy working capital outflow of €2.1 billion in fiscal 2023 and €0.8 billion in fiscal 2024, Siemens generated FOCF of €8.0 billion in fiscal 2023 and €7.5 billion in fiscal 2024.

Given moderate revenue growth and the continued normalization of supply chains, we believe working capital requirements will start to ease in the next 12-15 months. We also anticipate the company will maintain its current shareholder-friendly policy, including share-repurchase programs and further dividend increases. Because Siemens is likely to continue its conservative financial policy regarding shareholder returns and mergers and acquisitions, we expect its credit metrics to remain very strong. For fiscal year-end 2024, S&P Global Ratings-adjusted debt to EBITDA was 0.8x, and we expect it to remain below 1.0x for fiscal 2025 and 2026 with strong EBITDA improvement driven by its top line.

#### **Siemens AG FOCF and shareholder remuneration**



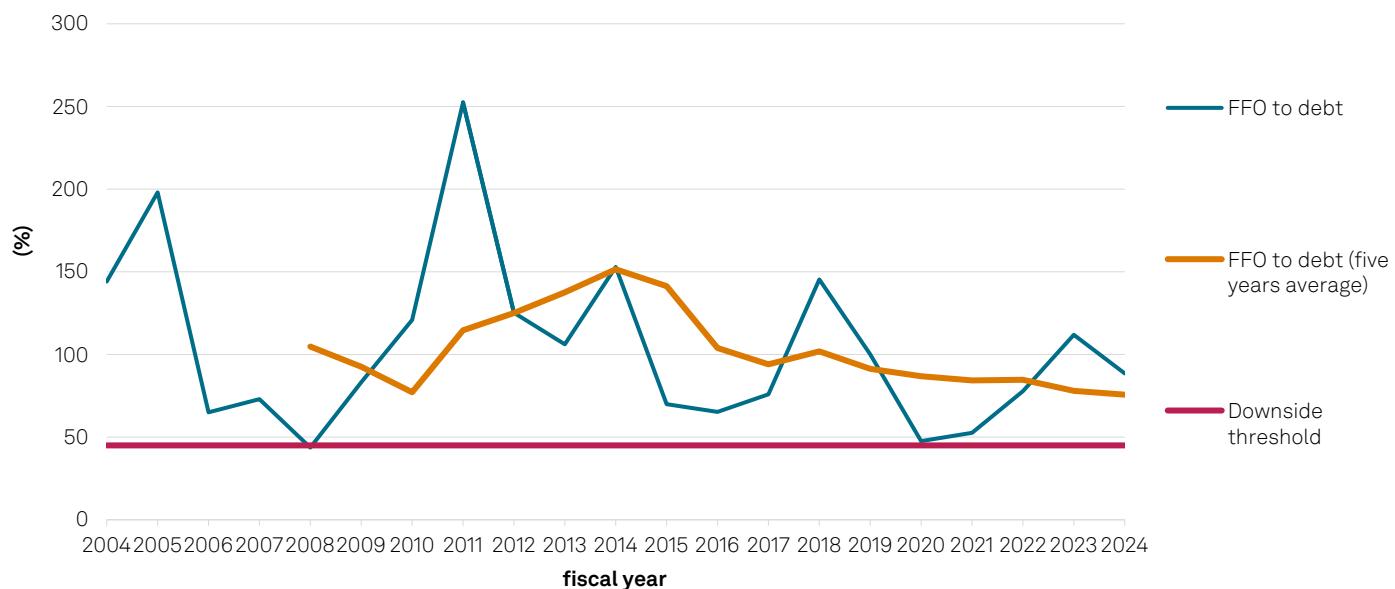
FOCF--Free Operating Cash Flow. Source: S&P Global Ratings.

Copyright © 2025 by Standard & Poor's Financial Services LLC. All rights reserved.

**The group's conservative financial policy aims to maintain reported net debt to EBITDA of up to 1.5x (Siemens' definition).** This aligns with its S&P Global Ratings-adjusted funds from operations (FFO) to debt of more than 45%, where the group usually maintains ample headroom with FFO to debt of more than 60%. Over the past two decades, FFO to debt only dropped

below 45% during the financial crisis of 2008, and below 60% in 2020 and 2021 because of the spin-off of Siemens Energy, the Varian acquisition, and the pandemic. If Siemens does not engage in large-scale acquisitions, we expect its metrics would even improve gradually because of its strong operating and financial performance and cash generation. This is despite shareholder distributions and share buybacks. We expect the excess cash to be used for mergers and acquisitions as well as shareholder remuneration.

### Funds from operations to debt



Source: S&P Global Ratings.

Copyright © 2025 by Standard & Poor's Financial Services LLC. All rights reserved.

**It is too early to estimate the potential effects of U.S. tariffs on the group.** The group generates about 30% of its revenues in the U.S. We understand that it has production facilities in the country and follows a local-to-local approach, which should mitigate the potential effect from the tariffs. We believe there is a high degree of unpredictability about policy implementations by the U.S. administration and possible responses--specifically about tariffs--and the potential effects on economies, supply chains, and credit conditions globally. As a result, our base-case forecasts carry a significant amount of uncertainty. As situations evolve, we will gauge the macro and credit materiality of potential and actual policy shifts and reassess our guidance accordingly.

