

Siemens India Ltd

 Relative to sector: **Under review**

The standalone results for qtr ended Sep-08 were better than expected due to significant margin expansion in power (up 380bps), industrial (up 285bps) and automation division (up 336 bps). Order intake grew by 87% YoY to Rs 23.8bn and order backlog stands at Rs 98.3bn (up 5% YoY).

The consolidated results for year ended Sep-08 were disappointing (*See overleaf*). Subsidiaries reported revenues of Rs 13.7bn (down 17%), OPM of 9.6% (down 510bps), PBT of Rs 515mn (down 54%) and adj. PAT of Rs 73mn (effective tax rate 97%).

Q4FY08: FIRST IMPRESSIONS

Reported nos. vs. expectations

| (Rs mn) | Reported | Forecast | Variance (%) | Comment |
|----------|----------|----------|--------------|--|
| Sales | 24,765 | 27,024 | (8.4) | Lower than expected growth in power division |
| EBITDA | 3,198 | 2,754 | 16.1 | Ahead as PBIT margins across the board (except transport segment) surprised positively. Also <i>see segmental overleaf</i> |
| Adj. PAT | 2,013 | 1,760 | 14.3 | |

Source: Company, ENAM Research

Results update

| (Rs mn) | Quarter ended | | | | | Comment |
|-------------------------------|---------------|---------------|---------------|---------------|-------------|------------------------------------|
| | Sep-08 | Sep-07 | % Chg | Jun-08 | % Chg | |
| Net Sales | 24,765 | 21,932 | 12.9 | 18,204 | 36.0 | Continuing business growth 15% YoY |
| EBITDA # | 3,198 | 2,167 | 47.5 | 2,254 | 41.9 | |
| Other income | 177 | 460 | (61.4) | 127 | 39.6 | |
| PBIT | 3,375 | 2,627 | 28.5 | 2,381 | 41.7 | |
| Depreciation | 176 | 160 | 10.2 | 161 | 9.4 | |
| PBT | 3,199 | 2,467 | 29.7 | 2,220 | 44.1 | |
| Tax | 1,186 | 811 | 46.2 | 926 | 28.1 | |
| Adjusted PAT | 2,013 | 1,656 | 21.6 | 1,294 | 55.5 | |
| Extra ordinary inc./ (exp.) | 239 | (1,431) | | (400) | - | |
| Reported PAT | 2,252 | 3,086 | (27.0) | 1,694 | 32.9 | |
| No. of shares (mn) | 337 | 337 | - | 337 | - | |
| EBITDA margin (%) | 12.9 | 9.9 | - | 12.4 | - | |
| PBIT margin (%) | 13.6 | 12.0 | - | 13.1 | - | |
| EPS - annualized (Rs.) | 6.0 | 4.9 | 21.6 | 3.8 | 55.5 | |

Source: Company, ENAM Research, # Adj for provisions in footnotes

We shall release a detailed note tomorrow post the analyst meet.

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Q4FY08 Segment-wise performance# - Standalone

| | Revenues (Rs mn) | | | PBIT margin (%) | | |
|--------------------------------|------------------|---------------|-------------|-----------------|------------|------------|
| | Sep-08 | Sep-07 | % Chg | Sep-08 | Sep-07 | Chg bps |
| Information & Communication* | - | 184 | - | - | 6.1 | (612) |
| Automation & Drives | 6,268 | 5,301 | 18.2 | 10.6 | 7.3 | 336 |
| Industrial Solutions & Service | 3,745 | 2,809 | 33.3 | 11.4 | 8.6 | 285 |
| Power | 11,793 | 11,431 | 3.2 | 13.7 | 9.9 | 380 |
| Transport | 2,060 | 1,298 | 58.8 | (2.2) | 5.6 | (785) |
| Healthcare & Other Service* | 2,093 | 1,695 | 23.5 | 11.1 | 4.6 | 650 |
| Building Technology Service* | - | 290 | - | - | 14.7 | - |
| Automotive | - | 337 | - | - | 21.7 | - |
| Real Estate | 196 | 162 | 20.9 | 184.5 | 59.3 | 12,522 |
| Total | 26,155 | 23,506 | 11.3 | 13.2 | 9.7 | 350 |

Source: Company, * Discontinued operations, # Not adj. for provisions

FY08 Consolidated: Reported nos. vs. expectations

| (Rs mn) | Reported | Forecast | Variance (%) | Comment |
|----------|----------|----------|--------------|--|
| Sales | 98,468 | 102,571 | (4.0) | Revenues of subsidiaries declined by 17% YoY |
| EBITDA | 10,826 | 13,018 | (16.8) | |
| Adj. PAT | 6,483 | 7,854 | (17.5) | |

Source: Company, ENAM Research

FY08 Subsidiaries performance

| (Rs mn) | FY08 | FY07 | Variance (%) |
|----------|--------|--------|--------------|
| Sales | 13,719 | 16,515 | (16.9) |
| EBITDA | 1,312 | 2,422 | (45.8) |
| PBT | 515 | 1,112 | (53.7) |
| Adj. PAT | 73 | 948 | (92.3) |

Source: Company, ENAM Research

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