

What Siemens Energy assumes, believes and expects

Source: Siemens Energy AG - annual report, 2025 (512 pages).

5 assumptions worth your attention

These claims are never argued for directly, but the document depends on them.

TECHNOLOGY AND PRODUCT EXECUTION

Siemens Gamesa can break even in fiscal year 2026 despite persistent onshore warranty costs and supply chain inflation.

Why it matters: Siemens Gamesa reported a segment profit of €(1,364) million in 2025 due to onshore quality issues; achieving break-even in 2026 is necessary to lift Group profit margin from 6.0% to 9%-11%.

How we deduced this: Section 2.7.2 targets break-even for Siemens Gamesa in FY2026 while Section 2.8.4 acknowledges ongoing quality task force remediation and warranty provision updates, implying full resolution without further unexpected costs that the report never proves.

What would prove or disprove it: Siemens Gamesa segment profit reaching break-even ($\geq$ €0) in fiscal year 2026 quarterly filings.

FINANCING, LIQUIDITY AND CAPITAL ALLOCATION

Customer prepayments will remain exceptionally high to support liquidity and offset inventory build-up.

Why it matters: Free cash flow pre tax reached €4,663 million in 2025, driven heavily by advanced project prepayments that brought contract liabilities to €22,321 million.

How we deduced this: Section 2.7.2 guides FY2026 Free cash flow pre tax of €4-5 billion while noting working capital inflows will decrease; this requires high order inflows and prepayments to persist without cancellation, which is unargued in the text.

What would prove or disprove it: Free cash flow pre tax hitting guided range of €4 billion to €5 billion in fiscal year 2026.

PRICING AND MARGINS

Escalating US tariffs and trade barriers can be passed through to customers without impacting order volumes.

Why it matters: US market revenue grew 25% to €8,666 million in 2025, while tariffs impacted profitability in Gas Services and Siemens Gamesa.

How we deduced this: Section 2.7.1 explicitly states the assumption that Siemens Energy can largely pass on inflation and tariff effects to customers in new contracts, though market acceptance of higher prices is never proven.

What would prove or disprove it: Maintenance of Gas Services margin between 14%-16% and Grid Technologies margin between 16%-18% in FY2026 US orders.

DEMAND AND MARKET SIZE

Surging electricity demand from data centers and AI computing will sustain rapid order growth in gas turbines and grid solutions.

Why it matters: Order intake reached a record €58,928 million and order backlog hit €138 billion in 2025, heavily propelled by data center infrastructure.

How we deduced this: Section 2.7.1 assumes global data center electricity consumption will double by 2030 without analyzing potential power availability constraints or hyperscaler spending cuts.

What would prove or disprove it: Group book-to-bill ratio remaining clearly above 1.0 in fiscal year 2026.

CAPACITY, SUPPLY CHAIN AND OPERATIONS

Diversification of critical materials away from China will prevent severe production bottlenecks in wind and grid equipment.

Why it matters: Permanent magnet supply for wind turbines and critical metals (copper, rare earths) are subject to Chinese export controls and price volatility.

How we deduced this: Section 2.3.2.1 details supply chain de-risking for permanent magnets outside China, requiring alternative suppliers to scale capacity without delay—a premise taken as given without third-party capacity evidence.

What would prove or disprove it: On-time delivery performance and absence of material supply chain halt disclosures in FY2026.

The fuller list

Sorted by how the document itself frames each claim.

Category	Claim	Dimension	Source
<i>Stated outright</i>	Siemens Energy expects comparable revenue growth of 11% to 13% and profit margin before special items of 9% to 11% in fiscal year 2026.	Demand and market size	<i>section 2.7.2</i>
<i>Stated outright</i>	Gas Services targets comparable revenue growth of 16% to 18% and profit margin before special items of 14% to 16% in fiscal year 2026.	Pricing and margins	<i>section 2.7.2</i>
<i>Stated outright</i>	Grid Technologies targets comparable revenue growth of 19% to 21% and profit margin before special items of 16% to 18% in fiscal year 2026.	Pricing and margins	<i>section 2.7.2</i>
<i>Stated outright</i>	Siemens Energy intends to repurchase own shares worth up to €6 billion by the end of fiscal year 2028.	Financing, liquidity and capital allocation	<i>section 1.1 Letter from Executive Board</i>
<i>Stated outright (risk framing)</i>	Geopolitical tensions in the Middle East and South China Sea pose severe risks of project execution delays and supply chain disruptions.	Macro, currency and commodity prices	<i>section 2.8.4</i>
<i>Stated outright (risk framing)</i>	Complex IT transition to SAP S/4HANA carries risks of operational disruption, data integrity issues, and implementation delays during high-growth periods.	Technology and product execution	<i>section 2.8.4</i>

Category	Claim	Dimension	Source
Partly third-party	Global electricity share of energy consumption will rise from 22% today to 29% by 2040, driving massive infrastructure investment.	Demand and market size	IEA World Energy Outlook via document
Partly third-party	Global GDP is projected to grow by 3.1% in 2026, while Eurozone growth slows slightly to 1.1%.	Macro, currency and commodity prices	IMF World Economic Outlook via document
Asserted, no evidence shown	Siemens Energy will largely offset inflationary pressures through internal productivity improvements and contract price indexation.	Pricing and margins	section 2.7.1
Aspiration, no numbers	Siemens Energy aims to offer SF&-free high-voltage switchgear across all relevant voltage levels in its Blue Portfolio by 2030.	Climate, ESG and transition	section 2.1.3
Aspiration, no numbers	Siemens Energy targets net zero emissions across its value chain in alignment with the Paris Agreement.	Climate, ESG and transition	section 2.10.1.2.1
Implicit, derived from the figures	Order backlog margin quality will remain high enough to drive Group profit margin from 6.0% in FY2025 to 14%-16% by FY2028. <i>How deduced:</i> Section 2.2.3 sets a 14%-16% Group profit margin target for FY2028 based on a €138 billion backlog; this requires current higher-margin orders to be executed without cost overruns, which the text assumes but does not prove.	Pricing and margins	section 2.2.3
Implied by the text	New offshore wind turbine manufacturing ramp-ups will meet strict delivery schedules without triggering major non-conformance penalties. <i>How deduced:</i> Section 2.3.2.2 notes rapid offshore production ramp-up to handle €4.7 billion in new North Sea orders; Section 2.8.4 lists rapid factory ramp-up as a risk for non-conformance costs, implying smooth operational scaling that the document leaves unverified.	Capacity, supply chain and operations	section 2.3.2.2
Implied by the text	Siemens Energy's financial stability and project guarantee availability will not be impaired by bank credit line expirations. <i>How deduced:</i> Section 2.6.3 highlights a €9 billion bank guarantee facility replacing government guarantees, requiring participating banks to extend uncommitted lines continuously without tightening covenants.	Financing, liquidity and capital allocation	section 2.6.3
Standard legal boilerplate	Forward-looking statements are subject to known and unknown risks that may cause actual results to differ materially from expectations.	Legal, litigation and compliance	section 1.4 About this Report

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