## Outlook

The stable outlook reflects our view that Siemens' operating performance will continue to improve over the next 24 months, on the back of healthy secular demand in its end markets, and despite challenges in the wider economy. We expect S&P Global Ratings-adjusted EBITDA margins to remain 17%-19% over the next 24 months, and the company to maintain strong credit metrics, with FFO to debt well above 45%. We anticipate Siemens will maintain comfortable headroom under our rating threshold during normal operating circumstances, as well as balance shareholder remuneration and acquisitions, in line with its conservative financial policy.

## Downside scenario

We could lower the rating on Siemens if its credit metrics fall below our expectations, such that FFO to debt declines below 45% and its EBITDA margin falls structurally below 17%

We could also lower the rating if:

- Siemens' FOCF generation does not materialize as expected--for example, if the economy falls back into a prolonged recession, leading to a notable decline in order intake, or if development in the group's highest-margin divisions, Siemens Healthineers and DI, lags our expectations.
- We observe notable market share losses or lower competitiveness, resulting in slower revenue growth compared with GDP or its main peers in the capital goods industry.
- We observe a change in Siemens' financial policy or commitment to maintain the current rating--for example, via less-balanced shareholder renumerations versus internal and external growth investments or an unwillingness to reduce share buybacks in case of weaker-than-anticipated cash generation.
- The group relinquishes control of Siemens Healthineers, which is the most stable of its operating divisions and has strong margins and steady cash flow.

## Upside scenario

A positive rating action is very remote, in our view. We could raise the rating if EBITDA margins increase well beyond 20% or the group further substantially improves its business diversification into low volatile business, while at the same time its already-conservative financial policy became more so, leading to FFO to debt remaining permanently above 60%.

## Our Base-Case Scenario

### Assumptions

- Global economy real growth to fall from 3.3% in 2024 to 3.0% in 2025, before a slight rebound to 3.1% in 2026. For the eurozone, we forecast growth of 1.2% in 2025 and 1.3% in 2026. For the U.S., we forecast GDP growth to decelerate from 2.7% in 2024 to 2.0% in 2025 and 2026. For China, we expect a decline from 4.8% in 2024 to 4.1% in 2025 and further to 3.8% in 2026.
- We forecast revenue growth of 3%-5% in fiscal 2025 and 2026, based on the robust order backlog, moderate macroeconomic growth, and volumes growth across all segments except for DI in fiscal 2025 as it remains affected by weakened demand in the automation business.
- An order backlog of about €118 billion as of Dec. 31, 2024, providing good revenue visibility.
- We expect adjusted EBITDA margin to be about 17.5% in fiscal 2025, lower than in previous years primarily due to a decline in DI's profitability amid reduced capacity utilization and higher severance charges, marginally offset by increased profits in Siemens Healthineers and Smart Infrastructure and the effects of various cost-cutting measures. For fiscal 2026, we expect profitability to increase to about 18.3%-18.8% on the back of growth in all segments and further positive results from portfolio optimization.
- Capex of about 2.7%-2.9% of revenue over the next two years.
- Working capital flows about neutral in fiscal 2025 and about €1 billion outflows in fiscal 2026 to support revenue growth.
- Dividend distributions (including to minorities) of about €4.3 billion in fiscal 2025 (an increase of 10 cents per share to €5.2 from €4.7). For fiscal 2025, we estimate dividend distributions including minorities will increase further, to about €4.5 billion.

- Acquisition budget of about €10 billion for fiscal 2025 led by the acquisition of Altair Engineering Inc and a further about €1 billion for fiscal 2026.
- Proceeds from the sale of fixed assets of about €8.75 billion, primarily from the sale of Innometrics (€3.5 billion completed on Oct. 1, 2024), 6% sale of Siemens Energy shares, and 5% sale of Siemens Healthineers shares.
- Cash outflow of up to €1.5 billion per year share repurchases (including purchase of treasury shares and the new share buyback program, which has a volume of €6 billion, to be executed over the next five years).

