

Crisis forces profit warning at German tech giant Siemens

July 26 2012

German engineering giant Siemens said Thursday it would be harder to achieve its annual profit targets, as the gloomy global economic mood weighed on orders, especially in the field of renewable energy.

"Given the deteriorating environment it becomes more difficult to achieve" the goal of an [operating profit](#) of 5.2 to 5.4 billion euros" (\$6.3 billion to \$6.6 billion) this year, chief executive Peter Loescher said in a statement.

This was the second time Siemens had been forced to revise down its targets after a similar profit warning three months ago.

Loescher said a "deceleration of the [global economy](#)" was to blame for thinning orders for the firm's [power plants](#), machines and vehicles.

"We see growing reluctance among our customers regarding capital expenditures and stronger economic headwinds," he said.

The group saw orders drop by 23 percent in the second three months of the year, compared to the same period last year, although it noted that 2011's figures were boosted by a large order to supply trains in Germany.

Orders in [renewable technologies](#) dropped by 66 percent compared to the previous year period.

Nevertheless, the group reported an operating profit of 823 million euros, a gain of 78 percent on the corresponding period last year.

However, this disappointed analysts surveyed by [Dow Jones](#) Newswires, who had forecast an operating profit of 1.3 billion euros.

The large rise in operating profit was explained by a large charge last year relating to litigation with French group Areva, which hit the German firm's profits hard.

Revenues in the April to June period, Siemens's third quarter for accounting purposes, rose by 10 percent on the year to 19.5 billion euros, slightly above analysts' expectations.

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