Siemens Energy (ENR1n.DE): GE Vernova's 1Q read-across; FY guidance upgraded on revenue, margins & FCF

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Today, GE Vernova (covered by Joe Ritchie) has reported 1Q 2026 results (first take here) which we see as having positive read-across for Siemens Energy. Specifically, we highlight:

- **Q1 2026 headline numbers a beat on Gas & Power:** GEV posted segment EBITDA of $957 mn vs. GS/FactSet CS: $874 mn/$848 mn. The beat was driven by Power (+$80 mn in EBITDA vs. CS) and Electrification (+$45 mn vs. CS). Orders were robust. All in, this was a strong all-round quarter and Joe Ritchie expects the shares to outperform.
- **2026 Guidance is raised across the board.** GE Vernova is raising its 2026 financial guidance and now expects revenue of $44.5-$45.5bn, up from $44-45bn, adjusted EBITDA margin of 12%-14%, up from 11%-13%, and free cash flow of $6.5-$7.5bn, up from $5.0-$5.5bn. This comes from the Power & Electrification parts of the business where the company is raising both revenue and margin. Power is expected by the company at 16%-18% organic revenue growth and 17%-19% segment EBITDA margin, up from 16%-18%. Electrification is now expected to deliver revenue of $14.0-$14.5bn, up from $13.5-$14.0 bn (which includes approximately $3 bn from Prolec GE), and 18%-20% segment EBITDA margin, up from 17%-19%.
- **Gas order intake continues to show further momentum.** Orders of $10.0bn increased +59% organically and revenues of $5.0bn increased +10% organically. Segment EBITDA margin grew +500 basis points organically. GE Vernova signed 21 gigawatts (GW) of new gas equipment contracts, including 19 GW of slot reservation agreements and 2 GW of orders. It converted 6 GW of existing slot reservation agreements to orders and shipped 4 GW of equipment, resulting in backlog growth from 40 GW to 44 GW and an increase in slot reservation agreements from 43 GW to 56 GW.
- **Upgrades order outlook for Gas turbine business.** GE Vernova now expects Gas Power equipment backlog and slot reservation agreements to reach at least 110 GW by year-end 2026. The company expects to reach $200bn in backlog in 2027 versus the previous expectation of 2028 in power.
- **Gas turbine pricing continues to strengthen.** GE Vernova expects its orders in the first half of 2026 to be priced 10 to 20 percentage points higher than the four Q 25 orders on a dollar per kW basis.

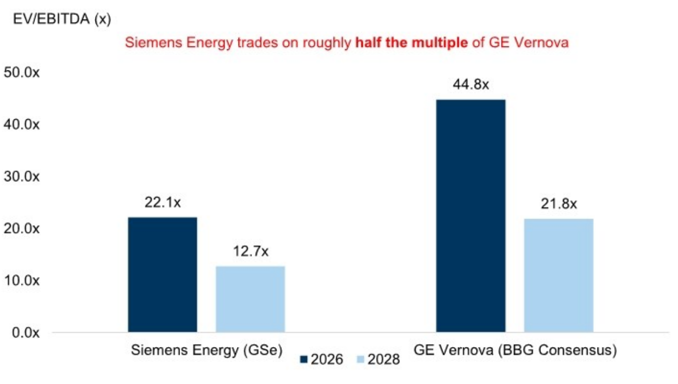
- **Sections 232 could provide for US onshore wind orders.** GE Vernova stated that while the US market for new onshore equipment remains soft, the company is monitoring the outcome of Section 232 for wind and solar tariffs, which could lead to more orders, clarity in the second half of the year.

View: The main highlights of today's announcement are: (1) New FY 2026 Guidance points to a stronger outlook for revenue, margins and FCF; (2) Power orders backlog & reservation slots continue to build and (3) Gas turbine pricing remains strong. We continue to see Siemens Energy's and GE Vernova's delivery this year as providing reassurance on fundamental demand tailwinds for the business (grid capex, energy security), and expect further top-line growth with margin improvement for Siemens Energy. We remain Buy rated.

Convergence to GEV has occurred in all but the multiple

Siemens Energy has consistently traded at a discount to GE Vernova (GEV) since the latter's IPO, with an average c.56% discount on two-year forward EV/EBITDA. On our estimates, Siemens Energy continues to trade at a significant discount (c.42%) to GEV's EV/EBITDA multiple for 2028. We anticipate a further narrowing of this valuation gap. To aid the point, we compare and contrast the business models.