## Key metrics

### Siemens AG--Forecast summary

Period ending	Sep-30-2021	Sep-30-2022	Sep-30-2023	Sep-30-2024	Sep-30-2025	Sep-30-2026
(Mil. EUR)	2021a	2022a	2023a	2024a	2025e	2026f
Revenue	61,602	71,345	77,301	75,516	77,500-78,500	80,500-82,500
EBITDA (reported)	9,570	12,846	13,257	12,752	12,500-13,500	14,000-15,000
Less: Captive EBITDA	(191)	(93)	97	187	~(170)	~(150)
Less: Capitalized Development Costs	(277)	(295)	(301)	(206)	~(331)	~(348)
Plus: Pension & other postretirement expense	10	(6)	8	17	17	17
Plus: Dividends received from equity investments	238	348	258	294	294	294
Plus: Stock compensation expense	294	377	444	524	524	524
EBITDA: Gain/(Loss) on disposals of PP&E	--	(65)	(174)	(128)	--	--
EBITDA – Business Divestments	--	(1,884)	(232)	--	--	--
EBITDA	9,644	11,228	13,357	13,440	13,500-14,500	14,500-15,500
Funds from operations (FFO)	7,139	8,853	10,240	9,748	11,000-11,500	12,000-12,500
Capital expenditure (capex)	1,431	1,758	1,885	1,853	1,800-2,000	1,800-2,000
Free operating cash flow (FOCF)	6,855	6,429	8,003	7,479	7,000-7,500	7,000-7,500
Dividends	3,089	3,569	3,751	4,098	~4,300	~4,500
Share repurchases (reported)	547	1,870	1,288	3,765	<2,000	<2,000
Acquisitions	3,219	990	2,964	(384)	~10,000	~1,000
Debt (reported)	45,771	47,634	43,673	44,857	--	--
Less: Accessible cash and liquid Investments	(8,542)	(9,363)	(8,905)	(8,173)	--	--
Debt reported – accessible cash	37,229	38,271	34,768	36,684	35,000-36,000	34,200-35,200
Plus: Reported lease liabilities	2,929	3,002	2,923	3,062	3,062	3,062
Less: Captive finance debt	(26,519)	(29,107)	(28,756)	(28,699)	(28,699)	(28,699)
Plus: ARO debt adjustment	577	564	556	554	554	554
Plus: Pension & postretirement debt/ deferred compensation	--	7	--	--	--	--
Debt – Guarantees	366	355	284	216	216	216
Debt – Other	(1,012)	(1,720)	(621)	(806)	--	--
Adjusted Debt	13,570	11,372	9,154	11,011	10,200-11,300	9,500-10,500

## Siemens AG--Forecast summary

## Adjusted ratios

Debt/EBITDA (x)	1.4	1.0	0.7	0.8	<1.0	<1.0
FFO/debt (%)	52.6	77.8	111.9	88.5	>100.0	>100.0
FOCF/debt (%)	50.5	56.5	87.4	67.9	63.0-73.0	68.0-78.0
Annual revenue growth (%)	9.1	15.8	8.3	(2.3)	3.0-4.0	4.0-5.0
EBITDA margin (%)	15.7	15.7	17.3	17.8	17.3-17.8	18.2-18.7

All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast. EUR--euro.

## Company Description

Siemens AG, founded in 1847 and headquartered in Germany, is one of the world's leading electronic engineering and manufacturing companies. In the fiscal year to Sept. 30, 2024, the group recorded S&P Global Ratings-adjusted revenue of €75.5 billion and adjusted EBITDA of about €13.4 billion.

It operates through three fully owned segments: DI; smart infrastructure; and mobility. In addition, it consolidates two segments: Siemens Healthineers (75% owned) and Siemens Financial Services (100% owned).

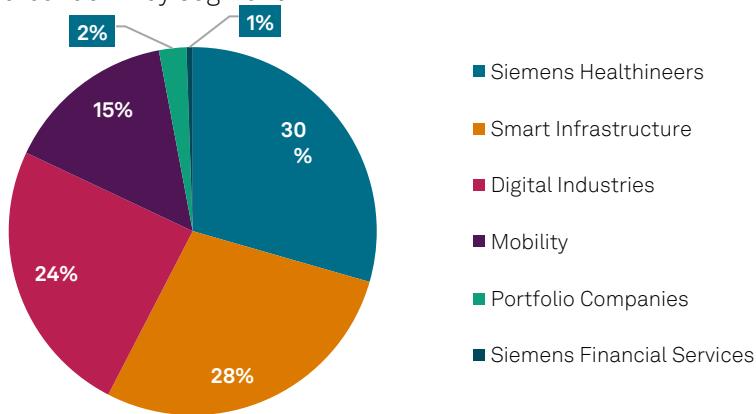
- DI offers automation systems and software for factories; numerical control systems; motors, drives, and inverters; and integrated automation systems for machine tools and production machines. It also offers process control systems; machine-to-machine communication products; sensors and radio frequency identification systems; software for production and product life cycle management; software for the simulation and testing of mechatronic systems; and cloud-based industrial internet of things (IoT) operating systems.
- Smart infrastructure offers products, systems, solutions, services, and software to support a sustainable energy-generation transition from fossil fuels to renewable sources; sustainable buildings and communities; and buildings, electrification, and electrical products.
- Mobility provides passenger and freight transportation, such as vehicles, trams and light rail, and commuter trains, as well as trains and passenger coaches; locomotives for freight or passenger transport as well as solutions for automated transportation; products and solutions for rail automation; electrification products; and intermodal solutions.
- Siemens Healthineers develops, manufactures, and sells various diagnostic and therapeutic products and services; and provides clinical consulting services.
- Siemens Financial Services offers leasing, lending, and working capital financing solutions and equipment, project, and structured financing solutions.

We view the group's captive finance operations as neutral in terms of its credit profile. This reflects the historically low loss rates and leverage of these operations.

