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Siemens gains further momentum in third quarter

Record Sectors profit – Orders show highest growth since 2008

Siemens increased both orders and revenue year-over-year in the third quarter of fiscal 2010 for the first time in more than a year. Orders of nearly €21 billion were up 22 percent compared to the prior-year quarter. Revenue rose slightly to just over €19 billion. The book-to-bill ratio – the ratio of orders to revenue – was therefore again above one. Orders and revenue both benefited from currency translation effects. Total Sectors profit climbed 40 percent year-over-year, to a record high of slightly over €2.3 billion. “Siemens gained further momentum in the third quarter,” said Siemens President and CEO Peter Löscher. “Such order growth last occurred in 2008. Strong demand took our order backlog to a record level. At the same time, Sectors profit reached its highest point ever, and will clearly exceed the level of the prior year.”

Order intake increased in all three Sectors and reporting regions, led by a 33 percent rise in Industry. All Industry Divisions reported double digit growth. Energy reported order growth of 18 percent, due mainly to substantially higher volume from major orders. In the Sector, the Renewable Energy Division posted orders worth nearly €2.3 billion in the third quarter, the highest order level of all the company’s 14 Divisions. Orders at Healthcare climbed 18 percent in the third quarter. Fueled by strong demand, the combined order backlog of the three Siemens Sectors hit a record high of €89 billion. This figure also reflected positive currency translation effects.

Revenue climbed four percent to €19.2 billion. In the Industry Sector, steadily recovering short-cycle businesses posted strong revenue growth, led by Industry Automation and Osram. Revenue for the overall Sector rose seven percent compared to the prior-year period. At Energy, revenue in the third quarter remained stable year-over-year. Healthcare revenue grew ten percent year-over-year with contributions from all Divisions. All three Sectors posted their second straight quarter of sequential revenue growth in fiscal 2010.

Total Sectors profit reached a new high of over €2.3 billion in the third quarter. All three Sectors showed profit increases compared to the prior-year period. Energy remained the top earnings contributor, again executing well on its large order backlog, led by the Fossil Power Generation Division. Industry produced high double-digit profit growth, due mainly to recovery of its short-cycle businesses as well as tight cost management. Healthcare also posted high double-digit profit growth. Income from continuing operations was slightly over €1.4 billion in the third quarter, up 18 percent from the third quarter a year earlier. Net income climbed nine percent to €1.4 billion.

Siemens continues to expect a mid-single-digit percentage decline in organic revenue in fiscal 2010 due in part to the stabilizing effect of the strong order backlog. The company expects Total Sectors profit for the full year above the prior-year level of €7.466 billion. This increase from the earlier guidance of €6.0 to €6.5 billion correspondingly raises expectations for after-tax growth in income from continuing operations. This outlook excludes major impacts that may arise from restructuring, portfolio transactions, impairments, and legal and regulatory matters.

Siemens AG (Berlin and Munich) is a global powerhouse in electronics and electrical engineering, operating in the industry, energy and healthcare sectors. For over 160 years, Siemens has stood for technological excellence, innovation, quality, reliability and internationality. The company is the world's largest provider of environmental technologies, generating €23 billion – nearly one-third of its total revenue – from green products and solutions. In fiscal 2009, which ended on September 30, 2009, revenue totaled €76.7 billion and net income €2.5 billion. At the end of September 2009, Siemens had around 405,000 employees worldwide. Further information is available on the Internet at: www.siemens.com.

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