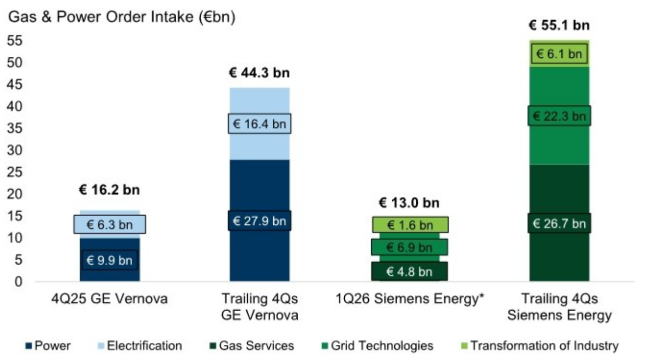
Exhibit 1: Siemens Energy trades on c.12.7x 2028E EV/EBITDA, a c.42% discount to GE Vernova's multiple
EV/EBITDA



Source: Goldman Sachs Global Investment Research, Bloomberg

Over the last four quarters, Siemens Energy's Gas & Power business segments have seen sizeable order intake, with Gas Service's in particular growing significantly at +75% yoy. This has resulted in order intake of €55.1bn over the last four quarters, helping to build an order backlog of €113bn. Over the equivalent period, GE Vernova has had €44.3bn of orders in the last four quarters, resulting in an order backlog of €110bn.

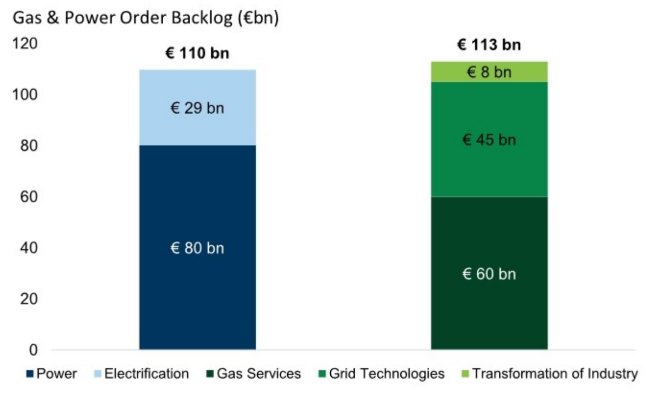
Exhibit 2: Gas & Power Order Intake, GEV and ENR (€bn)



*1Q26 Siemens Energy comparable to 4Q25 GE Vernova due to Fiscal Year-end. GE Vernova in Euros, converted at USD/EUR:0.85

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 3: Gas & Power Order Backlog, GEV and ENR (€bn)



GE Vernova in Euros, converted at USD/EUR: 0.85. Backlog as of latest respective release.

Source: Company data, Goldman Sachs Global Investment Research

Finally, we assess the comparable numbers out to 2030. With the increased mid-term growth and margin targets, our estimates see Siemens Energy generating c.12% more EBITDA than GE Vernova in FY 2030 on Visible Alpha Consensus Data, at similar EBITDA margins. This points to a higher absolute profit level by FY 2028 for the company trading at a discount.

Exhibit 4: Siemens Energy (GSe) and GE Vernova (Visible Alpha Consensus) estimates; 2026-30

ENR (GSe)	2026E	2027E	2028E	2029E	2030E
Revenue	€ 43,428	€ 48,858	€ 54,657	€ 60,927	€ 68,079
EBITDA before Special Items	€ 6,445	€ 8,374	€ 10,508	€ 12,690	€ 15,153
EBITDA Margin	*14.8%*	*17.1%*	*19.2%*	*20.8%*	*22.3%*
Profit before Special Items	€ 4,708	€ 6,539	€ 8,561	€ 10,624	€ 12,941
Profit bSI Margin	*10.8%*	*13.4%*	*15.7%*	*17.4%*	*19.0%*
Share Buy Back	€ 2,000	€ 2,500	€ 3,000	€ 3,000	€ 3,000
Dividends Paid	€ 612	€ 1,681	€ 2,260	€ 2,965	€ 3,685

GEV (VA)	2026E	2027E	2028E	2029E	2030E
Revenue	€ 37,872	€ 42,896	€ 48,467	€ 53,687	€ 58,477
EBITDA	€ 4,922	€ 7,375	€ 10,091	€ 12,344	€ 14,093
EBITDA Margin	*13.0%*	*17.2%*	*20.8%*	*23.0%*	*24.1%*
Operating EBIT	€ 4,340	€ 7,142	€ 9,969	€ 12,262	€ 13,228
Operating EBIT margin	*11.5%*	*16.6%*	*20.6%*	*22.8%*	*22.6%*
Share Buy Back	€ 1,695	€ 1,905	€ 1,980	€ 2,860	€ 3,239
Dividends Paid	€ 453	€ 507	€ 607	€ 741	€ 823

Using EUR conversion in Visible Alpha

Source: Company data, Goldman Sachs Global Investment Research, Visible Alpha Consensus Data

We expect more multiple convergence to come

All in all, Siemens Energy's new guidance for FY 2028 Profit before Special Items was significantly stronger than expected ahead of last year's Capital Markets Day (Nov 20). If delivered, it would point to stronger earnings power and stronger cash flows. We think the buyback announcement confirms confidence in the story, representing a material shift for shareholder returns and adding a further positive for the name. With dividends, this implies c.€10bn of shareholder returns between now and FY 2028, ahead of further improvements in free cash flow that we see further out. The turnaround moves from recovery to growth, with Siemens Energy's performance progressing meaningfully, in our view.