In September 2020, Siemens completed the spinoff of its energy business, Siemens Energy AG (oil and gas, conventional power generation, power transmission, and renewable energies) to a separately managed publicly listed company. As of Jan. 30, 2025, Siemens directly and indirectly held a stake of about 15% in Siemens Energy.

**Siemens AG**

## Revenue breakdown by segment\*



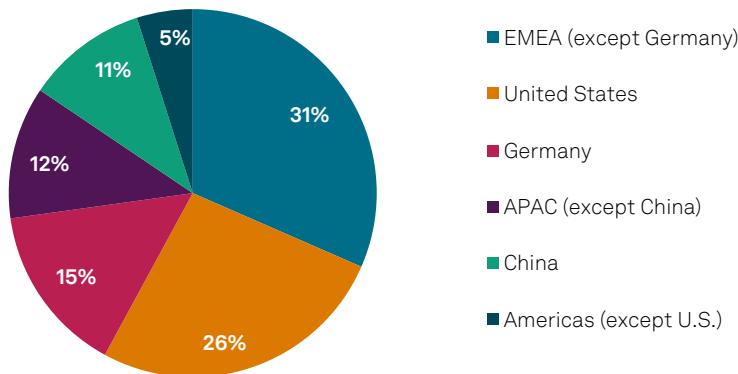
\*For the fiscal year ended Sept. 30, 2024. Source: S&P Global Ratings.

EMEA--Europe, the Middle East, and Africa. APAC--Asia-Pacific.

Copyright © 2025 by Standard & Poor's Financial Services LLC. All rights reserved.

**Siemens AG**

## Revenue breakdown by geography\*



\*For the fiscal year ended Sept. 30, 2024. Source: S&P Global Ratings.

EMEA--Europe, the Middle East, and Africa. APAC--Asia-Pacific.

Copyright © 2025 by Standard & Poor's Financial Services LLC. All rights reserved.

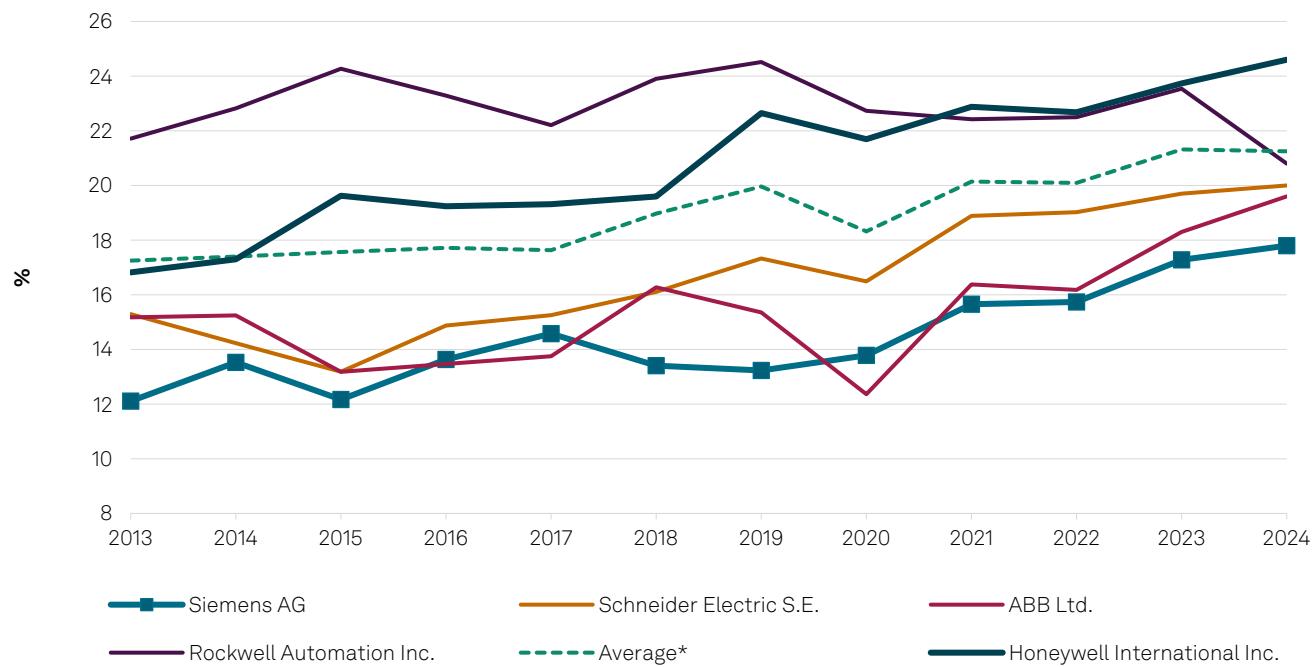
**Peer Comparison**

Siemens is among the largest capital goods players in the world. Its peers include capital goods companies such as ABB Ltd. (A/Stable/A-1), Schneider Electric S.E. (A/Stable/A-1), and Rockwell Automation Inc. (A-/Stable/A-2), with the latter two characterized by a higher North American concentration. ABB has similar geographic diversification to Siemens, but is less diversified by end markets, because it largely serves the energy, transportation, and industrial end markets. Siemens caters to these markets, but also to health care, and it has a stronger digitalization offering. This strengthens Siemens' position in the competitive landscape in terms of diversity of size, product, and services compared with ABB, in our view. Schneider Electric's revenue has increased in recent years and its adjusted EBITDA margins are higher than its European peers, Siemens and ABB.

