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## Siemens Profit Beats Expectations, Boosted by Industrial Businesses -- Update

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By Pierre Bertrand

Siemens reported an increase in net profit, beating analysts' expectations, after earnings rose across most of its businesses in the first quarter of fiscal 2024.

The German industrial company said Thursday that it made 2.39 billion euros (\$2.57 billion) in net profit for the quarter ended in December compared with EUR1.48 billion a year prior on revenue that grew 1.9% to EUR18.41 billion.

Orders for the period contracted 1.4% to EUR22.30 billion, bringing the company's backlog to EUR113 billion.

The result compares with analysts' expectations of EUR1.69 billion in net profit and EUR18.58 billion in revenue, according to a company-provided consensus.

Siemens said the result reflected earnings growth across most of its industrial businesses, led by its smart infrastructure business, which reached its highest-ever quarterly profit.

Smart infrastructure posted a 26% profit increase to EUR885 million, driven by demand for data centers and power distribution. Included in that result was a EUR94 million gain from the partial reversal of a liability related to past portfolio activities, the company said.

Profit at Siemens's digital industries business fell 20% in the quarter as short-cycle automation demand normalized and customers continued destocking, Chief Executive Roland Busch said in a post-earnings call to media.

However, demand has improved sequentially, he said. "We expect this trend to continue in the quarters ahead," Busch said.

That said, customer destocking in China might extend into the second half of fiscal 2024, Chief Financial Officer Ralf P. Thomas said in the same post-earnings call.

"In other regions, such as Europe and the U.S., we assume that our customers' stock levels will mostly be back to normal by mid fiscal 2024," Thomas said. However, Siemens expects muted customer production output growth in the next quarters, particularly in export-driven industries such as machine building, he said.

Digital industries orders are expected to sequentially improve in 2Q, but they will remain lower on year. Siemens also assumes the division's 2Q revenue will be lower on year, Thomas said.

As disclosed in November, Siemens said it will begin a new share buyback program of up to EUR6 billion over a period of up to five years.

Siemens confirmed its outlook for fiscal 2024.

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