Investment Thesis

We see Siemens Energy's delivery this year as providing reassurance on fundamental demand tailwinds for the business (grid capex, energy security), and expect further top-line growth with margin improvement to come. Beyond FY 2028, our estimates project more than 50% earnings growth through to FY 2030, and as such we see a further material acceleration in cash flow. This would leave Siemens Energy trading at a c.7x 2030E EV/EBITDA with visibility and growth expanding. This growth is driven by: (1) higher OEM volumes and stronger service profitability within Gas Service; (2) solid long duration top-line growth at Grid Technologies; and (3) increased focus on offshore wind at Siemens Gamesa. If we widen the lens for capital returns, we see scope for more than €20bn to be returned to shareholders out to the end of the decade. We continue to see execution narrowing of the valuation gap with GE Vernova (covered by Joe Richie), which trades at twice the multiple of Siemens Energy at c.22x 2028E EBITDA. We are Buy-rated with our 12m price target at €185.

Valuation & Risks

We are Buy rated on Siemens Energy, with a 12-month price target of €185. Our SOTP-based valuation methodology is based on a peer group CY27E EV/EBITA multiple for Gas & Power of 21.4x. We value Siemens Gamesa using a DCF, in which we use a 7.2% post-tax WACC.

Key downside risks to our investment thesis and price target include: Inability to manage the quality issues emerging in specific onshore wind turbine models, increasing competition and price pressure, failure to deliver cost savings, a weaker economy, and FX and material headwinds.

ENR1n.DE	12m Price Target: **€185.00**	Price: **€166.94**	Upside: **10.8%**

Buy

Market cap: €145.0bn / $170.4bn
Enterprise value: €141.1bn / $165.8bn
3m ADTV: €403.3mn / $471.7mn
Germany
Europe Utilities
M&A Rank: 3
Leases incl. in net debt & EV?: No

GS Forecast

	9/25	9/26E	9/27E	9/28E
Revenue (€ mn)	38,555.2	43,428.4	48,857.6	54,657.1
EBIT (€ mn)	2,085.2	4,467.1	6,269.7	8,259.7
EPS (€)	1.55	3.98	5.34	7.16
P/E (X)	43.7	41.9	31.3	23.3
EV/EBITDA (ex lease,X)	14.7	21.8	16.3	12.6
Dividend yield (%)	1.0	1.2	1.6	2.1
FCF yield (%)	6.6	3.9	4.5	5.4
CROCI (%)	12.6	20.6	24.8	29.6
N debt/EBITDA (ex lease,X)	(1.4)	(1.2)	(1.1)	(1.0)

	12/25	3/26E	6/26E	9/26E
EPS (€)	0.95	1.07	1.03	0.96

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 21 Apr 2026 close.

Disclosure Appendix

Reg AC

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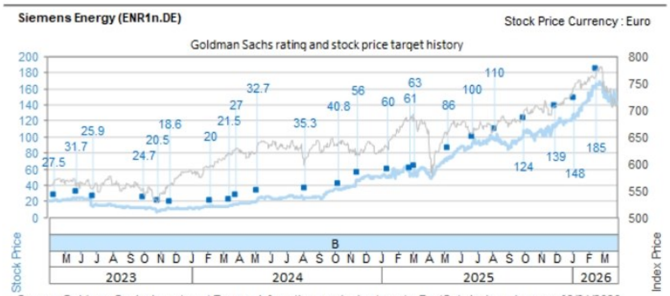

Source: Goldman Sachs Investment Research for ratings and price targets; FactSet closing prices as of 3/31/2026.

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Target price history table(s)
Siemens Energy (ENR1n.DE)

Date of report	Target price (€)	Closing price (€)
17-Feb-26	185.00	161.05
07-Jan-26	148.00	129.40
01-Dec-25	139.00	112.55
01-Oct-25	124.00	104.15
06-Aug-25	110.00	98.66
24-Jun-25	100.00	91.12
08-May-25	86.00	73.34
06-Mar-25	63.00	58.48
25-Feb-25	61.00	51.54
13-Jan-25	60.00	49.23
18-Nov-24	56.00	45.64
10-Oct-24	40.80	34.69
08-Aug-24	35.30	24.39
08-May-24	32.70	22.56
27-Mar-24	27.00	16.47
14-Mar-24	21.50	14.41
07-Feb-24	20.00	14.37
22-Nov-23	18.60	10.89
30-Oct-23	20.50	8.44
02-Oct-23	24.70	12.14
26-Jun-23	25.90	14.35
25-May-23	31.70	23.78

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