## Siemens AG

Siemens' profitability has improved in recent years but remains lower than that of some peers. This is largely due to the business mix of the group. The Mobility business accounts for 15%-20% and has a reported EBT margin of about 9% whereas Digital Industries (which is more comparable to Rockwell Automation) reported an EBT margin of 18.9% for fiscal year 2024.

**Similar to some of its key peers, Siemens has gradually improved its S&P Global Ratings-adjusted EBITDA margins**



\*Average of the above four peers. Source: S&P Global Ratings.

Copyright © 2025 by Standard & Poor's Financial Services LLC. All rights reserved.

## Siemens AG--Peer Comparisons

	Siemens AG	ABB Ltd.	Schneider Electric S.E.	Rockwell Automation Inc.
Foreign currency issuer credit rating	AA-/Stable/A-1+	A/Stable/A-1	A/Stable/A-1	A-/Stable/A-2
Local currency issuer credit rating	AA-/Stable/A-1+	A/Stable/A-1	A/Stable/A-1	A-/Stable/A-2
Period	Annual	Annual	Annual	Annual
Period ending	2024-09-30	2023-12-31	2023-12-31	2024-09-30
Mil.	EUR	EUR	EUR	EUR
Revenue	75,516	29,163	35,902	7,410
EBITDA	13,440	5,331	7,069	1,540
Funds from operations (FFO)	9,748	4,035	5,233	960
Interest	513	281	477	152
Cash interest paid	145	258	387	151
Operating cash flow (OCF)	9,332	4,125	5,557	859

**Siemens AG--Peer Comparisons**

Capital expenditure	1,853	697	1,037	201
Free operating cash flow (FOCF)	7,479	3,428	4,520	658
Discretionary cash flow (DCF)	(384)	656	1,966	(388)
Cash and short-term investments	10,216	5,264	4,696	422
Gross available cash	10,216	5,264	4,696	422
Debt	11,011	3,990	11,249	3,729
Equity	53,121	12,798	27,168	3,295
EBITDA margin (%)	17.8	18.3	19.7	20.8
Return on capital (%)	18.5	26.5	15.6	17.3
EBITDA interest coverage (x)	26.2	19.0	14.8	10.1
FFO cash interest coverage (x)	68.2	16.6	14.5	7.4
Debt/EBITDA (x)	0.8	0.7	1.6	2.4
FFO/debt (%)	88.5	101.1	46.5	25.7
OCF/debt (%)	84.8	103.4	49.4	23.0
FOCF/debt (%)	67.9	85.9	40.2	17.6
DCF/debt (%)	(3.5)	16.4	17.5	(10.4)

## Business Risk

**Several factors support our view of Siemens' business risk profile.** These include the group's strong industry, geographic, and customer diversification; leading market positions as a systems provider rather than as a component supplier; and supportive long-term demand characteristics in most of its business lines. With more than €75 billion in revenue, Siemens benefits from economies of scale and geographical and customer diversification. The group is exposed to a wide variety of industries and their related risks, primarily within the traditional capital goods area. Even with the spinoff of its energy business in 2020, Siemens AG retains a diversified global industrial portfolio, with operations across multiple end markets, including building technologies, mobility, and digitalization and automation. Its portfolio also includes activities unrelated to the industrial investment cycle; in particular, health care. The group's applications across short-cycle and long-cycle segments have given it a resilient business mix, which ensures some earnings stability during the economic cycle. The majority holding in Siemens Healthineers reflects the diversification benefits the group enjoys from its less cyclical and highly profitable health care operations.

**Siemens has leading market positions in all its business divisions, further complemented by strong technological capabilities.** It ranks first or second in all its major industry end markets. Its market position is particularly strong in discrete industrial automation and digital industry solutions--where the company is the No. 1 provider globally, in our view--and in health care equipment. It also has world-leading positions in process automation, electrification, building technologies, and rail transportation. Siemens is still the largest European provider of rail equipment and automation; globally, it ranks second behind China's CRRC Corp. Ltd. (A+/Stable--). In all these fields, Siemens has strong technological capabilities, a global scale of operations, and high barriers to entry provided by technology, the need for high R&D investment, and its record as a global leader. In fiscal 2024, Siemens spent about €6.3 billion on

R&D (about 8.3% of revenue). DI and Siemens Healthineers accounted for more than two-thirds of spending.

## Financial Risk

We base our assessment of Siemens' financial risk profile on the group's strong balance sheet, exceptional liquidity, and strong FOCF generation through the cycle, as well as the financial flexibility provided by cash generation and the discretionary nature of shareholder distribution levels through dividend payments and share buybacks. Additionally, Siemens' adjusted debt was about €11.0 billion as of Sept. 30, 2024, down from €9.1 billion at fiscal year-end 2023. However, by the end of fiscal 2024, leverage increased marginally to 0.8x, from 0.7x in fiscal 2023. This reflected increased adjusted debt, which was impacted by lower accessible cash primarily due to the increased purchase of treasury shares as well as higher-than-expected income taxes and interest expenses paid, besides also being impacted by working capital outflows.

