

**SIEMENS**

**Press Conference  
Third Quarter, Fiscal 2012**

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Check against delivery.

## Growth expectations for the world economy have been again diminished

Our third-quarter figures are influenced by an increasingly difficult global economic climate. One of the main reasons for that is the persistent and currently rather growing uncertainty in our home market Europe.

Hopes for a gradual stabilization have not been fulfilled so far, and the global economy has deteriorated more than was forecast just a few months ago. At the beginning of the fiscal year, we had expected to see a recovery in the second half of the year; we currently see no sign of that. Instead, we're on rocky ground. The Ifo Business Climate Index has now declined for the third time in a row. More and more economic experts now anticipate a recession in the euro zone. And the terrain is getting rougher everywhere.

Throughout the world, companies are more reluctant to invest. In Europe, industrial production has declined nearly 3 percent since mid-2011, while increasing only moderately in the U.S. The BRIC countries have been affected as well. Production has been declining slightly in Brazil for about one year; in India, it's stagnating. China's growth rates are currently lower than 8 percent.

## Third quarter of fiscal 2012

In this difficult economic environment, development of our new orders was varied. Our standard product business grew 3 percent – even in the rough climate. However, new orders of our project businesses dropped sharply. This is attributable to the 3.7-billion-euro ICx order we were able to book in the third quarter of the previous year. This baseline effect exaggerates the year-over-year trend of our project business and leads to a 23-percent plunge of our entire new order volume.

Revenue developed well, growing 10 percent year-over-year to 19.5 billion euros; all Sectors posted increases here. Total Sector profit amounted to 1.8 billion euros. That's well above the previous year's level, which was, however, dampened by the Areva settlement and the particle therapy charge.

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As far as OSRAM is concerned, we are now clearly opting for a spin-off. A conventional initial public offering is unlikely in the coming months as the difficult situation in the capital markets persists. This has no bearing on our intention to remain an anchor shareholder. In this context, the financial reclassification of expenditures affects income from discontinued operations.

#### Broad portfolio and global footprint dampen economic headwind

Our Sectors are feeling the economic headwind to varying degrees. This is most evident in the short-cycle business of the Industry Sector. New orders at the Industry Automation Division slipped 1 percent; while orders were down 7 percent in the Drive Technologies Division. Overall, the Sector's new orders stagnated. Revenue grew 3 percent; profit amounted to 523 million euros.

The Energy Sector's new orders dropped, while revenue climbed 14 percent to 7 billion euros. Sector profit came in at 683 million euros. The decline in new orders at Energy Sector is largely due to a baseline effect in the Wind Power Division; it was able to book significantly more major orders in the third quarter of the previous year. The weak growth in the market environment compounds that. New orders of the Fossil Power Generation Division also dropped. This 19-percent drop is also due to a baseline effect of major orders being booked in the third quarter of 2011. In the Power Transmission Division, we are making progress step by step in the reorganization of the Division, and we're adjusting our organization to changing market conditions. Our power transmission projects in the North Sea have stabilized.

While the new orders of the Infrastructure and Cities Sector dropped 45 percent to 4.2 billion euros, mainly due to the baseline effect of the previously mentioned major ICx order last year, all other Divisions of the Sector were able to grow new orders across the board. The Sector as a whole reported revenue of 4.3 billion euros and profit of 215 million euros.

The Healthcare Sector performed well in the third quarter and was able to raise new order volume by 10-percent to 3.3 billion euros. Revenue climbed 17 percent and also totals 3.3 billion euros; Sector profit amounts to 396 million euros. The Sector's solid growth and its

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profitability show that we continue to make good progress in the implementation of Agenda 2013. We have cut costs and developed new products. We had announced innovations in the field of imaging systems, and now we have successfully marketed four new products for broad clinical application.

We will also secure our future competitiveness in the other Sectors by reducing costs and boosting productivity. At the same time, we will continue our R&D activity in a focused way. For example, in the field of vertical IT: the Industry Sector will be investing over 20 million euros in the expansion of its center for industrial software in Genoa. This will create about 600 jobs in the medium term. We were already solidly positioned in the vertical IT market and now expect further growth opportunities in the coming years. With more than 17,000 software developers throughout the company, Siemens is one of the world's biggest software companies.

In the Energy Sector, we are expanding our cooperation with DONG Energy. We just signed a general contract for the delivery of 300 wind turbines with a total capacity of 1,800 megawatts. The contract comprises the new gearless wind turbines of the 6-megawatt class, and they will be deployed in wind farms off the British coast between 2014 and 2017. They will feature rotor blades with a length of 75 meters long – the world's longest. These blades not only set a new record in length; our single-mold production technique makes them lighter, and that gives us a major advantage over competitors: supporting structures do not have to carry as much weight, and the turbines require less maintenance.

We are also setting new records in efficiency with the combined cycle power plant we're building for the city of Düsseldorf. The gas-fired plant will achieve an electrical efficiency of over 61 percent, and the city will use its waste heat for heating. That will boost the plant's overall efficiency in the use of natural gas to about 85 percent.

At the Infrastructure and Cities Sector, we have strengthened the competitiveness of our smart grid business by acquiring the Brazilian company Senenergy Sistemas de Medição S.A., which specializes in smart metering solutions. And we can now employ this newly acquired competence all over the world.

## Outlook for fiscal year 2012

As far as our outlook is concerned, we expect in the short-term a slowdown of the global economy and thus no support for our business. In view of the deterioration of the economic environment, it will be more difficult to achieve our profit forecast for this fiscal year.

Our strategy for achieving profitable growth and approaching the 100-billion-euro mark stands.

To implement this strategy, we will launch a program that focuses on improving cost position, productivity, efficiency and processes. The program will be designed to meet the challenges of the market and the global economy, to further strengthen our competitiveness, and to gain market share. We will roll out the company-wide program at our annual top management meeting and then present it to you.

Our ambition is clear: we want to again gain strength in a difficult period of the global economy and emerge lean, fast and agile.