We forecast leverage at about 0.7x-0.9x in fiscals 2025 and 2026--largely in line with the 0.8x reported in fiscal 2024. Our expectations are driven by margin decline in fiscal 2025 and a strong fiscal 2026, as well as our expectation of higher shareholder remuneration.

In our adjusted debt calculation, we exclude about €28.7 billion of debt held at the group's captive finance operations and deduct about €8.2 billion of surplus cash. Our conservative leverage calculation also excludes the value of the group's stake in Siemens Energy (about €6.9 billion as of March 12, 2025).

We view the group's captive finance operations, including Siemens Financial Services, as credit neutral. For its captive finance operations, the group is issuing debt at the parent level, which is passed, via inter-company loans, to its captive finance subsidiaries. Leverage in Siemens' captive finance operations, as measured by our criteria, has been little changed over the last few years, with our measure of debt to equity at about 9.27x over the last three years. We consider the credit quality of Siemens' captive operations to be strong, based on reported losses of comfortably of less than 1% a year for the past decade (less than 0.3% over the last three years). As a result, we assess Siemens' asset and leverage risk as low. We expect the captive's leverage to remain below the 10x upper limit for the asset and leverage risk category. At the same time, consolidated leverage, measured by our adjusted debt-to-capital (consolidated) ratio, is about 46.5%, we expect little change to this ratio in coming years. Given that leverage is commensurate with the group's portfolio quality and the adjusted debt to capital ratio remains comfortably less than 70%, Siemens' captive finance division does not modify our view of the group's overall financial risk.

We view Siemens' financial policy as conservative, based on its commitment to a strategy that focuses on low leverage (its publicly communicated leverage target is up to 1.5x industrial net debt to EBITDA), long-term funding, access to undrawn committed bank facilities, and ample liquid funds. We expect Siemens will follow its leverage guidance over the long term and allocate its capital according to group principles regarding investment and shareholder remuneration. The conservative financial policy is underlined by the group's record of strong credit metrics--over the past 15 years, FFO to debt has mostly remained above 60%. We expect Siemens will maintain its acquisition and share buyback programs at a level commensurate with the current 'AA-' long-term issuer credit rating and our exceptional liquidity assessment. Siemens is pursuing a progressive dividend policy with gradually improving dividend payments reaching about €4.1 billion in fiscal 2024.

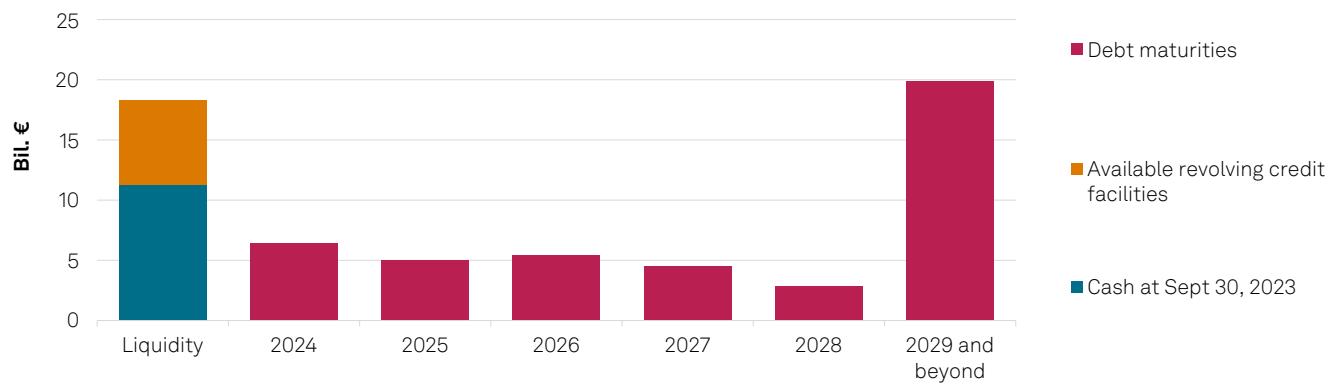
## Debt maturities

The group has €7.0 billion in committed revolving credit facilities (RCFs), maturing in February 2026.

Loan and bond maturity profile:

- Fiscal 2024: \$6.1 billion
- Fiscal 2025: \$5.0 billion
- Fiscal 2026: \$5.4 billion
- Fiscal 2027: \$4.5 billion
- Thereafter: \$23 billion

## Liquidity And Debt Maturity Profile



As of Sept 30, 2013. Bil.--Billion. Source: S&P Global Ratings.

Copyright © 2024 by Standard & Poor's Financial Services LLC. All rights reserved.

## Siemens AG--Financial Summary

Period ending	Sep-30-2019	Sep-30-2020	Sep-30-2021	Sep-30-2022	Sep-30-2023	Sep-30-2024
Reporting period	2019a	2020a	2021a	2022a	2023a	2024a
Display currency (mil.)	EUR	EUR	EUR	EUR	EUR	EUR
Revenues	86,072	56,472	61,602	71,345	77,301	75,516
EBITDA	11,389	7,784	9,644	11,228	13,357	13,440
Funds from operations (FFO)	8,224	5,898	7,139	8,853	10,240	9,748
Interest expense	987	495	416	335	488	513
Cash interest paid	824	418	409	412	240	145
Operating cash flow (OCF)	6,971	6,292	8,286	8,187	9,888	9,332
Capital expenditure	2,167	1,112	1,431	1,758	1,885	1,853
Free operating cash flow (FOCF)	4,804	5,180	6,855	6,429	8,003	7,479
Discretionary cash flow (DCF)	91	281	3,219	990	2,964	(384)
Cash and short-term investments	13,722	15,297	10,677	11,704	11,131	10,216
Gross available cash	13,722	12,673	10,677	11,704	11,131	10,216

## Siemens AG

### Siemens AG--Financial Summary

Debt	8,219	12,389	13,570	11,372	9,154	11,011
Common equity	48,119	37,151	46,501	51,718	49,927	53,121
<b>Adjusted ratios</b>						
EBITDA margin (%)	13.2	13.8	15.7	15.7	17.3	17.8
Return on capital (%)	14.4	8.3	11.7	12.5	15.0	18.5
EBITDA interest coverage (x)	11.5	15.7	23.2	33.5	27.4	26.2
FFO cash interest coverage (x)	11.0	15.1	18.5	22.5	43.7	68.2
Debt/EBITDA (x)	0.7	1.6	1.4	1.0	0.7	0.8
FFO/debt (%)	100.1	47.6	52.6	77.8	111.9	88.5
OCF/debt (%)	84.8	50.8	61.1	72.0	108.0	84.8
FOCF/debt (%)	58.4	41.8	50.5	56.5	87.4	67.9
DCF/debt (%)	1.1	2.3	23.7	8.7	32.4	(3.5)

### Reconciliation Of Siemens AG Reported Amounts With S&P Global Adjusted Amounts (Mil. EUR)

	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
Financial year	Sep-30-2024									
Company reported amounts	44,857	51,264	75,930	12,752	9,593	1,785	13,440	11,814	4,098	2,088
Cash taxes paid	-	-	-	-	-	-	(3,463)	-	-	-
Cash interest paid	-	-	-	-	-	-	(1,462)	-	-	-
Lease liabilities	3,062	-	-	-	-	-	-	-	-	-
Postretirement benefit obligations/ deferred compensation	-	-	-	17	17	39	-	-	-	-
Accessible cash and liquid investments	(8,173)	-	-	-	-	-	-	-	-	-
Capitalized development costs	-	-	-	(206)	(47)	-	-	(206)	-	(206)
Share-based compensation expense	-	-	-	524	-	-	-	-	-	-
Dividends from equity investments	-	-	-	294	-	-	-	-	-	-
Captive finance operations	(28,699)	(3,110)	(414)	187	(1,047)	(1,317)	1,233	(814)	-	(29)
Asset-retirement obligations	554	-	-	-	-	6	-	-	-	-
Nonoperating income (expense)	-	-	-	-	2,984	-	-	-	-	-

## Reconciliation Of Siemens AG Reported Amounts With S&amp;P Global Adjusted Amounts (Mil. EUR)

	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
Reclassification of interest and dividend cash flows	-	-	-	-	-	-	-	(1,462)	-	-
Noncontrolling/minority interest	-	4,967	-	-	-	-	-	-	-	-
Debt: Guarantees	216	-	-	-	-	-	-	-	-	-
Debt: other	(806)	-	-	-	-	-	-	-	-	-
EBITDA - Gain/(loss) on disposals of PP&E	-	-	-	(128)	(128)	-	-	-	-	-
Total adjustments	(33,846)	1,857	(414)	688	1,779	(1,272)	(3,692)	(2,482)	-	(235)
<b>S&amp;P Global Ratings adjusted</b>	<b>Debt</b>	<b>Equity</b>	<b>Revenue</b>	<b>EBITDA</b>	<b>EBIT</b>	<b>Interest expense</b>	<b>Funds from Operations</b>	<b>Operating cash flow</b>	<b>Dividends</b>	<b>Capital expenditure</b>
	11,011	53,121	75,516	13,440	11,372	513	9,748	9,332	4,098	1,853

## Liquidity

The short-term rating is 'A-1+', derived from the long-term rating on Siemens AG. We assess Siemens' liquidity as exceptional, with an expectation that liquidity sources will continuously exceed uses by 2x over the next 24 months from Dec. 31, 2024. We further view Siemens' bank relationships as well established, its credit market standing as high, and its financial risk management as very prudent.

### Principal liquidity sources

Principal liquidity sources over the next 24 months include:

- Reported cash and cash equivalents of about €13.9 billion at the end of Dec. 31, 2024.
- Undrawn committed RCFs totaling €7.0 billion maturing in February 2026.
- Positive FFO of about €10.0 billion-€11.0 billion over the next 12 months and a further 11.0 billion-€12.0 billion over the 12 months thereafter.
- Net inflow of about €4.5 billion, €1.45 billion from the sale of stakes in Siemens Healthineers and €3.0 billion from the sale of Innomatics in the second half of 2024.

### Principal liquidity uses

Principal liquidity uses over the same period include:

- Short-term debt maturities of about €6.5 billion over the next 12 months and a further €7.7 billion over the 12 months thereafter.
- Annual capex of about €2.2 billion-€2.4 billion.
- Working capital outflow of about €0.1 billion-€0.2 billion for the next 12 months and thereafter €0.8 billion-€1.0 billion a year.
- Dividend payments of about €4.3 billion over the next 12 months and about €4.5 billion over the next 24 months.
- Share repurchases of up to €1.0 billion a year.

## Covenant Analysis

### Requirements

The capital structure does not contain any covenants.

### Compliance expectations

None.

## Environmental, Social, And Governance

Governance factors are a positive consideration in our credit rating analysis of Siemens. This is because the company adheres to the highest standard of disclosure, and management is committed to long-term, sustainable organic growth. We also view positively the group's forward-looking strategic planning processes and ability to execute on its strategy.

Environmental and social factors are an overall neutral consideration in our credit rating analysis. That said, Siemens is likely to benefit from the current sustainability trends through its smart infrastructure segment, providing energy-saving infrastructure and services for buildings, and through its mobility segment, benefiting from government investments into less carbon-intense railway transportation infrastructure, and from its software offering (digital twin) to design energy-efficient production lines and products.

Sustainability is one of Siemens' core organizational values. The company has aligned its internal targets with the U.N.'s Sustainable Development Goals 2030. As a part of its environmental agenda, Siemens pledges its operations will be carbon-neutral by 2030, by reducing inhouse CO2 emissions.

Also, Siemens targets net zero operations by 2030, waste-to-landfill reduction by 50% by 2025, and zero landfill waste by 2030. Through its health care segment, the group benefits from an aging population and advancements in medical systems and treatments.

## Issue Ratings--Subordination Risk Analysis

### Capital structure

Siemens' outstanding debt consists largely of senior unsecured obligations issued by the group's financing entities.

### Analytical conclusions

We rate Siemens' senior unsecured debt 'AA-', in line with the issuer credit rating, because no significant elements of subordination risk are present in the capital structure and adjusted debt to EBITDA is well below 2x.

**Rating Component Scores**

<b>Foreign currency issuer credit rating</b>	<b>AA-/Stable/A-1+</b>
<b>Local currency issuer credit rating</b>	<b>AA-/Stable/A-1+</b>
<b>Business risk</b>	<b>Strong</b>
Country risk	Low
Industry risk	Intermediate
Competitive position	Strong
<b>Financial risk</b>	<b>Modest</b>
Cash flow/leverage	Modest
<b>Anchor</b>	<b>a+</b>
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Exceptional (no impact)
Management and governance	Positive (no impact)
Comparable rating analysis	Positive (+1 notch)
<b>Stand-alone credit profile</b>	<b>aa-</b>

## Related Criteria

- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities, Jan. 7, 2024
- Criteria | Corporates | General: Corporate Methodology, Jan. 7, 2024
- Criteria | Corporates | General: Methodology: The Impact Of Captive Finance Operations On Nonfinancial Corporate Issuers, Oct. 23, 2023
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

## Related Research

- Industry Credit Outlook 2025: Capital Goods, Jan. 14, 2025
- Full Analysis: Siemens AG, Aug. 9, 2024
- Industry Credit Outlook Update Europe: Capital Goods, July 18, 2024
- Digital Assets: Will Technological And Regulatory Developments Unleash Institutional Blockchain Adoption?, Dec. 4, 2023
- Siemens AG's First Digital Bond Rated 'A+', Feb. 14, 2023

### Ratings Detail (as of March 14, 2025)\*

#### Siemens AG

Issuer Credit Rating	AA-/Stable/A-1+
----------------------	-----------------

#### Issuer Credit Ratings History

13-Feb-2024	AA-/Stable/A-1+
26-Apr-2021	A+/Stable/A-1+
04-Aug-2020	A+/Negative/A-1+

#### Related Entities

##### RISICOM Rueckversicherung AG

Financial Strength Rating	
Local Currency	AA-/Stable/--
Issuer Credit Rating	
Local Currency	AA-/Stable/--

##### Siemens Financial Services GmbH

Issuer Credit Rating	AA-/Stable/A-1+
----------------------	-----------------

##### Siemens Servicios Comerciales S.A. de C.V. Sofom E.N.R.

Issuer Credit Rating	A-/Stable/--
----------------------	--------------

\*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings credit ratings on the global scale are comparable across countries. S&P Global Ratings credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

Copyright © 2025 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, [www.spglobal.com/ratings](http://www.spglobal.com/ratings) (free of charge), and [www.ratingsdirect.com](http://www.ratingsdirect.com) (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at [www.spglobal.com/usratingsfees](http://www.spglobal.com/usratingsfees).

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.